



Eastern New Mexico University

ANNUAL FINANCIAL REPORT

JUNE 30, 2018



INTRODUCTORY SECTION

EASTERN NEW MEXICO UNIVERSITY
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JUNE 30, 2018

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**EASTERN NEW MEXICO UNIVERSITY
HISTORICAL AND FUNCTIONAL SYNOPSIS
JUNE 30, 2018**

Eastern New Mexico University (the "University") was established in 1927 by the Constitution of the State of New Mexico. In 1929, the legislature of New Mexico enacted legislation providing for the opening of the University. The University's main campus encompasses over four hundred (400) acres in Portales. The University also operates branch campuses in Roswell and Ruidoso. The University is organized into the College of Business, College of Fine Arts, College of Education and Technology, College of Liberal Arts and Sciences, and Graduate School.

The University is accredited by the Higher Learning Commission and is a member of the North Central Association of Colleges and Schools. In addition, specific programs within the University hold accreditation by the following: the American Speech Language and Hearing Association, National Council for Accreditation of Teacher Education, and Association of Collegiate Business Schools and Programs. The University is an accredited institutional member of the National Association of Schools of Music. The chemistry program is approved by the American Chemical Society and the Bachelor of Science degree in Chemistry/Biochemistry is certified by the American Chemical Society. The Bachelor of Science in Nursing Completion Program is accredited by the National League for Nursing Accrediting Commission, Inc.

ENMU-Roswell was established as a branch of Eastern New Mexico University on April 1, 1958. ENMU-Roswell offers two-year associate degrees, one-year certificates, and short-term certificates of occupational training in a variety of academic transfer and career/technical programs. The campus also offers a unique training program for students with disabilities and the only FAA approved aviation maintenance technology program in the state. Area residents can also earn a number of bachelor and master's degrees on the ENMU-Roswell campus through a media site, online classes, and on-site instruction. ENMU-Roswell is accredited as an operationally separate campus by the Higher Learning Commission and a member of the North Central Association of Colleges and Schools. Extended degree courses offered on the Roswell campus are accredited through the main campus in Portales.

Established in the fall of 1991, the ENMU-Ruidoso Branch Community College is a comprehensive two-year college offering Certificates of Completion, Associates of Science, Associates of Arts, and Associates of Applied Science degrees. ENMU-Ruidoso offers community education classes, customized training workshops, adult basic education courses, and operates a One-Stop Career Center providing free employment services.

**EASTERN NEW MEXICO UNIVERSITY
OFFICIAL ROSTER
JUNE 30, 2018**

Board of Regents

Ex-Officio Member

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

University Officials

Dr. Jeff Elwell	Chancellor - ENMU Campus System
Dr. Steven Gamble	Interim President - Roswell Campus
Dr. Ryan Carstens	President - Ruidoso Campus
Dr. Jeff Long	Vice President for Student Affairs
Mr. Scott Smart	ENMU System Chief Financial Officer
Dr. Jamie Laurenz	Vice President for Academic Affairs
Mr. Clark Elswick	Vice President for Technology and System Chief Information Officer

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

The Board of Regents
Eastern New Mexico University
Portales, New Mexico
and Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Eastern New Mexico University (the "University"), as of and for the year ended June 30, 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. We also have audited the budgetary comparisons presented as supplementary information, as defined by the Governmental Accounting Standards Board, as of and for the year ended June 30, 2018, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

The Board of Regents
Eastern New Mexico University
and Wayne Johnson
New Mexico State Auditor

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Emphasis of Matter

As discussed in Note 1, the financial statements of the University are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributed to the transactions of the University. They do not purport to, and do not, present fairly, the financial position of the State of New Mexico as of June 30, 2018, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of the University, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, the budgetary comparisons of the University referred to above present fairly, in all material respects, the respective budgetary comparisons for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 7 through 16, the Schedule of the University's Proportionate Share of Net Pension Liability, Schedule of the University's Contributions-ERB Plan, Schedule of the University's Proportionate Share of Net OPEB Liability, Schedule of the University's Contributions-RHCA Plan, and the Notes to the Required Supplementary Information on pages 55 through 59 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.

The Board of Regents
Eastern New Mexico University
and Wayne Johnson
New Mexico State Auditor

Other Information

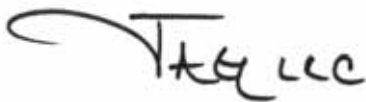
Our audit was conducted for the purpose of forming opinions on the financial statements and budgetary comparisons that collectively comprise the University’s basic financial statements. The introductory section, the Schedule of Expenditures of Federal Awards as required by the Title 2 *U.S. Code of Federal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

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

The introductory section and Corrective Action Plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, on our consideration of the University’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University’s internal control over financial reporting and compliance.



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
October 15, 2018

**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

This section of the financial report presents discussion and analysis of Eastern New Mexico University's (the "University") financial performance during the year ended June 30, 2018. It was prepared by University management and it is requested that it be read in conjunction with the University's financial statements, which follow this section.

Financial Highlights

- As of June 30, 2018, the University's total assets increased to \$273.6 million, \$22.4 million more than the 2017 level of \$251.2 million; this is due remodeling of the Golden Library, now the Golden Student Success Center.
- Operating revenues totaled \$49.2 million in 2018, a decrease of \$3.3 million from 2017 while operating expenses totaled \$123.6 million, an increase of \$17.51 million from 2017.
- Net non-operating and other revenues totaled \$75.7 million while non-operating expenditures were \$1.5 million; state appropriations of \$42.9 million and Pell grant revenue of \$10.4 million are the primary components of non-operating revenues.
- The Portales campus fall 2008 to fall 2017 headcount enrollment has increased from 4,297 to 6,027. This is an increase of 40.3%. During the same time period the University's first time/full time freshman enrollment increased from 575 to 623. The fall 2016 first-time, full-time freshman retained to fall 2017 was 63.2% an increase of 4.5% from the prior rate.
- GASB Statement No. 68 requires the University to recognize its share of the allocation of the State's unfunded portion of the Educational Retirement Board's (ERB) pension plan of \$11.1 billion; the University's share is \$138.5 million.
- GASB Statement No. 75 requires the University to recognize its share of the allocation of the State's unfunded portion of the Retiree Health Care Authority's OPEB liability of \$4.5 billion; the University's share is \$43.3 million.

Overview of Financial Statements

This annual report consists of the following:

- Management's discussion and analysis (this section)
- The basic financial statements
- Required supplementary information
- Other supporting schedules
- Report on compliance
- Single audit report and schedule

The University's Basic Financial Statements

The basic financial statements include:

- The Statement of Net Position provides information about the University's financial condition at fiscal year-end. It presents both a current year synopsis and a longer-term view of the University's assets, deferred outflows, liabilities, deferred inflows and net position.

**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

- The Statement of Revenues, Expenses and Changes in Net Position should be used to review the results of the current year's operations. The net operating expense amount represents activity in what was previously referred to as the University's "current" or operating funds, with the exception of state appropriations revenue, which is classified as non-operating revenues. The line item entitled "loss before other revenues, expenses, gains or losses" may give a more complete picture of the results of the University's operations during the year, including income resulting from non-exchange transactions that have been traditionally considered to be a part of public university operations. A "non-exchange transaction" is one in which the University receives value or benefit from a third party without directly providing equal value in exchange, such as in receipt of a donation.
- The Statement of Cash Flows provides a summary of the sources and uses of cash within the University during the year.
- Footnote information provides additional detail on the University's overall accounting practices and individual statement line items, including a "natural classification" report of operating expenses.

Additional information may be obtained by contacting the ENMU System CFO, Scott W. Smart, at (575) 562-2611.

Financial Analysis of the University as a Whole

Net Position. The University's total net position decreased to \$62.1 million from \$113.8 million in 2018. GASB Statements No. 68 and No. 75 require the University to recognize its share of the allocation of the State's unfunded portion of the employer net pension liability of \$138.5 million and an OPEB liability of \$43.3 million as of June 30, 2018. Due to GASB Statements No. 68 and No. 75 there was a \$97.1 million deficit in unrestricted net position. The employer net pension liability allocation was determined by the ERB and the OPEB liability was determined by the Retiree Health Care Authority not by University management.

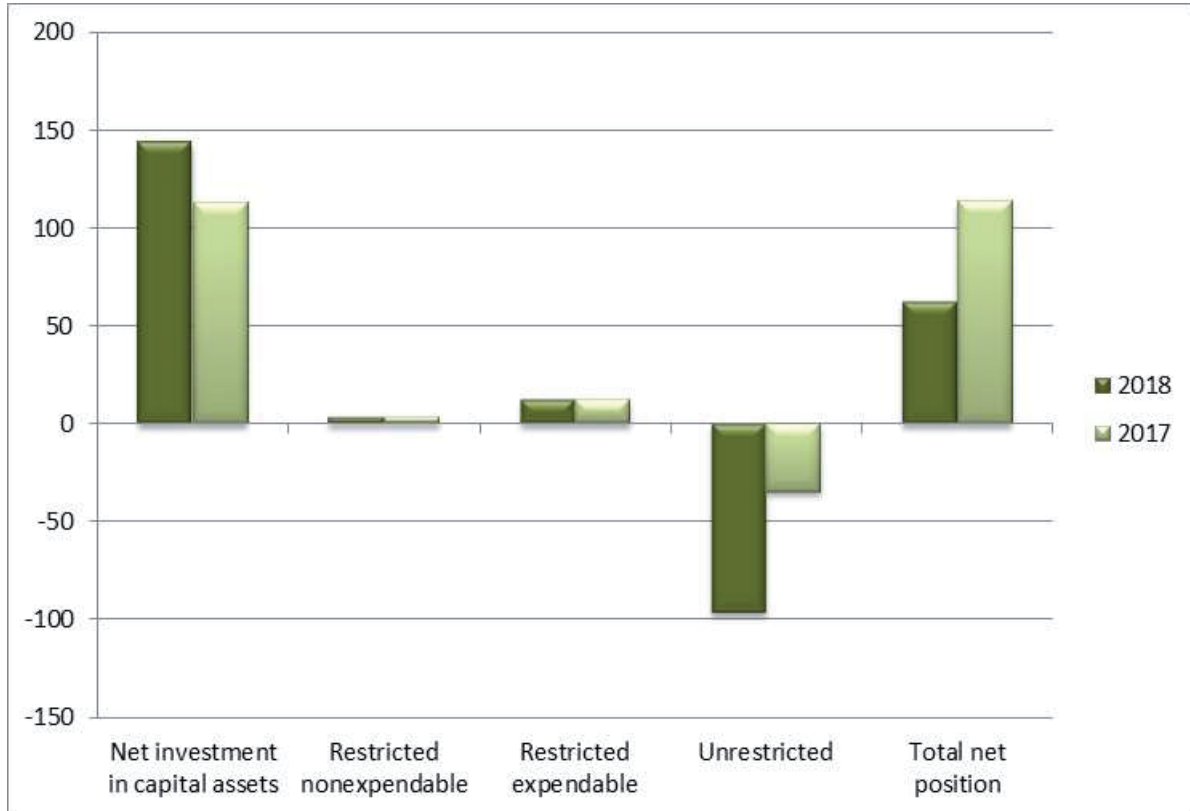
**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

Table 1 summarizes the University's Net Position:

Condensed Net Position		
June 30,		
(in millions of dollars)		
	2018	2017
ASSETS		
Current assets	\$ 40.9	\$ 38.6
Non-current assets other than capital assets	43.8	38.1
Capital assets, net	188.9	174.4
Total assets	273.6	251.1
 DEFERRED OUTFLOWS OF RESOURCES		
	48.5	12.7
 LIABILITIES AND NET POSITION		
Current liabilities	17.7	16.7
Non-current liabilities	229.2	130.0
Total liabilities	246.9	146.7
 DEFERRED INFLOWS OF RESOURCES		
	13.1	3.3
 NET POSITION		
Net investment in capital assets	143.6	133.1
Restricted non-expendable	3.5	3.2
Restricted expendable	12.1	9.7
Unrestricted (deficit)	(97.1)	(32.2)
Total net position	\$ 62.1	\$ 113.8

**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

**Net Position 2018 and 2017
(in millions of dollars)**



Changes in Net Position. Total operating revenues for the years ended June 30, 2018 and 2017, were \$49.2 and \$52.5 million, respectively. Operating expenses were \$123.6 for 2018 and \$106.1 million for 2017. Non-operating revenues were \$55.8 million while non-operating expenses were \$1.5 million for 2018 and non-operating revenues were \$55.6 million while non-operating expenses were \$1.5 million for 2017. Other revenues were \$19.9 million for 2018 and other revenues were \$8.1 million 2017. As a note, the Federal Direct Student Loan program is not included in the financial statement presentation, which omits both the revenues and expenditures of the program.

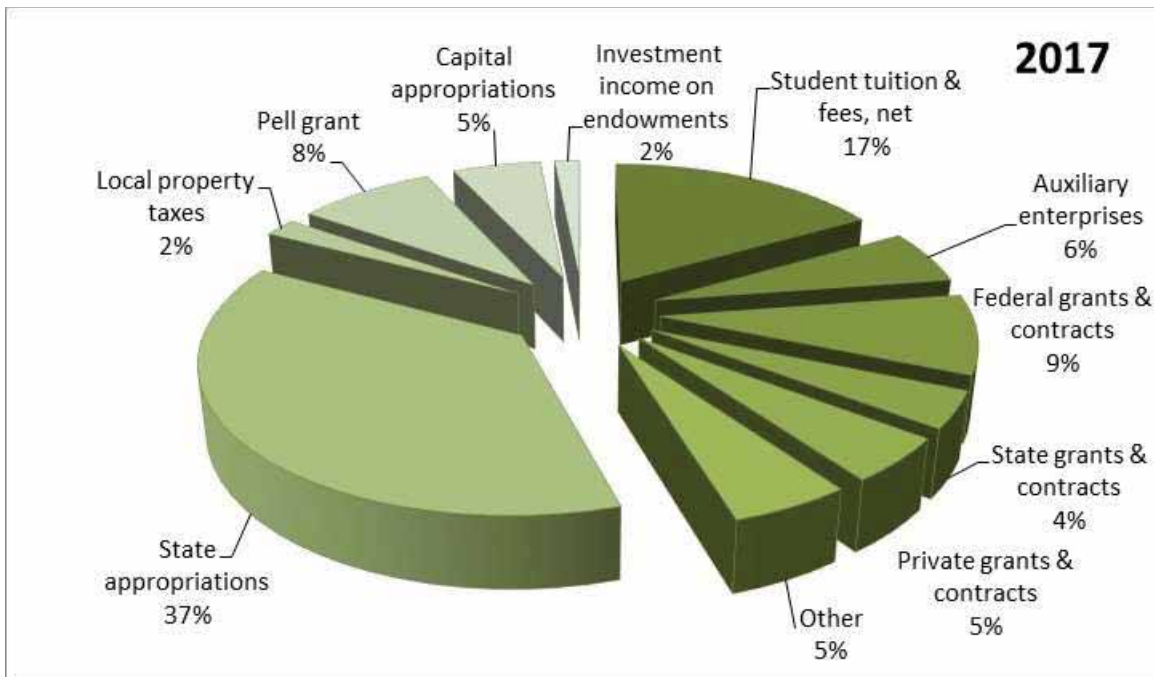
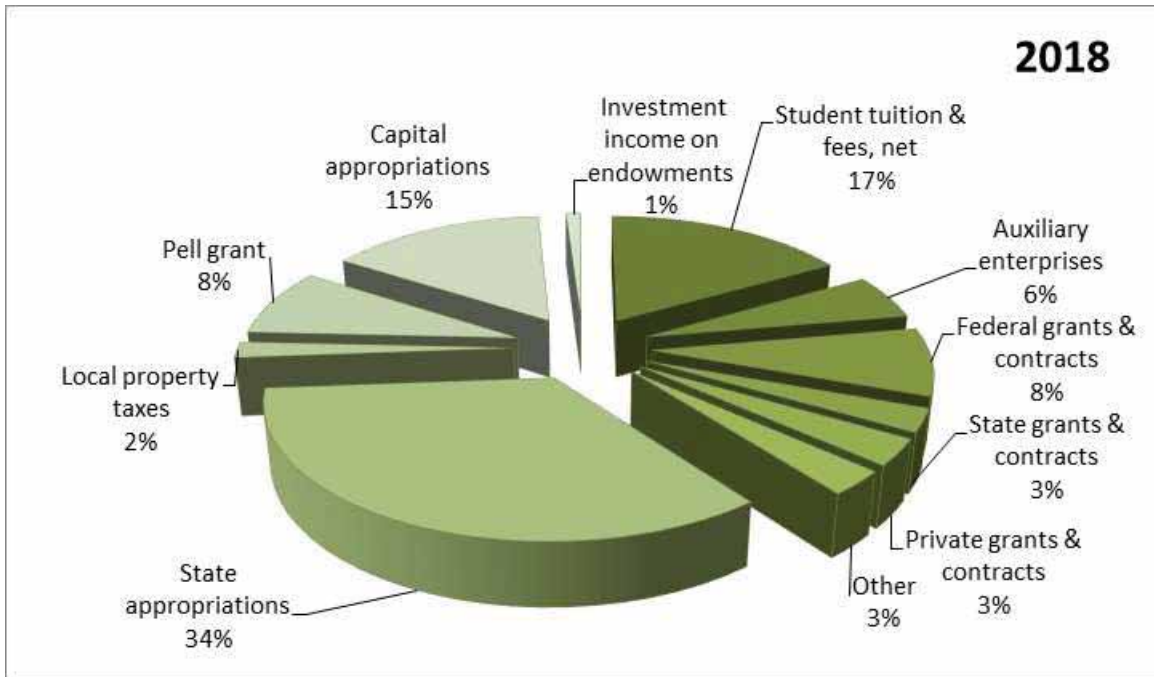
**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

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

	2018	2017
Changes in Condensed Net Position For the Years Ended June 30, (in millions of dollars)		
Operating revenues		
Student tuition and fees, net	\$ 20.9	\$ 19.5
Auxiliary enterprises	6.9	6.8
Federal grants and contracts	10.3	10.0
State grants and contracts	3.5	4.6
Private grants and contracts	3.9	5.5
Other	3.7	6.1
Total operating revenues	49.2	52.5
Operating expenses		
Instruction	40.8	33.3
Research	0.6	0.6
Public service	10.3	9.0
Academic support	6.9	5.5
Student services	12.2	10.5
Institutional support	15.5	13.3
Operation and maintenance of plant	9.2	8.0
Depreciation and amortization	8.0	7.9
Student aid	9.5	10.0
Auxiliary enterprises	5.6	5.3
Other	5.0	2.7
Total operating expenses	123.6	106.1
Non-operating revenues (expenses)		
State appropriations	42.9	43.4
Local property taxes	2.4	2.3
Pell grant	10.4	9.8
Interest on debt	(1.5)	(1.5)
Private gifts, grants, and contracts	0.1	0.1
Total non-operating revenues (expenses)	54.3	54.1
Other revenues (expenses)		
Capital appropriations	18.6	6.3
Endowment investment income	1.3	1.8
Total capital contributions	19.9	8.1
Change in net position	(0.2)	8.6
Net position, beginning of year	113.8	105.2
Impact of adoption of OPEB	(51.5)	-
Net position, end of year	\$ 62.1	\$ 113.8

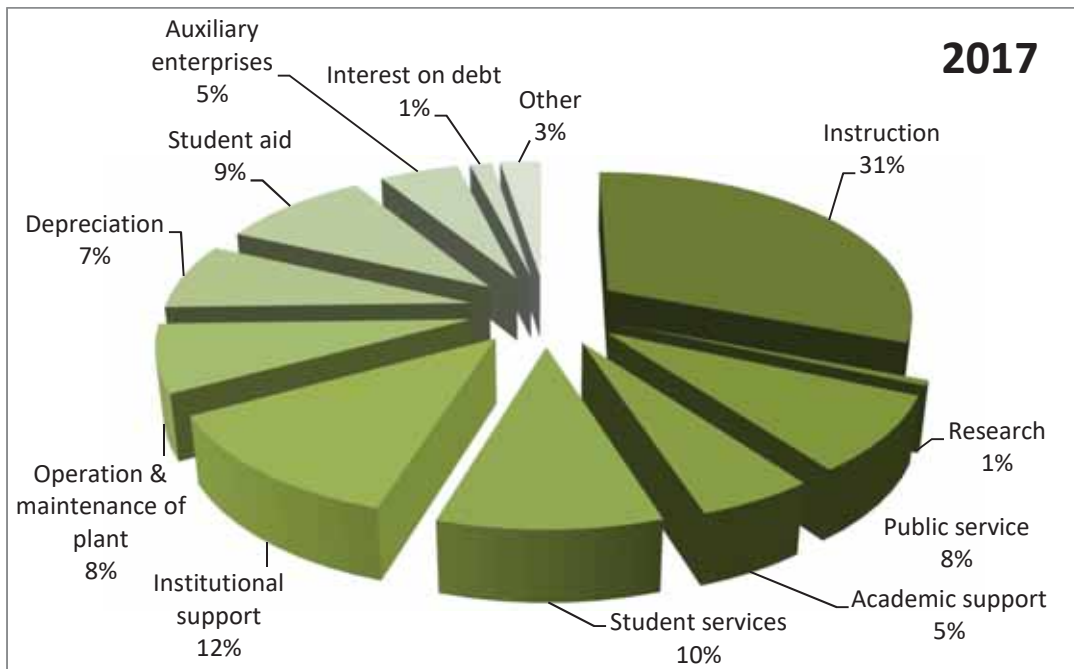
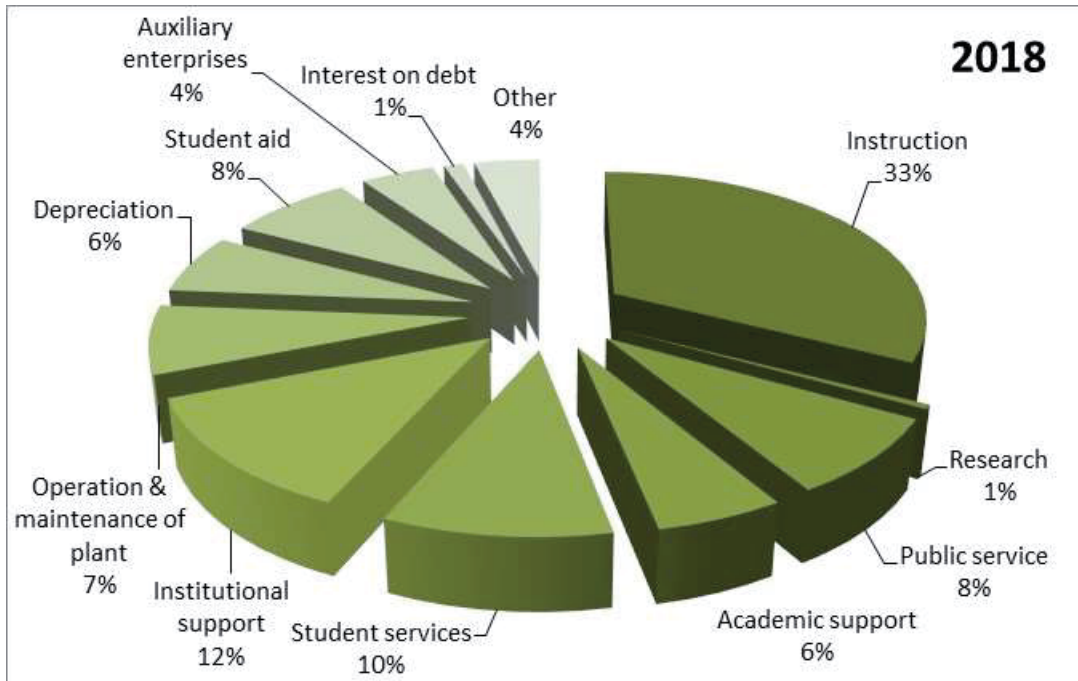
**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

**Operating & Non-Operating Income
For the Years Ended June 30,**



**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

**Operating & Non-Operating Expenses
For the Years Ended June 30,**



**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

Budgetary Highlights

The Board of Regents approves the operating budgets for the main and branch campuses. The budgets are reviewed and amended as needed due to changing circumstances. The budget is prepared using the basis of accounting prior to implementation of GASB Statement No.'s 34 and 35. Accordingly, budgets are adopted for unrestricted current funds, restricted current funds and plant funds. During the year, expenditure budgets were amended as follows (in millions):

	<u>Portales</u>	<u>Roswell</u>	<u>Ruidoso</u>
Current funds - Unrestricted and Restricted	\$ 1.8	\$ 1.8	\$ 0.1
Plant funds	26.0	0.3	0.3

The budget adjustment to plant funds expenditures in 2018 was the result of anticipated expenditures for the renovation of the Golden Library, which will become the Golden Student Success Center, Curry/Quay Hall HVAC, and Energy Conservation project at the Portales campus.

Capital Asset, Capital Projects and Debt Administration

Capital Assets—As of June 30, 2018 and 2017, the University had \$188.9 and \$174.3 million, respectively, invested in various capital assets, including buildings, equipment and construction in progress.

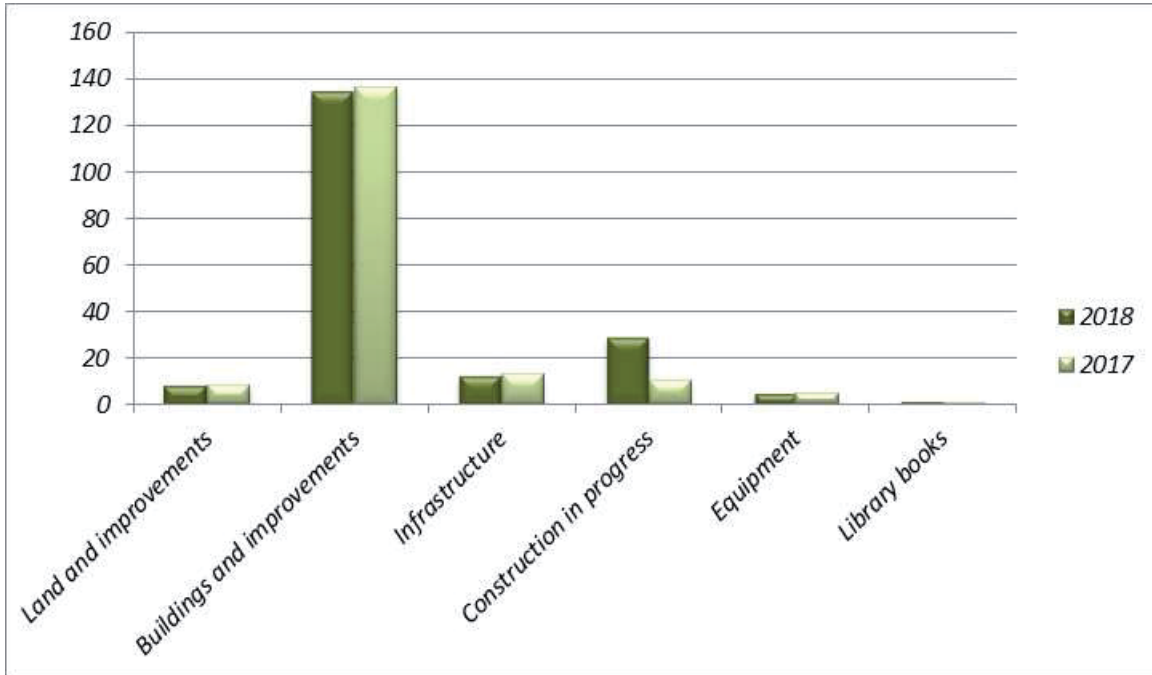
Table 3 shows the University's capital assets at year-end:

**Capital Assets, Net of Depreciation
June 30,
(in millions of dollars)**

	<u>2018</u>	<u>2017</u>
Land and improvements	\$ 8.2	\$ 8.2
Construction in progress	28.4	10.5
Buildings and improvements	134.1	136.7
Infrastructure	12.3	13.1
Equipment	4.9	4.9
Library books	1.0	0.9
Total	\$ 188.9	\$ 174.3

**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

**Capital Assets 2018 and 2017
(in millions of dollars)**



Capital Projects—The renovation of the Golden Student Success Center including the installation of 1% Art in Public Places Sculpture Garden was completed in July 2018 and the grand opening as was held August 28, 2018. Other capital projects on the Portales campus included the Curry/Quay Hall HVAC project and the Energy Conservation project; both are still in underway and scheduled to be completed in fiscal year 2019. During the year, the Roswell campus completed infrastructure improvement projects including installing HVAC systems in the Aviation Maintenance and Occupational Technology buildings as well as upgraded fire alarm systems in eight buildings. The campus is also in the final stages of the Fire Suppression project which entails installing ceiling sprinklers in three buildings. That project will be complete by the first quarter of the new year. The Ruidoso campus completed phase I of its Trades Classroom project.

Debt Administration—On November 17, 2017, the Portales campus issued System Improvement Revenue Bonds in the amount of \$5.645 million to fund the Energy Conservation project of \$4.5 million and the Curry/Quay HVAC project of \$1 million and issuance costs of \$.145. As of June 30, 2018 and 2017, the Portales campus had \$45.3 million and \$41.2 million of outstanding bonds, respectively. Both the Roswell campus and Ruidoso campus do not have any outstanding bond debt.

As of June 30, 2018, other long-term debt included compensated absences of \$1.6 million, liabilities for the federal share of the student loan program of \$3.3 million, with the implementation of GASB Statement No. 68, net pension liability of \$138.5 million, and with the implementation of GASB Statement No. 75, Retiree Health Care Authority’s OPEB liability of \$43.3 million. For 2017, other long-term debt includes compensated absences of \$1.6 million, and liabilities for the federal share of the student loan program of \$3.8 million and the GASB 68 requirement of net pension liability of \$86.2 million.

**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018**

Economic Concerns

The State of New Mexico continues to balance its annual budget and in order to do so, the State cut appropriations by 1% for higher education. The loss of revenue from state appropriations was accounted for in the development of the 2017-2018 budget by cutting positions via natural attrition, reducing expenditures, and raising tuition and fees.

For the fiscal year 2019, there were no cuts at the state level and funding included a salary increase for faculty and staff. The State's economy continues to rely heavily on the price of oil and at this time, it looks like the state will have surplus funds, so no cuts are anticipated for fiscal year 2020 state appropriations.

The University continues to hold true to its mission: Student Success. The University and its branch campuses continue to offer various accredited programs. During 2018, the Portales campus received notification by Higher Learning Commission that it was reaccredited.

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

Contacting the University's Financial Management

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

Board of Regents
Eastern New Mexico University
Business Affairs Station #4
1500 S. Ave K
Portales, NM 88130

Component Units

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

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

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

EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF NET POSITION
JUNE 30, 2018

	Component Units			
	Eastern New Mexico University	ENMU Portales Foundation	ENMU Roswell Foundation	ENMU Ruidoso Foundation
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 29,797,189	\$ 609,088	\$ 66,281	\$ 176,512
State receivables	4,740,947	-	-	-
Receivables other, net	5,482,781	80,900	-	3,397
Inventories	261,444	-	-	-
Prepaid expenses	639,087	1,500	-	-
Total current assets	<u>40,921,448</u>	<u>691,488</u>	<u>66,281</u>	<u>179,909</u>
Non-current Assets				
Investments	33,532,679	19,715,115	10,171,463	183,372
Restricted cash and cash equivalents	1,580,255	-	-	-
Restricted investments	4,693,100	-	-	-
Notes receivable	4,005,190	-	-	-
Capital assets, net	188,909,137	148,456	-	-
Total non-current assets	<u>232,720,361</u>	<u>19,863,571</u>	<u>10,171,463</u>	<u>183,372</u>
Total assets	<u>273,641,809</u>	<u>20,555,059</u>	<u>10,237,744</u>	<u>363,281</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to Pensions and OPEB	48,520,540	-	-	-
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	2,009,843	111,085	-	9,975
Accrued expenses and other liabilities	5,013,818	-	-	-
Gift annuities payable	-	236,166	-	-
Deposits held for others	902,506	-	-	-
Unearned revenues	6,902,260	-	-	-
Accrued compensated absences	1,072,762	-	-	-
Bonds payable	1,786,928	-	-	-
Total current liabilities	<u>17,688,117</u>	<u>347,251</u>	<u>-</u>	<u>9,975</u>
Non-current Liabilities				
Accrued compensated absences	533,594	-	-	-
Bonds payable	43,478,072	-	-	-
Net pension and OPEB liability	181,867,323	-	-	-
Student loan program	3,344,255	-	-	-
Total non-current liabilities	<u>229,223,244</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>246,911,361</u>	<u>347,251</u>	<u>-</u>	<u>9,975</u>
DEFERRED INFLOWS OF RESOURCES				
Related to Pensions and OPEB	13,097,560	-	-	-
NET POSITION				
Net investment in capital assets	143,644,137	148,456	-	-
Restricted				
Nonexpendable endowments	3,458,497	9,142,635	2,955,891	141,197
Expendable				
Scholarships and fellowship	-	9,925,064	3,072,068	84,086
Student loans	162,857	-	-	-
Quasi endowment & endowment interest	11,966,814	-	-	-
Unrestricted (deficit)	(97,078,877)	991,653	4,209,785	128,023
Total net position	<u>\$ 62,153,428</u>	<u>\$ 20,207,808</u>	<u>\$ 10,237,744</u>	<u>\$ 353,306</u>

See Notes to Financial Statements.

EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Eastern New Mexico University	Component Units		
		ENMU Portales Foundation	ENMU Roswell Foundation	ENMU Ruidoso Foundation
OPERATING REVENUES				
Student tuition and fees (net of discounts and allowances of \$9,082,963)	\$ 20,873,646	\$ -	\$ -	\$ -
Federal grants and contracts	10,325,087	-	-	-
Auxiliary enterprise revenue	6,930,128	-	-	-
Private gifts, grants, and contracts	3,899,143	264,997	192,700	91,518
State and local grants and contracts	3,521,047	-	-	-
Sales and services of educational departments	898,867	-	-	-
Other operating revenues	2,808,323	-	-	-
Total operating revenues	<u>49,256,241</u>	<u>264,997</u>	<u>192,700</u>	<u>91,518</u>
OPERATING EXPENSES				
Education and general				
Instruction	40,817,794	-	-	-
Research	607,776	-	-	-
Public service	10,344,715	-	-	-
Academic support	6,840,757	-	-	-
Student services	12,199,425	-	-	-
Institutional support	15,515,178	1,099,505	18,006	4,500
Operation and maintenance of plant	9,195,153	-	-	-
Depreciation	8,027,913	-	-	-
Loss on disposal of capital assets	30,665	-	-	-
Student aid, grants and stipends	9,469,042	-	-	-
Auxiliary enterprises	5,598,209	-	-	-
Expended for scholarships	-	408,617	117,038	9,899
Other	5,002,622	250,465	78,184	49,013
Total operating expenses	<u>123,649,249</u>	<u>1,758,587</u>	<u>213,228</u>	<u>63,412</u>
Operating income (loss)	<u>(74,393,008)</u>	<u>(1,493,590)</u>	<u>(20,528)</u>	<u>28,106</u>
NON-OPERATING REVENUES (EXPENSES)				
State appropriations	42,909,797	-	-	-
Local property taxes	2,364,167	-	-	-
Federal pell grant	10,403,452	-	-	-
Investment income	1,311,208	2,616,435	729,570	4,666
Private gifts, grants and contracts	-	2,513,985	173,015	-
Interest on capital asset related debt	(1,493,760)	-	-	-
Total non-operating revenues	<u>55,494,864</u>	<u>5,130,420</u>	<u>902,585</u>	<u>4,666</u>
Income before capital contributions	<u>(18,898,144)</u>	<u>3,636,830</u>	<u>882,057</u>	<u>32,772</u>
Capital appropriations	18,595,248	-	-	-
Capital grants and gifts	92,000	-	-	-
Total capital contributions	<u>18,687,248</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(210,895)</u>	<u>3,636,830</u>	<u>882,057</u>	<u>32,772</u>
NET POSITION				
Net position, beginning of year	113,827,058	16,570,978	9,355,687	320,534
Adoption of new accounting standard (Note 17)	(51,462,735)	-	-	-
Net position, beginning of year, as restated	<u>62,364,323</u>	<u>16,570,978</u>	<u>9,355,687</u>	<u>320,534</u>
Net position, end of year	<u>\$ 62,153,428</u>	<u>\$ 20,207,808</u>	<u>\$ 10,237,744</u>	<u>\$ 353,306</u>

See Notes to Financial Statements.

**EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

Cash Flows From Operating Activities

Tuition and fees	\$ 21,328,956
Grants and contracts	17,137,989
Payments to suppliers	(53,328,538)
Payments to employees	(43,430,964)
Auxiliary enterprise charges	2,047,687
Sales and services of educational equipment	6,933,140
Other receipts	<u>1,673,321</u>
Net cash used in operating activities	<u>(47,638,409)</u>

Cash Flows From Investing Activities

Interest on investments	1,158,146
Net cash activity on investments	<u>-</u>
Net cash provided by investing activities	<u>1,158,146</u>

Cash Flows From Non-capital Financing Activities

State appropriations	42,909,797
Local property tax levies	2,364,166
Pell grant	10,403,452
Payments from notes receivable	370,201
Repayment of Federal Perkins Loan Excess Liquid Cash	<u>(417,012)</u>
Net cash provided by non-capital financing activities	<u>55,630,604</u>

Cash Flows From Capital and Related Financing Activities

Proceeds from capital debt	5,645,000
Capital appropriations	18,942,265
Purchases of capital assets	(22,544,763)
Principal paid on capital debt	(1,580,000)
Interest paid on capital debt	<u>(1,493,760)</u>
Net cash used in capital and related financing activities	<u>(1,031,258)</u>

Net increase in cash, restricted cash, and cash equivalents

	<u>8,119,083</u>
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Cash, restricted cash, and cash equivalents, beginning of year	28,300,837
Reclassification of cash to investment	<u>(5,042,476)</u>
Cash, restricted cash, and cash equivalents, beginning of year, as adjusted	<u>23,258,361</u>

Cash, restricted cash, and cash equivalents, end of year	<u><u>\$ 31,377,444</u></u>
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**EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF CASH FLOWS (CONTNUED)
FOR THE YEAR ENDED JUNE 30, 2018**

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

Operating income (loss)	\$ (74,393,008)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities	
Depreciation	8,027,913
Loss on disposal of capital assets	30,665
Pension and OPEB expenses	29,027,750
Change in assets and liabilities:	
Receivables, net	(953,731)
Deferred outflows - subsequent year contributions	(10,845,880)
Inventories	(4,733)
Other assets	50,964
Accounts payable and accrued liabilities	1,315,189
Other liabilities	(7,625)
Unearned revenue	92,840
Compensated absences	21,247
Net cash used in operating activities	<u><u>\$ (47,638,409)</u></u>
Non-cash transactions:	
Capital grants and gifts	<u><u>\$ 92,000</u></u>

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Eastern New Mexico University (the “University”) was established in 1927 by the Constitution of the State of New Mexico. In 1929, the Legislature of New Mexico enacted legislation providing for the opening of the University. The University’s main campus encompasses over four hundred (400) acres in Portales. The University also operates branch campuses in Roswell and Ruidoso. The University is organized into the College of Business, College of Fine Arts, College of Education and Technology, College of Liberal Arts and Sciences, and Graduate School.

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

The University adopted the following accounting standards during the year ended June 30, 2018:

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement was adopted by the University on July 1, 2017 and had a material impact on the financial statements as more fully described in Note 17 (Restatement). This statement also provides for disclosure of other post-employment benefit (OPEB) as detailed in Note 13 (Other Post-Employment Benefits – State Retiree Health Care Plan) and certain required supplementary information.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement was adopted by the University on July 1, 2017 and did not have a material impact on the financial statements.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement was adopted by the University on July 1, 2017 and did not have a material impact on the financial statements.

GASB Statement No. 85, *Omnibus 2017*. This statement was adopted by the University on July 1, 2017 and did not have a material impact on the financial statements.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This statement was adopted by the University on July 1, 2017 and did not have a material impact on the financial statements.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity

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

In evaluating how to define the University for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 14, as amended by GASB Statements No. 39, No. 61, and No. 80. Blended component units, although legally separate entities, are in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

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

Based upon the application of these criteria, the University has three component units required to be reported under GASB Statements No. 14, No. 39, No. 61, or 80. These component units include the Eastern New Mexico University-(ENMU) Foundation, the ENMU-Ruidoso Foundation, and the ENMU-Roswell Foundation.

Separate audited financial statements of the ENMU-Foundation may be obtained by contacting the Executive Director, Eastern New Mexico University Foundation, 1500 S. Ave. K, Portales, NM 88130. The ENMU-Roswell Foundation and the ENMU-Ruidoso Foundation do not prepare separately issued financial statements.

The ENMU-Foundation was established in 1973, the ENMU-Ruidoso Foundation in 2011, and the ENMU-Roswell Foundation in 1969 to advance educational excellence at the University. The Foundations are component units of the University discretely presented and are reported upon as a part of the basic financial statements of the University. The Foundations engage in fundraising to support each of their respective campuses' academic programs, scholarships, building funds, and faculty/staff development. The Foundations coordinate all private

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Financial Reporting Entity (Continued)

capital fundraising for the University, including fund solicitations, gift acceptance, acknowledgements, and asset management. They are presented in the financial statements of the University due to the nature and significance of their relationship with Eastern New Mexico University. They are discretely presented to allow the financial statement users to distinguish between the University and the Foundations.

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues include activities that have the characteristics of an exchange transaction, such as a) student tuition and fees, net of scholarship discounts and allowances; b) student services; c) sales and services; and d) contracts and grants.

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as a) appropriations; b) gifts; c) mill levy; and d) investment income.

Student tuition and fee revenue and auxiliary enterprises revenue from students are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on student's behalf. To the extent Pell grants and other federal or state grants are used to satisfy tuition and fees, other student charges, and auxiliary enterprises charges, the University has recorded a scholarship allowance.

Contract and grant revenues are recognized when the underlying exchange transaction has occurred- when all eligibility requirements have been met. State appropriations are recognized as revenue in the first year for which they are appropriated.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Operating expenses include activities that have the characteristics of an exchange transaction, such as a) employee salaries, benefits, and related expenses; b) scholarships and fellowships, net of scholarship discounts and allowances; c) utilities, supplies, and other services; d) professional fees; and e) depreciation and amortization expenses related to University capital assets and long-term debt. Non-operating expenses include activities that have the characteristics of non-exchange transactions, such as interest on capital assets-related debt and bond expenses that are defined as non-operating expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

State statutes authorize the University to invest in certificates of deposit, obligations of the U.S. Government, and the State Treasurer's Investment Pool. The University's investment policy requires that endowment and similar funds only be invested with the State Investment Council, State Treasurer's Local Government Investment Pool, and with government-insured financial institutions with offices in New Mexico.

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

Donor restricted endowment disbursements of the net appreciation of investments are permitted in accordance with the Uniform Prudent Management of Institutional Funds act (46-9A-1 to 46-9A-12, NMSA 1978), except where a donor has specified otherwise. The investment committee of the Foundations and University's management review the investment earnings designed to support distributions from the pool and to protect the purchasing power of the endowment principal.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Distributions from the pool are made available to the University, which benefits from each individual endowment. The annual spending distribution is computed at the end of the year based on the investment earnings received during the year. The investment committees of the Foundations and University management set the annual distribution, which must be in accordance with the agreement entered into with endowment donors.

Receivables and payables: All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Payables are comprised of unpaid vendor and supplier invoices and are recognized when incurred. In the government-wide financial statements, delinquent property taxes are recorded when levied. Property taxes are considered to be 100% collectible.

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

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

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

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

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

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

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Deferred outflow of resources: In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The amounts are deferred and recognized as outflows of resources the next period.

Accrued expenses: Accrued expenses are comprised of accrued payroll and payroll expenditures based on amounts earned by employees through June 30, 2018, along with the applicable Educational Retirement Board (ERB) and other pension costs.

Deferred inflows of resources: In addition to liabilities, the balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Revenue must be susceptible to accrual (measurable and available to finance expenditures of the current fiscal period) to be recognized. If assets are recognized in connection with a transaction, but those assets are not yet available to finance expenditures of the current fiscal period, then the assets must be offset by a corresponding deferred inflow of resources.

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

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

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

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

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

tions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-employment Benefits Other Than Pensions (OPEB): For purposes of measuring the University's pro-rata share of net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the New Mexico Retiree Health Care Authority (NMRHCA) and additions to and deductions from NMRHCA's fiduciary net position have been determined on the same basis as they are reported by NMRHCA. For this purpose, NMRHCA recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

Net investment in capital assets: This component consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any related debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position: Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation. Non-expendable restricted net position consists of endowment and similar type assets for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income. The income generated from the principal may be expended or added to principal.

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

C. Income Taxes

The ENMU-Foundation, ENMU-Ruidoso Foundation, and ENMU-Roswell Foundation are not-for-profit corporations and have been recognized as tax-exempt pursuant to Sec. 501(c)(3) of the Internal Revenue Code. The accounting standard on accounting for uncertainty in income taxes addresses the determination of

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Income Taxes (Continued)

whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, an organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of an organization and various positions related to the potential sources of unrelated business taxable income (UBTI). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has greater than a 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the fiscal year ended June 30, 2018.

The Foundations file their forms 990 in the U.S. federal jurisdiction and a copy is filed with the Attorney General of New Mexico, Registry of Charitable Organizations. The Foundations are generally no longer subject to examination by the Internal Revenue Service for years before 2015.

D. Estimates

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Budgets are prepared annually by University personnel and include a proposed operating budget of estimated revenues and expenditures for the ensuing fiscal year. The budget and subsequent revisions are presented to the University's Board of Regents, the State of New Mexico Higher Education Department, and the Department of Finance and Administration for approval. According to the State of New Mexico General Appropriations Act of 2003 (Chapter 76, Laws at 2003), unexpended state appropriations to the University do not revert at the end of the fiscal year. None of the current appropriations received are subject to reversion.

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

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

Since accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with GAAP, a reconciliation of resultant basis, perspec-

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

tive, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2018 is presented. Reconciliations between the non-GAAP budgetary basis amounts and the financial statements on the GAAP basis can be found in the budgetary statements.

NOTE 3. DEPOSIT AND INVESTMENTS

State statutes authorize the investment of University funds in a wide variety of instruments including certificates of deposit and other similar obligations, state investment pool, money market accounts, and United States Government obligations. The University is not aware of any investments that did not meet the State investment requirements as of June 30, 2018.

Deposits of funds may be made in interest or non-interest-bearing checking accounts in one or more banks, or savings and loan associations within the geographical boundaries of the University. Deposits may be made to the extent that they are insured by an agency of the United States or collateralized as required by statute. The financial institution must provide pledged collateral or 50% of the deposit amount in excess of the deposit insurance.

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

Excess funds may be temporarily invested in securities which are issued by the State or by the United States government, or by their departments or agencies, and which are either direct obligations of the State or the United States or are backed by the full faith and credit of those governments.

According to the Federal Deposit Insurance Corporation (FDIC), public unit deposits are funds owned by the public unit. Time deposits, savings deposits, and negotiable order or withdrawal (NOW) accounts of a public unit in an institution in the same state will be insured up to \$250,000 in aggregate and separate from the \$250,000 coverage for public unit demand deposits at the same institution.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a deposit policy for custodial credit risk, other than following state statutes as set forth in the Public Money Act (Section 6-10-1 to 6-10-63, NMSA 1978). As of June 30, 2018, \$26,932,730 of the University's bank balances of \$35,171,358 were exposed to custodial credit risk. \$22,295,491 was uninsured and collateralized by securities held by the pledging bank's trust department, but not in the University's name and \$4,637,239 was uninsured and uncollateralized.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 3. DEPOSIT AND INVESTMENTS (CONTINUED)

The sources of the component unit cash do not meet the definition of public monies. Therefore, the component units are not required to follow state statutes and no collateralization is required.

	<u>Bank of America</u>	<u>Compass Bank</u>	<u>James Polk Stone Community Bank</u>	<u>Pioneer Bank</u>
Amount of deposits	\$ 6,824,059	\$ 3,897,004	\$ 689,894	\$ 8,482,680
FDIC coverage	(250,000)	(299,000)	(358,022)	(500,000)
SIPC coverage	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total uninsured public funds	<u>6,574,059</u>	<u>3,598,004</u>	<u>331,872</u>	<u>7,982,680</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the University's name	<u>6,574,059</u>	<u>3,150,000</u>	<u>331,872</u>	<u>5,239,560</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ 448,004</u>	<u>\$ -</u>	<u>\$ 2,743,120</u>
Collateral requirement (50%)	\$ 3,287,030	\$ 1,799,002	\$ 165,936	\$ 3,991,340
Pledged securities	<u>8,000,000</u>	<u>3,150,000</u>	<u>997,561</u>	<u>5,239,560</u>
Over (under) collateralized	<u>\$ 4,712,971</u>	<u>\$ 1,350,998</u>	<u>\$ 831,625</u>	<u>\$ 1,248,220</u>

	<u>US Bank</u>	<u>Wells Fargo Bank</u>	<u>Moreton Capital Markets</u>	<u>Total</u>
Amount of deposits	\$ 8,696,115	\$ 391,095	\$ 6,190,511	\$ 35,171,358
FDIC coverage	(250,000)	(391,095)	(6,148,189)	(8,196,306)
SIPC coverage	<u>-</u>	<u>-</u>	<u>(42,322)</u>	<u>(42,322)</u>
Total uninsured public funds	<u>8,446,115</u>	<u>-</u>	<u>-</u>	<u>26,932,730</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the University's name	<u>7,000,000</u>	<u>-</u>	<u>-</u>	<u>22,295,491</u>
Uninsured and uncollateralized	<u>\$ 1,446,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,637,239</u>
Collateral requirement (50%)	\$ 4,223,058	\$ -	\$ -	\$ 13,466,365
Pledged securities	<u>7,000,000</u>	<u>-</u>	<u>-</u>	<u>24,387,121</u>
Over (under) collateralized	<u>\$ 2,776,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,920,756</u>

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

NOTE 3. DEPOSIT AND INVESTMENTS (CONTINUED)

Certificates of deposit in Wells Fargo and Moreton Capital consist of brokered certificates of deposit from different financial institutions. None of the certificates of deposit per financial institution exceed FDIC insurance limits. Collateral pledged by financial institution is presented in the Schedule of Collateral Pledged by Depository for Public Funds of this report. The types of collateral allowed are limited to direct obligations of the United States government and all bonds issued by any agency, district, or political subdivision of the State of New Mexico.

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

The University's investments at June 30, 2018 are summarized as follows:

Investment	Rating	Fair Value	Maturity
State Investment Council (pooled funds)	Not rated	\$ 14,201,475	Less than 90 days
New MexiGROW LGIP	AAAm	18,830,087	50 day WAM(R) 100 day WAM(F)
U.S. treasury money market mutual funds	Aaa	4,693,100	Less than 365 days
Certificates of Deposit	N/A	<u>501,117</u>	July 26, 2018
		<u>\$ 38,225,779</u>	

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

The University also has \$871,588 in New Mexico Finance Authority (NMFA) cash that is not included as an investment but instead as restricted cash in the Statement of Net Position. The University has an additional amount of \$501,117 invested in certificates of deposits that are classified as investment on the Statement of Net Position but are considered deposits in the Schedule of Deposits and Investment Accounts - University.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an instrument. The University and its component units do not have a formal investment policy that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 3. DEPOSIT AND INVESTMENTS (CONTINUED)

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

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

Fair Value Measurement

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

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

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

The University maintained a balance of \$14,201,475 in State Investment Council (SIC) endowment investments at year-end which required fair value disclosure.

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

NOTE 3. DEPOSIT AND INVESTMENTS (CONTINUED)

The following table sets forth by level within the fair value hierarchy, the University's assets at fair value as of June 30, 2018:

Level 1	Level 2	Level 3	Total
\$ 11,777,211	\$ 2,424,264	\$ -	\$ 14,201,475

NOTE 4. RECEIVABLES, NET

At June 30, 2018, net receivables consisted of the following:

Student tuition and fees	\$ 8,995,035
Federal grants	1,912,504
State grants	4,740,947
Private grants	34,232
Other	668,886
	16,351,604
Allowance for uncollectible accounts	(6,127,876)
Receivables, net	<u><u>\$ 10,223,728</u></u>

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 is summarized as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets not being depreciated				
Land and improvements	\$ 8,242,712	\$ -	\$ -	\$ 8,242,712
Construction in progress	<u>10,481,277</u>	<u>19,696,893</u>	<u>1,830,311</u>	<u>28,347,859</u>
Total capital assets not being depreciated	<u>18,723,989</u>	<u>19,696,893</u>	<u>1,830,311</u>	<u>36,590,571</u>
Capital assets being depreciated				
Buildings and improvements	215,478,148	2,437,198	-	217,915,346
Infrastructure	28,345,830	294,302	-	28,640,132
Equipment	39,339,959	1,512,558	7,478,759	33,373,758
Software	1,623,666	84,199	-	1,707,865
Library materials	<u>8,663,527</u>	<u>453,425</u>	<u>-</u>	<u>9,116,952</u>
Total capital assets being depreciated	<u>293,451,130</u>	<u>4,781,682</u>	<u>7,478,759</u>	<u>290,754,053</u>
Less accumulated depreciation				
Buildings and improvements	78,924,220	4,864,791	-	83,789,011
Infrastructure	15,119,101	1,176,982	-	16,296,083
Equipment	34,399,370	1,521,836	7,436,591	28,484,615
Software	1,618,910	20,417	-	1,639,327
Library materials	<u>7,782,566</u>	<u>443,885</u>	<u>-</u>	<u>8,226,451</u>
Total accumulated depreciation	<u>137,844,167</u>	<u>8,027,911</u>	<u>7,436,591</u>	<u>138,435,487</u>
Total capital assets, net of depreciation	<u>\$ 174,330,952</u>	<u>\$ 16,450,664</u>	<u>\$ 1,872,479</u>	<u>\$ 188,909,137</u>
Capital asset summary				
Capital assets not being depreciated	\$ 18,723,989	\$ 19,696,893	\$ 1,830,311	\$ 36,590,571
Capital assets being depreciated	<u>293,451,130</u>	<u>4,781,682</u>	<u>7,478,759</u>	<u>290,754,053</u>
Total cost of capital assets	312,175,119	24,478,575	9,309,070	327,344,624
Less accumulated depreciation	<u>137,844,167</u>	<u>8,027,911</u>	<u>7,436,591</u>	<u>138,435,487</u>
Capital assets, net	<u>\$ 174,330,952</u>	<u>\$ 16,450,664</u>	<u>\$ 1,872,479</u>	<u>\$ 188,909,137</u>

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 6. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued liabilities for the year ended June 30, 2018 are summarized as follows:

Accrued payroll	\$ 1,341,076
Accrued taxes and benefits	3,266,742
Accrued interest	<u>406,000</u>
Total	<u>\$ 5,013,818</u>

NOTE 7. UNEARNED REVENUES

Unearned revenues for the year ended June 30, 2018 are summarized as follows:

Student tuition and fees	\$ 3,808,910
Federal, state, and private grants	1,659,649
Other	<u>1,433,701</u>
Total	<u>\$ 6,902,260</u>

NOTE 8. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2018 is summarized as follows:

	Balance			Balance	Amount
	June 30, 2017	Additions	Deletions	June 30, 2018	Due Within
					One Year
Bonds payable	\$ 41,200,000	\$ 5,645,000	\$ (1,580,000)	\$ 45,265,000	\$ 1,786,928
Accrued compensated absences	1,585,106	1,419,093	(1,397,843)	1,606,356	1,072,762
Student loan program	<u>3,761,267</u>	<u>-</u>	<u>(417,012)</u>	<u>3,344,255</u>	<u>-</u>
Total	<u>\$ 46,546,373</u>	<u>\$ 7,064,093</u>	<u>\$ (3,394,855)</u>	<u>\$ 50,215,611</u>	<u>\$ 2,859,690</u>

Student loan program liabilities represent the federal share of the Perkins loan program. The program is currently being phased out and the University is working on liquidating the balance. In the 2018 year, a payment of \$417,012 in excess cash was remitted back to the federal government.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 9. BONDS PAYABLE

Outstanding bonds payable as of June 30, 2018 is summarized as follows:

Description	Interest Rate	Balance June 30, 2018	Final Maturity
System Revenue Bond Series 2011B	0.90-4.66%	\$ 23,440,000	April 1, 2036
System Improvement Revenue Bond Series 2015A	0.34-3.93%	11,605,000	April 1, 2045
System Revenue Refunding Bond Series 2015B	0.34-2.44%	4,575,000	April 1, 2026
System Improvement Revenue Bonds 2017	0.093-3.480%	5,645,000	April 1, 2038
Total		\$ 45,265,000	

Future debt service of the University as of June 30, 2018 for the bonds is as follows:

Year ended June 30,	Principal	Interest	Total
2019	\$ 1,786,928	\$ 1,620,378	\$ 3,407,306
2020	1,869,107	1,535,855	3,404,962
2021	1,911,594	1,499,124	3,410,718
2022	1,949,421	1,457,959	3,407,380
2023	1,997,721	1,411,129	3,408,850
2024-2028	10,359,439	6,186,955	16,546,394
2029-2033	11,504,803	4,293,749	15,798,552
2034-2038	9,790,987	1,800,294	11,591,281
2039-2043	2,810,000	599,927	3,409,927
2044-2048	1,285,000	78,056	1,363,056
	<u>\$ 45,265,000</u>	<u>\$ 20,483,426</u>	<u>\$ 65,748,426</u>

On July 29, 2011, the University issued \$28,050,000 of System Revenue Bonds (Series 2011). The proceeds of the bonds were used to (a) pay the cost of erecting, altering, improving, repairing, furnishing and equipping existing and new buildings, improvements, and facilities for the use of the University, and (b) to pay all costs incidental to the foregoing and the issuance of the bonds.

On May 1, 2015, the University issued \$18,655,000 of System Revenue Bonds (Series 2015A and 2015B). The proceeds of the bonds were used to (a) pay the cost of erecting, altering, improving, repairing, furnishing and equipping existing and new buildings, improvements, and facilities for the use of the University, and (b) to pay all costs incidental to the foregoing and the issuance of the bonds.

On November 17, 2017, the University issued \$5,645,000 of System Improvement Revenue Bonds (Series 2017). The proceeds of the bonds were used to (a) pay the cost of planning, designing, purchasing, erecting, altering, improving, repairing, furnishing, and equipping of building, including but limited to installation of approximately twenty (20) energy conservation measures at buildings owned by the University and certain heating, ventilation and air conditioning improvements to Curry Hall; and (b) pay the costs of issuance of the bonds.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 9. BONDS PAYABLE (CONTINUED)

All bonds are secured by an irrevocable first lien on, and a pledge of, the University's revenues which consist of revenues received from all revenue producing facilities of the University, gross proceeds from the collection of student fees, gross income from the State of New Mexico permanent fund and other miscellaneous revenue sources.

NOTE 10. TAX ABATEMENTS

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

Industrial Revenue Bonds. Under the County Industrial Revenue Bond Act [4-59 NMSA 1978] and the Industrial Revenue Bond Act [3-32 NMSA 1978], the county commission or city council, respectively, can vote to induce an industrial revenue bond in order to induce a manufacturing, industrial, or commercial enterprise to locate or expand in that region, by financing a specified project. Under the New Mexico Hospital Equipment Loan Act [58-23 NMSA 1978], the New Mexico Hospital Loan Council can vote to induce an industrial revenue bond in order to finance any real or personal property, instrument, service, or operational necessity that is determined by the Council to be directly or indirectly needed for medical care treatment or research, or to operate the health facility. The county, city, or loan council, respectively, may include in the agreement a stipulation of an amount or a percentage reduction of property taxes, which can be as much as 100%. This reduction or exemption is applicable for the life of the bond issue, not to exceed thirty years from the date the bonds were issued, and is a significant benefit for borrowers that would not otherwise qualify for a property tax exemption under other constitutional or statutory provisions. Information relevant to disclosure of those programs for the fiscal year ended June 30, 2018 follows:

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

NOTE 10. TAX ABATEMENTS (CONTINUED)

Agency number for Agency making the disclosure (Disclosing Agency)	5003	5003	5003
Disclosing Agency Name	Chaves County	Chaves County	Chaves County
Disclosing Agency Type	County Government	County Government	County Government
Tax Abatement Agreement Name	Roswell Solar Project Agreement Series 2015A	Anderson Wind Farm Agreement Series 2012	AC Nutrition Agreement Series 2000
Name of agency affected by abatement agreement (Affected Agency)	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
Agency number of Affected Agency	955	955	955
Agency type of Affected Agency	Higher Education Institution	Higher Education Institution	Higher Education Institution
Recipient(s) of tax abatement	Roswell Solar LLC	Anderson Wind Farm	AC Nutrition
Tax abatement program (name and brief description)	Industrial Revenue Bonds	Industrial Revenue Bonds	Industrial Revenue Bonds
Specific Tax Being Abated	Property Tax	Property Tax	Property Tax
Authority under which abated tax is paid to Affected Agency	County Industrial Revenue Bond Act, Sections 4-59-1 to 4-59-16, NMSA 1978	County Industrial Revenue Bond Act, Sections 4-59-1 to 4-59-16, NMSA 1978	County Industrial Revenue Bond Act, Sections 4-59-1 to 4-59-16, NMSA 1978
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$83,864	\$7,035	\$465

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

NOTE 10. TAX ABATEMENTS (CONTINUED)

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

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

NOTE 10. TAX ABATEMENTS (CONTINUED)

Agency number for Agency making the disclosure (Disclosing Agency)	6152	452
Disclosing Agency Name	Village of Ruidoso	New Mexico Hospital Equipment Loan Council
Disclosing Agency Type	Municipality	State Agency
Tax Abatement Agreement Name	Industrial Revenue Bond Agreement	Lease Agreement (New Mexico Hospital Equipment Loan Council/Lovelace Health System, Inc. dated 12/1/2012; 'Roswell Regional Hospital Project')
Name of agency affected by abatement agreement (Affected Agency)	Eastern New Mexico University - Ruidoso Campus	Eastern New Mexico University
Agency number of Affected Agency	955	955
Agency type of Affected Agency	Higher Education Institution	Higher Education Institution
Recipient(s) of tax abatement	Hotel Ruidoso, LLC	Lovelace Health System, Inc.
Tax abatement program (name and brief description)	Industrial Revenue Bond	Hospital Equipment Loan Act (New Mexico Statue 58-23-29)
Specific Tax Being Abated	Ad Valorem Taxes	Property Tax
Authority under which abated tax is paid to Affected Agency	City Industrial Revenue Bond Act, Sections 3-32-1 to 3-32-16, NMSA 1978	Hospital Equipment Loan Act (New Mexico Statue 58-23-29)
Gross dollar amount, on an accrual basis, by which the Affected Agency's tax revenues were reduced during the reporting period as a result of the tax abatement agreement	\$2,816	Valuation of property is determined by Chavez County. However, the following values are based on what has been determined by Chavez County. The Council does not confirm nor validate these amounts. Property Tax = \$7,588

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 11. PENSION PLAN - EDUCATIONAL RETIREMENT BOARD

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

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

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

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

Benefits provided. A member's retirement benefit is determined by a formula which includes three component parts: 1) the member's final average salary (FAS), 2) the number of years of service credit, and 3) a 0.0235 multiplier. The FAS is the average of the member's salaries for the last five years of service or any other consecutive five-year period, whichever is greater.

Summary of Plan Provisions for Retirement Eligibility. For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member's age and earned service credit add up to the sum of 75 or more,
- The member is at least 65 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 25 years or more.

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

- The member's age and earned service credit add up to the sum of 80 or more,
- The member is at least 67 years of age and has five or more years of earned service credit, or
- The member has service credit totaling 30 years or more.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

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

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

Forms of Payment. The benefit is paid as a monthly life annuity with a guarantee that, if the payments made do not exceed the member's accumulated contributions plus accumulated interest, determined as of the date of retirement, the balance will be paid in a lump sum to the member's surviving beneficiary.

Benefit Options. The Plan has three benefit options available:

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

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

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

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

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

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

As of July 1, 2013, for current and future retirees the COLA is immediately reduced until the Plan is 100% funded. The COLA reduction is based on the median retirement benefit of all retirees excluding disability retirements. Retirees with benefits at or below the median and with 25 or more years of service credit will have a 10% COLA reduction; their average COLA will be 1.5%. Once the funding is greater than 90%, the COLA reductions will decrease. The retirees with benefits at or below the median and with 25 or more years of service credit will have a 5% COLA reduction; their average COLA will be 1.7%.

Members on disability retirement are entitled to a COLA commencing on July 1 of the third full year following disability retirement. A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement.

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

Contributions. For the fiscal years ended June 30, 2018 and 2017, educational employers contributed to the Plan based on the following rate schedule.

Fiscal Year	Date Range	Wage Category	Member Rate	Employer Rate	Combined Rate	Increase Over Prior Year
2018	7-1-17 to 6-30-18	Over \$20K	10.70%	13.90%	24.60%	0.00%
2018	7-1-17 to 6-30-18	\$20K or less	7.90%	13.90%	21.80%	0.00%
2017	7-1-16 to 6-30-17	Over \$20K	10.70%	13.90%	24.60%	0.00%
2017	7-1-16 to 6-30-17	\$20K or less	7.90%	13.90%	21.80%	0.00%

The contribution requirements are established in statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the New Mexico Legislature. For the fiscal year ended June 30, 2018, the University paid employee and employer contributions of \$4,631,284 and \$5,575,967, which equal the amount of the required contributions.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the University reported a liability of \$138,542,717 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2017 using generally accepted actuarial principles. The roll-forward incorporates the impact of the new assumptions adopted by the Board on April 21, 2017. There were no other significant events of changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2017. Therefore, the University's portion was established as of the measurement date of June 30, 2017. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions, actuarially determined. At June 30, 2017, the University's proportion was 1.24662%, which was a decrease of 0.18433% from its proportion measured at June 30, 2016.

For the year ended June 30, 2018, the University recognized pension expense of \$18,596,898. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 248,698	\$ 2,134,381
Net difference between projected and actual earnings on pension plan investments	-	19,005
Changes in assumptions	40,443,341	-
Changes in proportion and differences between University contributions and proportionate share of contributions	2,410,840	1,083,597
University contributions subsequent to the measurement date	<u>4,631,284</u>	<u>-</u>
Total	<u>\$ 47,734,163</u>	<u>\$ 3,236,983</u>

The University reported \$4,631,284 as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date June 30, 2017 will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2019	\$ 14,687,695
2020	16,332,147
2021	9,986,849
2022	(1,140,794)
Thereafter	<u>-</u>
Total	<u>\$ 39,865,897</u>

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

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

Actuarial assumptions. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%										
Salary increases	3.25% composed of 2.50% inflation, plus a 0.75% productivity increase rate, plus a step-rate promotional increase for members with less than 10 years of service.										
Investment rate of return	7.25% compounded annually, net of expenses. This is made up of a 2.50% inflation rate and a 4.75 real rate of return.										
Average of Expected Remaining Service Lives	<table border="0" style="margin-left: 40px;"> <tr> <td style="text-align: right;">Fiscal year</td> <td style="text-align: center;"><u>2017</u></td> <td style="text-align: center;"><u>2016</u></td> <td style="text-align: center;"><u>2015</u></td> <td style="text-align: center;"><u>2014</u></td> </tr> <tr> <td style="text-align: right;">Service life in years</td> <td style="text-align: center;">3.35</td> <td style="text-align: center;">3.77</td> <td style="text-align: center;">3.92</td> <td style="text-align: center;">3.88</td> </tr> </table>	Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	Service life in years	3.35	3.77	3.92	3.88
Fiscal year	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>							
Service life in years	3.35	3.77	3.92	3.88							
Mortality	<p>Healthy males: Based on the RP-2000 Combined Healthy Mortality Table with White Collar adjustments, not set back. Generational mortality improvements with Scale BB from the table's base year of 2000.</p> <p>Healthy females: Based on GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with Scale BB from the table's base year of 2012.</p> <p>Disabled males: RP-2000 Disabled Mortality Table for males, set back three years, projected to 2016 with Scale BB.</p> <p>Disabled females: RP-2000 Disabled Mortality Table for females, no set back, projected to 2016 with Scale BB.</p> <p>Active members: RP-2000 Employee Mortality Tables, with males set back two years and scaled at 80%, and females set back five years and scaled at 70%. Static mortality improvement from the table's base year of 2000 to the year 2016 in accordance with Scale BB. No future improvement was assumed for preretirement mortality.</p>										
Retirement Age	Experience-based table rates based on age and service, adopted by the Board on April 1, 2017 in conjunction with the six-year experience study for the period ending June 30, 2014.										
Cost-of-living increases	1.90% per year, compounded annually.										
Payroll growth	3.00% per year (with no allowance for membership growth).										
Contribution accumulation	The accumulated member account balance with interest is estimated at the valuation date by assuming that member contributions increased 5.50% per year for all years prior to the valuation date. Contributions are credited with 4.00% interest, compounded annually, applicable to the account balances in the past as well as the future.										
Disability incidence	Approved rates are applied to eligible members with at least 10 years of service.										

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

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

Actuarial assumptions and methods are set by the Plan’s Board of Trustees, based upon recommendations made by the Plan’s actuary. The Board adopted new assumptions on April 21, 2017 in conjunction with the six-year actuarial experience study period ending June 30, 2016. At that time, the Board adopted several 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 long-term expected rate of return on pension plan investments was determined using a building-block approach that includes the following:

- Rate of return projections that are the sum of current yield plus projected changes in price (valuations, defaults, etc.)
- Application of key economic projections (inflation, real growth, dividends, etc.)
- Structural themes (supply and demand imbalances, capital flows, etc.) developed for each major asset class.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	33%	
Fixed income	26%	
Alternatives	40%	
Cash	1%	
	100%	7.25%

Discount rate. A single discount rate of 5.9% was used to measure the total pension liability as of June 30, 2017. This single discount rate was based on a long-term expected rate of return on pension plan investments of 7.25%, and a municipal bond rate of 3.56%, net of expense. 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 pension 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.

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

Additionally, contributions received through Alternative Retirement Plan (ARP) are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five-year contribution history.

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

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

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate.

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 5.90%, as well as what the employer name's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.90%) or 1-percentage-point higher (6.90%) than the current rate.

	1% Decrease (4.90%)	Current Discount Rate (5.90%)	1% Increase (6.90%)
University's proportionate share of the net pension liability	\$ 180,348,165	\$ 138,542,717	\$ 104,370,166

Pension Plan Fiduciary Net Position. Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for the years ended June 30, 2018 and 2017, which are publicly available at www.nmerb.org.

Payables to the Pension Plan. The University remits the legally required employer and employee contributions on a monthly basis to ERB. The ERB requires that the contributions be remitted by the 15th day of the month following the month for which contributions are withheld. At June 30, 2018, there were no contributions due and payable for the University.

NOTE 12. ALTERNATIVE RETIREMENT PLAN - EDUCATIONAL RETIREMENT BOARD

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

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

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

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

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

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

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

ARP Contributions. For the year ended June 30, 2018, colleges and universities contributed 10.90% of participating employees' gross salary to the ARP vendor on behalf of the participant, and 3% of the employees' gross salary to NMERB. The colleges and universities are responsible for submitting the balance of the employers' contribution, and the employees' contributions directly to the ARP vendors. Employees participating in the ARP do not accrue rights to benefits in the defined benefit pension plan based on the 3% contributions to the Plan. The 3% contribution remitted for the ARP for the year ended June 30, 2018 was \$166,611.

NOTE 13. OTHER POST-EMPLOYMENT BENEFITS - STATE RETIREE HEALTH CARE PLAN

Plan description. Employees of the University are provided with OPEB through the Retiree Health Care Fund (the Fund)—a cost-sharing multiple-employer defined benefit OPEB plan administered by the New Mexico Retiree Health Care Authority (NMRHCA). NMRHCA was formed February 13, 1990, under the New Mexico Retiree Health Care Act (the Act) of New Mexico Statutes Annotated, as amended (NMSA 1978), to administer the Fund under Section 10-7C-1-19 NMSA 1978. The Fund was created to provide comprehensive group health insurance coverage for individuals (and their spouses, dependents and surviving spouses) who have retired or will retire from public service in New Mexico.

NMRHCA is an independent agency of the State of New Mexico. The funds administered by NMRHCA are considered part of the State of New Mexico financial reporting entity and are OPEB trust funds of the State of New Mexico. NMRHCA's financial information is included with the financial presentation of the State of New Mexico.

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

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

Benefits provided. The Fund is a multiple employer cost sharing defined benefit healthcare plan that provides eligible retirees (including terminated employees who have accumulated benefits but are not yet receiving them), their spouses, dependents and surviving spouses and dependents with health insurance and prescription drug benefits consisting of a plan, or optional plans of benefits, that can be contributions to the Fund and by co-payments or out-of-pocket payments of eligible retirees.

Employees covered by benefit terms. At June 30, 2017, the Fund's measurement date, the following employees (statewide) were covered by the benefit terms:

Plan membership	
Current retirees and surviving spouses	51,208
Inactive and eligible for deferred benefit	11,478
Current active members	<u>97,349</u>
	<u>160,035</u>
Active membership	
State general	19,593
State police and corrections	1,886
Municipal general	21,004
Municipal police	3,820
Municipal FTRE	2,290
Educational Retirement Board	<u>48,756</u>
	<u>97,349</u>

Contributions. Employer and employee contributions to the Fund total 3% for non-enhanced retirement plans and 3.75% of enhanced retirement plans of each participating employee's salary as required by Section 10-7C-15 NMSA 1978. The contributions are established by statute and are not based on an actuarial calculation. All employer and employee contributions are non-refundable under any circumstance, including termination of the employer's participation in the Fund. Contributions to the Fund from the University were \$786,377 for the year ended June 30, 2018.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the University reported a liability of \$43,324,606 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The University's proportion of the net OPEB liability was based on actual contributions provided to the Fund for the year ending June 30, 2017. At June 30, 2017, the University's proportion was 0.95604%.

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018**

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

For the year ended June 30, 2018, the University recognized OPEB expense of \$1,722,447. At June 30, 2018 the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,662,568
Differences between actual and projected earnings on OPEB plan investments	-	623,254
Changes of assumptions	-	7,574,755
Contributions made after the measurement date	<u>786,377</u>	<u>-</u>
Total	<u>\$ 786,377</u>	<u>\$ 9,860,577</u>

Deferred outflows of resources totaling \$786,377 represent University contributions to the Fund made subsequent to the measurement date and will be recognized as a reduction of net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	
2019	\$(2,096,428)
2020	(2,096,428)
2021	(2,096,428)
2022	(2,096,428)
2023	<u>(1,474,865)</u>
Total	<u>\$(9,860,577)</u>

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation using the following actuarial assumptions:

Valuation Date	June 30, 2017
Actuarial cost method	Entry age normal, level percent of pay, calculated on individual employee basis
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation	2.50% for ERB; 2.25% for PERA
Projected payroll increases	3.50%
Investment rate of return	7.25%, net of OPEB plan investment expense and margin for adverse deviation including inflation
Health care cost trend rate	8% graded down to 4.5% over 14 years for Non-Medicare medical plan costs and 7.5% graded down to 4.5% over 12 for Medicare medical plan costs

Rate of Return. The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which the expected future real rates of return (net of investment fees and inflation) are developed for each major asset class. These returns 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, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumptions.

The best estimates for the long-term expected rate of return is summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Rate of Return</u>
U.S. core fixed income	20%	4.1%
U.S. equity - large cap	20%	9.1%
Non U.S. - emerging markets	15%	12.2%
Non U.S. - developed equities	12%	9.8%
Private equity	10%	13.8%
Credit and structured finance	10%	7.3%
Real estate	5%	6.9%
Absolute return	5%	6.1%
U.S. equity - small/mid cap	3%	9.1%

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

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

Discount Rate. The discount rate used to measure the Fund's total OPEB liability is 3.81% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates proportional to the actuary determined contribution rates. For this purpose, employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members through the fiscal year ending June 30, 2028. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2029. Beyond 2029, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 3.81% is the blended discount rate.

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the University, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.81%) or 1-percentage-point higher (4.81%) than the current discount rate:

1% Decrease (2.81%)	Current Discount (3.81%)	1% Increase (4.81%)
\$ 52,552,072	\$ 43,324,606	\$ 36,084,830

The following presents the net OPEB liability of the University, as well as what the University's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

1% Decrease	Current Trend Rates	1% Increase
\$ 36,850,562	\$ 43,324,606	\$ 48,372,762

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's audited financial statements for the year ended June 30, 2017.

NOTE 14. CONTINGENT LIABILITIES

The University currently is party to various litigation and other claims in the ordinary course of business. The University participates in the State of New Mexico Risk Management Program (Risk Management), which provides liability and physical damage insurance for the University. During 2018, the University paid Risk Management \$1,342,830 in insurance premiums. The University believes that the outcome of all pending and threatened litigation will not have a material adverse effect on the financial position or operations of the University.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 15. FEDERAL AND STATE GRANTS

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

NOTE 16. COMMITMENTS

The University entered into agreements with contractors and architects for various construction projects at all three campuses. As of June 30, 2018, the University had an obligation of \$4,600,995 for these contracts.

NOTE 17. NEW ACCOUNTING PRONOUNCEMENT - RESTATEMENT OF FINANCIAL STATEMENTS FOR UNIVERSITY'S COST-SHARE PORTION OF ITS NET RETIREE HEALTHCARE LIABILITY

The Governmental Accounting Standards Board (GASB) issued a new accounting pronouncement (Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*) effective for the year ended June 30, 2018. The implementation of GASB 75 has created a restatement of the University's beginning net position.

As a cost-share employer participating the Retiree Health Care Authority (Plan or "RHCA") (see Note 13), the University is required to, and has included, in its June 30, 2018 financial statements, the pro rata share of the Plan's collective "Net Retiree Healthcare Liability". This share represents the difference between the Plan's "Total Plan Liability" and the Plan's "Net Plan Position", reported at the market value of the investment assets.

With the adoption of the new accounting pronouncement, the University has reduced its Unrestricted Net Position the beginning of the fiscal year in the amount of \$51,462,735, as shown on the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 18. CONCENTRATIONS

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

NOTE 19. ACCOUNTING PRONOUNCEMENTS WITH FUTURE EFFECTIVE DATES

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

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2018

NOTE 19. ACCOUNTING PRONOUNCEMENTS WITH FUTURE EFFECTIVE DATES (CONTINUED)

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

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

In March 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect future financial statements.

In June 2018, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect future financial statements.

In August 2018, GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61* was issued. Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The University is still evaluating how this pronouncement will affect future financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
EDUCATIONAL RETIREMENT BOARD (ERB) PLAN
LAST 10 FISCAL YEARS * (UNAUDITED)**

Fiscal Year Measurement Date	June 30,			
	2018 2017	2017 2016	2016 2015	2015 2014
Proportion of the net pension liability (asset)	1.24662%	1.19790%	1.22000%	1.25000%
Proportionate share of the net pension liability (asset)	\$ 138,542,717	\$ 86,206,077	\$ 78,448,115	\$ 71,531,017
Covered employee payroll	\$ 39,298,444	\$ 37,933,765	\$ 37,700,936	\$ 37,712,383
Proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	352.54%	227.25%	208.08%	189.68%
Plan fiduciary net position as a percentage of the total pension liability	52.95%	61.58%	63.97%	66.54%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 4,631,284	\$ 4,867,710	\$ 4,760,776	\$ 4,785,777
Contributions in relation to the contractually required contribution	<u>\$ 4,631,284</u>	<u>\$ 4,867,710</u>	<u>\$ 4,760,776</u>	<u>\$ 4,785,777</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 38,062,076	\$ 39,298,444	\$ 37,933,765	\$ 37,000,936
Contributions as a percentage of covered employee payroll	12.17%	12.39%	12.55%	12.69%

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

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTHCARE AUTHORITY (RHCA) PLAN
LAST 10 FISCAL YEARS * (UNAUDITED)**

	June 30,
Fiscal Year Measurement Date	2018 2017
Proportion of the net OPEB liability	0.95604%
Proportionate share of the net OPEB liability	\$ 43,324,606
Covered employee payroll	\$ 39,825,255
Proportionate share of the net OPEB liability as a percentage of covered employee payroll	108.79%
Plan fiduciary net position as a percentage of the total OPEB liability	11.34%

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

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS
RETIREE HEALTHCARE AUTHORITY (RHCA) PLAN
LAST 10 FISCAL YEARS * (UNAUDITED)**

	2018
Contractually required contribution	\$ 3,035,876
Contributions in relation to the contractually required contribution	<u>\$ 1,523,671</u>
Contribution deficiency	<u>\$ 1,512,205</u>
Covered employee payroll	\$ 39,825,255
Contributions as a percentage of covered employee payroll	3.83%

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

EASTERN NEW MEXICO UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2018

ERB PLAN

Changes in benefit provisions. There were no modifications to the benefit provisions that were reflected in the actuarial valuation as of June 30, 2017.

Changes in assumptions and methods. 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%.

RHCA Plan

Changes in benefit provisions. There were no modifications to the benefit provisions as this is the first year of adoption of the OPEB accounting standard.

Changes in assumptions and methods. There were no modifications to the assumptions and methods as this is the first year of adoption of the OPEB accounting standard.

SUPPLEMENTARY INFORMATION

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED AND RESTRICTED - ALL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 13,365,845	\$ 18,310,777	\$ 18,310,777	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	29,789,200	29,791,200	29,791,200	-
Federal revenue sources	32,549,901	34,049,901	28,207,997	(5,841,904)
Tuition and fees	23,583,810	23,483,810	22,118,569	(1,365,241)
Land and permanent fund	585,000	725,000	754,915	29,915
Endowments and private gifts	2,367,500	2,517,500	2,577,550	60,050
Tax levies	-	-	-	-
Other	15,088,589	37,022,589	35,763,769	(1,258,820)
Total unrestricted and restricted revenues	103,964,000	127,590,000	119,214,000	(8,376,000)
Unrestricted and Restricted Expenses				
Instruction	24,000,000	24,100,000	22,462,509	1,637,491
Academic support	5,317,000	5,317,000	4,016,052	1,300,948
Student services	3,954,000	4,004,000	3,347,577	656,423
Institutional support	8,334,000	8,384,000	7,927,160	456,840
Operation and maintenance of plant	6,112,000	6,112,000	5,498,828	613,172
Student social and cultural activities	1,000,000	1,100,000	824,986	275,014
Research	1,152,000	1,212,000	502,171	709,829
Public service	6,280,000	6,430,000	4,398,059	2,031,941
Internal service	336,000	436,000	10,555	425,445
Student aid, grants, and stipends	31,854,000	32,729,000	30,407,612	2,321,388
Auxiliary services	4,931,000	5,081,000	4,522,038	558,962
Intercollegiate athletics	4,384,000	4,534,000	4,132,818	401,182
Capital outlay	1,800,000	27,650,000	22,191,464	5,458,536
Building renewal and replacement	2,000,000	2,000,000	746,167	1,253,833
Retirement of indebtedness	3,049,000	3,241,000	3,203,301	37,699
Total unrestricted and restricted expenses	104,503,000	132,330,000	114,191,297	18,138,703
Net transfers	-	120,000	120,000	-
Change in net position (budgetary basis)	(539,000)	(4,620,000)	5,142,703	(26,514,703)
Ending net position	\$ 12,826,845	\$ 13,690,777	\$ 23,453,480	\$ (26,514,703)

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED AND RESTRICTED - ALL OPERATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Roswell Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 20,400,813	\$ 21,825,458	\$ 21,825,458	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	10,831,117	11,166,100	11,166,100	-
Federal revenue sources	10,767,001	12,705,211	9,684,711	(3,020,500)
Tuition and fees	3,611,289	3,611,289	3,343,641	(267,648)
Land and permanent fund	-	-	-	-
Endowments and private gifts	-	-	9,906	9,906
Tax levies	1,060,000	1,060,000	1,113,236	53,236
Other	4,069,501	3,961,785	4,556,826	595,041
Total unrestricted and restricted revenues	30,338,908	32,504,385	29,874,420	(2,629,965)
Unrestricted and Restricted Expenses				
Instruction	9,239,327	9,975,286	8,861,292	1,113,994
Academic support	1,117,185	1,117,175	1,145,074	(27,899)
Student services	1,567,709	1,567,709	1,592,795	(25,086)
Institutional support	3,991,029	4,161,712	3,863,329	298,383
Operation and maintenance of plant	2,476,115	2,171,670	2,186,290	(14,620)
Student social and cultural activities	163,356	200,000	160,750	39,250
Research	-	-	-	-
Public service	3,237,777	4,270,357	3,498,799	771,558
Internal service	155,684	155,684	69,411	86,273
Student aid, grants, and stipends	5,925,000	5,975,000	4,618,156	1,356,844
Auxiliary services	690,150	757,500	792,834	(35,334)
Intercollegiate athletics	-	-	-	-
Capital outlay	1,965,000	2,300,000	2,213,201	86,799
Building renewal and replacement	300,000	300,000	146,631	153,369
Retirement of indebtedness	-	-	-	-
Total unrestricted and restricted expenses	30,828,332	32,952,093	29,148,562	3,803,531
Net transfers	-	-	-	-
Change in net position (budgetary basis)	(489,424)	(447,708)	725,858	(6,433,496)
Ending net position	\$ 19,911,389	\$ 21,377,750	\$ 22,551,316	\$ (6,433,496)

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED AND RESTRICTED - ALL OPERATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 2,965,734	\$ 3,802,727	\$ 3,802,727	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	1,936,100	1,952,497	1,952,497	-
Federal revenue sources	2,517,900	2,467,900	2,008,719	(459,181)
Tuition and fees	393,600	439,803	457,434	17,631
Land and permanent fund	-	-	-	-
Endowments and private gifts	135,000	135,000	49,294	(85,706)
Tax levies	1,115,000	1,115,000	1,242,980	127,980
Other	1,150,700	1,315,900	723,329	(592,571)
Total unrestricted and restricted revenues	<u>7,248,300</u>	<u>7,426,100</u>	<u>6,434,253</u>	<u>(991,847)</u>
Unrestricted and Restricted Expenses				
Instruction	2,438,900	2,347,100	1,824,922	522,178
Academic support	396,300	419,700	291,907	127,793
Student services	394,500	424,000	321,530	102,470
Institutional support	1,184,000	1,202,000	937,225	264,775
Operation and maintenance of plant	222,400	222,400	198,391	24,009
Student social and cultural activities	-	-	-	-
Research	-	-	-	-
Public service	1,000,000	1,120,000	977,331	142,669
Internal service	-	-	(27,988)	27,988
Student aid, grants, and stipends	867,200	867,200	779,393	87,807
Auxiliary services	-	10,000	8,632	1,368
Intercollegiate athletics	-	-	-	-
Capital outlay	789,900	850,000	628,115	221,885
Building renewal and replacement	50,000	250,000	-	250,000
Retirement of indebtedness	-	-	-	-
Total unrestricted and restricted expenses	<u>7,343,200</u>	<u>7,712,400</u>	<u>5,939,458</u>	<u>1,772,942</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	<u>(94,900)</u>	<u>(286,300)</u>	<u>494,795</u>	<u>(2,764,789)</u>
Ending net position	<u>\$ 2,870,834</u>	<u>\$ 3,516,427</u>	<u>\$ 4,297,522</u>	<u>\$ (2,764,789)</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED AND RESTRICTED - ALL OPERATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Total University			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 36,732,392	\$ 43,938,962	\$ 43,938,962	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	42,556,417	42,909,797	42,909,797	-
Federal revenue sources	45,834,802	49,223,012	39,901,427	(9,321,585)
Tuition and fees	27,588,699	27,534,902	25,919,644	(1,615,258)
Land and permanent fund	585,000	725,000	754,915	29,915
Endowments and private gifts	2,502,500	2,652,500	2,636,750	(15,750)
Tax levies	2,175,000	2,175,000	2,356,216	181,216
Other	20,308,790	42,300,274	41,043,924	(1,256,350)
Total unrestricted and restricted revenues	<u>141,551,208</u>	<u>167,520,485</u>	<u>155,522,673</u>	<u>(11,997,812)</u>
Unrestricted and Restricted Expenses				
Instruction	35,678,227	36,422,386	33,148,723	3,273,663
Academic support	6,830,485	6,853,875	5,453,033	1,400,842
Student services	5,916,209	5,995,709	5,261,902	733,807
Institutional support	13,509,029	13,747,712	12,727,714	1,019,998
Operation and maintenance of plant	8,810,515	8,506,070	7,883,509	622,561
Student social and cultural activities	1,163,356	1,300,000	985,736	314,264
Research	1,152,000	1,212,000	502,171	709,829
Public service	10,517,777	11,820,357	8,874,189	2,946,168
Internal service	491,684	591,684	51,978	539,706
Student aid, grants, and stipends	38,646,200	39,571,200	35,805,161	3,766,039
Auxiliary services	5,621,150	5,848,500	5,323,504	524,996
Intercollegiate athletics	4,384,000	4,534,000	4,132,818	401,182
Capital outlay	4,554,900	30,800,000	25,032,780	5,767,220
Building renewal and replacement	2,350,000	2,550,000	892,798	1,657,202
Retirement of indebtedness	3,049,000	3,241,000	3,203,301	37,699
Total unrestricted and restricted expenses	<u>142,674,532</u>	<u>172,994,493</u>	<u>149,279,317</u>	<u>23,715,176</u>
Net transfers	-	120,000	120,000	-
Change in net position (budgetary basis)	<u>(1,123,324)</u>	<u>(5,354,008)</u>	<u>6,363,356</u>	<u>(35,712,988)</u>
Ending net position	<u>\$ 35,609,068</u>	<u>\$ 38,464,954</u>	<u>\$ 50,302,318</u>	<u>\$ (35,712,988)</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
RECONCILIATION OF CHANGES IN NET POSITION - BUDGET BASIS TO GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2018

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

Change in net position budgetary basis	\$ 6,243,356
Endowment fund items	1,258,950
Depreciation and amortization expense	(8,027,913)
Gain/Loss on sale of assets	(42,167)
Capital outlay expenditures	22,648,263
Loan funds	(45,837)
Bond payments	1,580,000
Bond proceeds	(5,645,000)
Other (includes pension and OPEB expense adjustment)	<u>(18,180,547)</u>
Change in net position financial statements	<u><u>\$ (210,895)</u></u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED - INSTRUCTION AND GENERAL
FOR THE YEAR ENDED JUNE 30, 2018

	Portales Campus			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 1,335,887	\$ 1,551,589	\$ 1,551,589	\$ -
Unrestricted Revenues				
Tuition	15,968,000	15,897,000	15,839,758	(57,242)
Miscellaneous fees	4,301,700	4,272,700	2,759,703	(1,512,997)
Federal government appropriations	-	-	-	-
State government appropriations	26,713,100	26,715,100	26,715,100	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	75,000	75,000	70,422	(4,578)
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	585,000	725,000	754,915	29,915
Private gifts	-	-	-	-
Sales and services	90,000	90,000	84,065	(5,935)
Other	153,200	120,200	177,711	57,511
Total unrestricted revenues	<u>47,886,000</u>	<u>47,895,000</u>	<u>46,401,674</u>	<u>(1,493,326)</u>
Unrestricted Expenses				
Instruction	23,000,000	23,100,000	22,172,357	927,643
Academic support	3,817,000	3,817,000	3,408,823	408,177
Student services	3,054,000	3,104,000	2,917,716	186,284
Institutional support	6,834,000	6,884,000	6,974,674	(90,674)
Operation and maintenance of plant	6,012,000	6,012,000	5,483,927	528,073
Total unrestricted expenses	<u>42,717,000</u>	<u>42,917,000</u>	<u>40,957,497</u>	<u>1,959,503</u>
Net transfers	(5,203,000)	(5,228,000)	(5,228,000)	-
Change in net position (budgetary basis)	<u>(34,000)</u>	<u>(250,000)</u>	<u>216,177</u>	<u>466,177</u>
Ending net position	<u>\$ 1,301,887</u>	<u>\$ 1,301,589</u>	<u>\$ 1,767,766</u>	<u>\$ 466,177</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Roswell Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 1,663,584	\$ 3,303,179	\$ 3,303,179	\$ -
Unrestricted Revenues				
Tuition	2,919,164	2,919,164	2,694,185	(224,979)
Miscellaneous fees	692,125	692,125	649,456	(42,669)
Federal government appropriations	-	-	-	-
State government appropriations	10,831,117	11,166,100	11,166,100	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	-	-	-	-
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	1,060,000	1,060,000	1,113,236	53,236
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales and services	-	-	-	-
Other	193,250	193,250	370,803	177,553
Total unrestricted revenues	<u>15,695,656</u>	<u>16,030,639</u>	<u>15,993,780</u>	<u>(36,859)</u>
Unrestricted Expenses				
Instruction	6,599,380	6,384,477	6,265,278	119,199
Academic support	1,117,185	1,117,175	1,145,074	(27,899)
Student services	1,567,709	1,567,709	1,592,795	(25,086)
Institutional support	3,991,029	4,161,712	3,863,329	298,383
Operation and maintenance of plant	2,476,115	2,171,670	2,186,290	(14,620)
Total unrestricted expenses	<u>15,751,418</u>	<u>15,402,743</u>	<u>15,052,766</u>	<u>349,977</u>
Net transfers	(630,193)	(3,254,772)	(3,254,772)	-
Change in net position (budgetary basis)	<u>(685,955)</u>	<u>(2,626,876)</u>	<u>(2,313,758)</u>	<u>313,118</u>
Ending net position	<u>\$ 977,629</u>	<u>\$ 676,303</u>	<u>\$ 989,421</u>	<u>\$ 313,118</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 193,437	\$ 881,153	\$ 881,153	\$ -
Unrestricted Revenues				
Tuition	319,100	364,200	366,056	1,856
Miscellaneous fees	74,500	92,000	91,378	(622)
Federal government appropriations	-	-	-	-
State government appropriations	1,936,100	1,952,497	1,952,497	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	-	-	-	-
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	1,115,000	1,115,000	1,242,980	127,980
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales and services	-	-	-	-
Other	22,400	21,203	79,605	58,402
Total unrestricted revenues	<u>3,467,100</u>	<u>3,544,900</u>	<u>3,732,516</u>	<u>187,616</u>
Unrestricted Expenses				
Instruction	1,393,900	1,402,100	1,295,078	107,022
Academic support	326,300	349,700	286,246	63,454
Student services	364,500	394,000	317,589	76,411
Institutional support	1,084,000	1,102,000	936,899	165,101
Operation and maintenance of plant	217,400	217,400	198,391	19,009
Total unrestricted expenses	<u>3,386,100</u>	<u>3,465,200</u>	<u>3,034,203</u>	<u>430,997</u>
Net transfers	(81,000)	(731,000)	(731,000)	-
Change in net position (budgetary basis)	<u>-</u>	<u>(651,300)</u>	<u>(32,687)</u>	<u>618,613</u>
Ending net position	<u>\$ 193,437</u>	<u>\$ 229,853</u>	<u>\$ 848,466</u>	<u>\$ 618,613</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

	Total University			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 3,192,908	\$ 5,735,921	\$ 5,735,921	\$ -
Unrestricted Revenues				
Tuition	19,206,264	19,180,364	18,899,999	(280,365)
Miscellaneous fees	5,068,325	5,056,825	3,500,537	(1,556,288)
Federal government appropriations	-	-	-	-
State government appropriations	39,480,317	39,833,697	39,833,697	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	75,000	75,000	70,422	(4,578)
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	2,175,000	2,175,000	2,356,216	181,216
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	585,000	725,000	754,915	29,915
Private gifts	-	-	-	-
Sales and services	90,000	90,000	84,065	(5,935)
Other	368,850	334,653	628,119	293,466
Total unrestricted revenues	<u>67,048,756</u>	<u>67,470,539</u>	<u>66,127,970</u>	<u>(1,342,569)</u>
Unrestricted Expenses				
Instruction	30,993,280	30,886,577	29,732,713	1,153,864
Academic support	5,260,485	5,283,875	4,840,143	443,732
Student services	4,986,209	5,065,709	4,828,100	237,609
Institutional support	11,909,029	12,147,712	11,774,902	372,810
Operation and maintenance of plant	8,705,515	8,401,070	7,868,608	532,462
Total unrestricted expenses	<u>61,854,518</u>	<u>61,784,943</u>	<u>59,044,466</u>	<u>2,740,477</u>
Net transfers	(5,914,193)	(9,213,772)	(9,213,772)	-
Change in net position (budgetary basis)	<u>(719,955)</u>	<u>(3,528,176)</u>	<u>(2,130,268)</u>	<u>1,397,908</u>
Ending net position	<u>\$ 2,472,953</u>	<u>\$ 2,207,745</u>	<u>\$ 3,605,653</u>	<u>\$ 1,397,908</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
RESTRICTED - INSTRUCTION AND GENERAL
JUNE 30, 2018

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted- instruction and general beginning net position	\$ -	\$ -	\$ -	\$ -
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	4,400,000	4,400,000	1,868,954	(2,531,046)
State government contracts/grants	300,000	300,000	164,869	(135,131)
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	300,000	300,000	260,805	(39,195)
Sales and services	-	-	-	-
Other	-	-	-	-
Total unrestricted revenues	<u>5,000,000</u>	<u>5,000,000</u>	<u>2,294,628</u>	<u>(2,705,372)</u>
Restricted Expenses				
Instruction	1,000,000	1,000,000	290,152	709,848
Academic support	1,500,000	1,500,000	607,229	892,771
Student services	900,000	900,000	429,861	470,139
Institutional support	1,500,000	1,500,000	952,486	547,514
Operation and maintenance of plant	100,000	100,000	14,900	85,100
Total unrestricted expenses	<u>5,000,000</u>	<u>5,000,000</u>	<u>2,294,628</u>	<u>2,705,372</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
RESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
JUNE 30, 2018

	Roswell Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted- instruction and general beginning net position	\$ -	\$ -	\$ -	\$ -
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	2,318,276	3,262,854	2,259,324	(1,003,530)
State government contracts/grants	321,671	327,955	326,784	(1,171)
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	9,906	9,906
Sales and services	-	-	-	-
Other	-	-	-	-
Total unrestricted revenues	<u>2,639,947</u>	<u>3,590,809</u>	<u>2,596,014</u>	<u>(994,795)</u>
Restricted Expenses				
Instruction	26,947	3,590,809	2,596,014	994,795
Academic support	-	-	-	-
Student services	-	-	-	-
Institutional support	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Total unrestricted expenses	<u>26,947</u>	<u>3,590,809</u>	<u>2,596,014</u>	<u>994,795</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
RESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
JUNE 30, 2018

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted- instruction and general beginning net position	\$ -	\$ -	\$ -	\$ -
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	1,000,000	900,000	528,173	(371,827)
State government contracts/grants	150,000	150,000	11,073	(138,927)
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	100,000	100,000	526	(99,474)
Sales and services	-	-	-	-
Other	-	-	-	-
Total unrestricted revenues	<u>1,250,000</u>	<u>1,150,000</u>	<u>539,772</u>	<u>(610,228)</u>
Restricted Expenses				
Instruction	1,045,000	945,000	529,844	415,156
Academic support	70,000	70,000	5,661	64,339
Student services	30,000	30,000	3,941	26,059
Institutional support	100,000	100,000	326	99,674
Operation and maintenance of plant	5,000	5,000	-	5,000
Total unrestricted expenses	<u>1,250,000</u>	<u>1,150,000</u>	<u>539,772</u>	<u>610,228</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
RESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
JUNE 30, 2018

	Total University			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Restricted- instruction and general beginning net position	\$ -	\$ -	\$ -	\$ -
Restricted Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	7,718,276	8,562,854	4,656,451	(3,906,403)
State government contracts/grants	771,671	777,955	502,726	(275,229)
Local government contracts/grants	-	-	-	-
Private contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	400,000	400,000	271,237	(128,763)
Sales and services	-	-	-	-
Other	-	-	-	-
Total unrestricted revenues	<u>8,889,947</u>	<u>9,740,809</u>	<u>5,430,414</u>	<u>(4,310,395)</u>
Restricted Expenses				
Instruction	2,071,947	5,535,809	3,416,010	2,119,799
Academic support	1,570,000	1,570,000	612,890	957,110
Student services	930,000	930,000	433,802	496,198
Institutional support	1,600,000	1,600,000	952,812	647,188
Operation and maintenance of plant	105,000	105,000	14,900	90,100
Total unrestricted expenses	<u>6,276,947</u>	<u>9,740,809</u>	<u>5,430,414</u>	<u>4,310,395</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO THE SCHEDULES OF BUDGETED
AND ACTUAL REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1. BASIS OF PRESENTATION

The Schedules of Budgeted and Actual Revenue and Expenses (the "Schedule"), for the year ended June 30, 2018, are prepared on the basis of accounting prescribed by the State of New Mexico Higher Education Department (HED). Additions to capital assets and debt principal retirements are reported as expenses on the budgetary basis, but not on the basis required by GAAP. Depreciation expense is reported on a GAAP basis, but not on the budgetary basis.

Operating budgets are submitted for approval to the University's Board of Regents, HED, and the State Budget Division of the Department of Finance and Administration (DFA). To amend the budget, the University requires the following order of approval:

1. University President
2. University Board of Regents
3. The State of New Mexico Higher Education Department
4. The State Budget Division of the Department of Finance and Administration

In general, unexpended state appropriations to the University do not revert at the end of each fiscal year. None of the current appropriations received are subject to revision.

Budgetary control is exercised over each of the following functions: instruction and general, internal services, student social and cultural development activities, sponsored research, public services, student aid grants and stipends, auxiliary enterprises, intercollegiate athletics, major and minor capital outlay, and each item of transfer between funds and/or functions. Expenses and transfers in each item of budgetary control may not exceed the amount in the final budget.

NOTE 2. BUDGET COMPARISON

The purpose of the budget comparison is to reconcile the change in net position as reported on a budgetary basis to the change in net position as reported using GAAP. The reporting of actual (budgetary basis) is a non-GAAP accounting method that excludes depreciation expense and includes the cost of capital equipment purchases. The budgetary basis approximates the fund basis of accounting.

Under the New Mexico Administrative Code 5.3.4.10, Items of Budgetary Control, the total expenditures in each of the following budgetary functions will be used as the items of budgetary control. Total expenditures or transfers in each of these items of budgetary control may not exceed the amounts shown in the approved budget:

(a) unrestricted expenditures and restricted expenditures; (b) instruction and general; (c) each budget function in current funds other than instruction and general; (d) within the plant funds budget: major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service; and (e) each individual item of transfer between funds and/or functions.

OTHER SUPPLEMENTARY INFORMATION

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS - UNIVERSITY
JUNE 30, 2018

Account Name	Account Type	Bank of America	Compass Bank	James P Stone Community Bank	Pioneer Bank	US Bank	Wells Fargo Bank	Moreton Capital Markets	NMFA	NM State Treasurer and SIC	Total
Deposits											
Operational - Portales	Checking- noninterest bearing	\$ -	\$ -	\$ -	\$ -	\$ 7,297,376	\$ -	\$ -	\$ -	\$ -	\$ 7,297,376
Payroll - Portales	Checking- interest bearing	-	-	581,871	-	-	-	-	-	-	581,871
Bond Sinking - Portales	Checking- noninterest bearing	-	-	-	-	897,522	-	-	-	-	897,522
Wire Clearing ENMU - Portales	Checking- noninterest bearing	-	-	-	-	100	-	-	-	-	100
Operational - Ruidoso	Checking- interest bearing	-	3,823,500	-	-	-	-	-	-	-	3,823,500
Operational - Roswell	Checking- interest bearing	-	-	-	-	-	-	-	-	-	-
Title IV - Roswell	Checking- noninterest bearing	42,006	-	-	-	-	-	-	-	-	42,006
Operating - Roswell	Checking- noninterest bearing	6,782,053	-	-	2,964,512	-	-	-	-	-	9,746,565
Title IV - Ruidoso	Checking- noninterest bearing	-	49,000	-	-	-	-	-	-	-	49,000
Payroll - Roswell	Checking- noninterest bearing	-	-	-	-	-	-	-	-	-	-
Sweep - Roswell	Checking- interest bearing	-	-	-	5,242,316	-	-	-	-	-	5,242,316
US Bank CDARS	Certificate of deposit	-	-	-	-	501,117	-	-	-	-	501,117
ENMU - Ruidoso	Certificate of deposit	-	24,504	-	-	-	-	-	-	-	24,504
ENMU - Roswell	Certificate of deposit	-	-	108,022	-	-	-	-	-	-	108,022
ENMU - Roswell	Certificate of deposit	-	-	-	164,822	-	-	-	-	-	164,822
ENMU - Roswell	Certificate of deposit	-	-	-	90,000	-	-	-	-	-	90,000
ENMU - Roswell	Certificate of deposit	-	-	-	10,325	-	-	-	-	-	10,325
ENMU - Roswell	Certificate of deposit	-	-	-	2,000	-	-	-	-	-	2,000
ENMU - Roswell	Certificate of deposit	-	-	-	5,000	-	-	-	-	-	5,000
ENMU - Roswell	Certificate of deposit	-	-	-	3,705	-	-	-	-	-	3,705
ENMU - Roswell	Certificate of deposit	-	-	-	-	-	387,302	-	-	-	387,302
Gear Up - Roswell	Certificate of deposit	-	-	-	-	-	-	628,718	-	-	628,718
Faculty Endowment - Roswell	Certificate of deposit	-	-	-	-	-	-	258,674	-	-	258,674
Unrestricted Investment-Roswell	Certificate of deposit	-	-	-	-	-	-	5,260,797	-	-	5,260,797
Gear Up - Roswell	Money market	-	-	-	-	-	-	305	-	-	305
Faculty Endowment- Roswell	Money market	-	-	-	-	-	-	37,899	-	-	37,899
Unrestricted Investment-Roswell	Money market	-	-	-	-	-	-	4,118	-	-	4,118
NMFA Reserve Account- Portales	Mutual funds	-	-	-	-	-	-	-	5,564,688	-	5,564,688
ENMU - Portales	LGP	-	-	-	-	-	-	-	-	16,983,644	16,983,644
ENMU - Roswell	LGP	-	-	-	-	-	-	-	-	1,846,442	1,846,442
SIC Endowment Institution	Trust	-	-	-	-	-	-	-	-	14,201,475	14,201,475
Total amount of deposit in bank		6,824,059	3,897,004	689,893	8,482,680	8,696,115	387,302	6,190,511	5,564,688	33,031,561	73,763,813
Outstanding items		(12,092)	(114,920)	(36,634)	(606,591)	(3,461,822)	-	-	-	-	(4,232,059)
Deposits in transit		11,323	15,371	-	6,747	16,322	-	-	-	-	49,763
Book balance		\$ 6,823,290	\$ 3,797,455	\$ 653,259	\$ 7,882,836	\$ 5,250,615	\$ 387,302	\$ 6,190,511	\$ 5,564,688	\$ 33,031,561	\$ 69,581,517
Plus: petty cash											21,705
Less: investments											(33,532,678)
Less: restricted cash and cash equivalents											(1,580,255)
Less: restricted investments											(4,693,100)
Cash and cash equivalents											\$ 29,797,189

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS - COMPONENT UNITS
JUNE 30, 2018

Name of Bank/Broker	Account Type	Balance per Bank	Reconciled
Eastern New Mexico University Foundation			
Deposit accounts			
James Polk Stone National Bank	Checking- interest bearing	\$ 400,846	\$ 372,212
Edward Jones	Money Market	236,876	236,876
		<u>\$ 637,722</u>	<u>\$ 609,088</u>
Investment accounts			
Edward Jones	Mutual funds - cash and equivalents	\$ 1,406,910	\$ 1,406,910
Edward Jones	Mutual funds - US equities	12,348,952	12,348,952
Edward Jones	Mutual funds - Non-US equities	5,778,596	5,778,596
Edward Jones	Mutual funds - US bonds	125,978	125,978
Edward Jones	Mutual funds - Non-US bonds	54,679	54,679
		<u>\$ 19,715,115</u>	<u>\$ 19,715,115</u>
ENMU - Roswell Foundation			
Deposit accounts			
Pioneer Bank	Checking- interest bearing	\$ 66,281	\$ 66,281
Investment accounts			
Wells Fargo Advisors	Money Market	\$ 33,008	\$ 33,008
Wells Fargo Advisors	Stock, options & ETFs	912,314	912,314
Wells Fargo Advisors	Money Market	35,647	35,647
Wells Fargo Advisors	Stock, options & ETFs	915,117	915,117
Wells Fargo Advisors	Fixed income securities	302,354	302,354
US Trust	Mutual Funds	6,405,912	6,405,912
Edward Jones	Mutual Funds	848,307	848,307
New Mexico Oil Corporation	Equity	617,619	617,619
Pioneer Bank	Certificate of deposit	101,185	101,185
		<u>\$ 10,171,463</u>	<u>\$ 10,171,463</u>
ENMU - Ruidoso Foundation			
Deposit accounts			
Compass Bank	Checking- noninterest bearing	\$ 177,312	\$ 176,512
Investment accounts			
Lincoln County Community Foundation	Endowment funds	\$ 183,372	\$ 183,372

EASTERN NEW MEXICO UNIVERISTY
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2018

Name of Depository	Description	Maturity	CUSIP/Commitment/ LOC Number	Fair Market Value	Name and Location of Safe Keeper
Compass Bank	FHLB Atlanta	10/19/2018	116977	\$ 750,000	Federal Home Loan Bank, Atlanta, GA
Compass Bank	FHLB Atlanta	11/21/2018	118416	1,250,000	Federal Home Loan Bank, Atlanta, GA
Compass Bank	FHLB Atlanta	12/21/2018	119728	800,000	Federal Home Loan Bank, Atlanta, GA
Compass Bank	FHLB Atlanta	6/21/2019	127385	<u>350,000</u>	Federal Home Loan Bank, Atlanta, GA
Total Compass Bank				<u>3,150,000</u>	
James P Stone Community Bank	Carlsbad NM Muni SD GO	8/1/2019	142735DV8	518,250	Texas Independent Bank, Dallas, TX
James P Stone Community Bank	Capital One Bank CD	9/24/2019	140420PJ3	243,610	Texas Independent Bank, Dallas, TX
James P Stone Community Bank	Marlin Business Bk CD	6/13/2022	57166APE2	<u>235,701</u>	Texas Independent Bank, Dallas, TX
				<u>997,561</u>	
Pioneer Bank	FFCB	1/24/2024	3133EG4P7	2,983,251	Federal Home Loan Bank, Atlanta, GA
Pioneer Bank	FFCB	10/19/2022	3133EGMW2	<u>2,256,309</u>	Federal Home Loan Bank, Atlanta, GA
				<u>5,239,560</u>	
U.S. Bank	Letter-of-Credit with FHLB Cincinnati	N/A	N/A	7,000,000	Federal Home Loan Bank, Cincinnati, OH
Bank of America	Letter-of-Credit with FHLB Atlanta	11/21/2018	118417	<u>8,000,000</u>	Federal Home Loan Bank, Atlanta, GA
Total pledged collateral				<u>\$ 24,387,121</u>	

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2018**

Participants	Responsible Party	Description	Begin Date	End Date	Estimated Amount of Project	Amount Contributed in Fiscal Year	Audit Responsibility	Fiscal Agent	Name of Govt. Agency Report Rev. & Exp.
Eastern New Mexico University (the "University") and public educational institutions within the State of New Mexico	Eastern New Mexico University	To procure and deliver educational service and items of tangible personal property to the members at a reduced cost and exclusively for charitable, religious, educational, and scientific purposes, including for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code	7/1/1984	Indefinitely	Unknown	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
The University and the State Investment Council (SIC)	Eastern New Mexico University	To establish a relationship between the University and the SIC for the SIC to act as the investment manager for the University's funds	11/17/1998	Indefinitely	Unknown	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
The University and Portales Municipal Schools	Eastern New Mexico University	To establish a relationship between the University and Portales Municipal Schools to share ownership and joint operation of a multi-use sports stadium constructed on land owned by the University	4/22/2014	6/30/2044	Between \$8.0 million and \$13.0 million	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University
The University and the city of Portales	Eastern New Mexico University	To establish the terms and conditions under which police, fire, and ambulance services are provided by the city to the University and terms and conditions under which police services are provided by the University to the city.	2/12/1982	Indefinitely	Unknown	Unknown	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF CAPITAL OUTLAY APPROPRIATIONS
JUNE 30, 2018

Project #	Campus	Description	Source of Funding	Original Appropriation	Appropriation Period	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balances
14-1295	Portales	ENMU - Golden Student Success Center	GOB 15	\$ 11,000,000	3/25/2015 - 6/30/2018	\$ 11,000,000	\$ -	\$ -
A2599	Portales	ENMU - Student Instruction Labs Info Tech	STB16A	135,000	6/23/2016 - 6/30/2018	135,000	-	-
A5116	Portales	ENMU - GSSC Remodel	GOB 17	11,000,000	8/1/2017 - 6/30/2021	9,999,488	777,719	222,793
C2687	Portales	Stadium Parking Lot Construct	STB 2018	140,000	6/28/2018 - 6/30/2022	-	-	140,000
C2688	Portales	Stadium Sidewalk Construct	STB 2018	50,000	6/28/2018 - 6/30/2022	-	-	50,000
				<u>22,325,000</u>		<u>21,134,488</u>	<u>777,719</u>	<u>412,793</u>
14-1294	Ruidoso	ENMU - Main Entrance	GOB 2015	325,000	3/25/2015 - 6/30/2018	325,000	-	-
15-0977	Ruidoso	ENMU - Ruidoso Trades Program	STB 2015	600,000	8/12/2015 - 6/30/2019	443,295	1,172	155,533
A5115	Ruidoso	ENMU - Ruidoso Classrooms	GOB 2017	700,000	8/1/2017 - 6/30/2021	-	-	700,000
				<u>1,625,000</u>		<u>768,295</u>	<u>1,172</u>	<u>855,533</u>
14-1293	Roswell	Critical Health & Safety Infrastructure projects	GOB 15	3,000,000	3/25/2015 - 6/30/2018	3,000,000	-	-
A5114	Roswell	Classroom renovation and Campus Infrastructure	GOB 17	1,000,000	8/1/2017 - 6/30/2021.	136,270	517,000	346,730
C2685	Roswell	Security Vehicles	STB 2018	63,095	6/28/2018 - 6/30/2022	-	-	63,095
				<u>4,063,095</u>		<u>3,136,270</u>	<u>517,000</u>	<u>409,825</u>
				<u>\$ 28,013,095</u>		<u>\$ 25,039,053</u>	<u>\$ 1,295,891</u>	<u>\$ 1,678,151</u>

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Campus	Federal CFDA	Federal Grantor/Pass Through Grantor/ Federal Program Name / Cluster Title	Pass-through Entity Identifier	Amount Passed Through to Subrecipients	Amount
MAJOR FEDERAL PROGRAMS					
US Department of Education					
Direct Awards					
<i>Student Financial Assistance Cluster</i>					
Portales	84.007	Federal Supplemental Educational Opportunity Grants	N/A	\$ -	\$ 334,382
Roswell	84.007	Federal Supplemental Educational Opportunity Grants	N/A	-	119,422
Ruidoso	84.007	Federal Supplemental Educational Opportunity Grants	N/A	-	23,884
Portales	84.033	Federal Work-Study Program	N/A	-	883,254
Roswell	84.033	Federal Work-Study Program	N/A	-	297,705
Ruidoso	84.033	Federal Work-Study Program	N/A	-	17,406
Portales	84.038	Federal Perkins Loans	N/A	-	3,979,406
Roswell	84.038	Federal Perkins Loans	N/A	-	365,405
Portales	84.063	Federal Pell Grant Program	N/A	-	7,235,656
Roswell	84.063	Federal Pell Grant Program	N/A	-	2,668,706
Ruidoso	84.063	Federal Pell Grant Program	N/A	-	499,090
Portales	84.268	Federal Direct Student Loans	N/A	-	16,855,530
Roswell	84.268	Federal Direct Student Loans	N/A	-	271,420
Ruidoso	84.268	Federal Direct Student Loans	N/A	-	126,207
Portales	84.379	Teacher Education Assistance for College and Higher Education Grants	N/A	-	15,399
<i>Total Student Financial Assistance Cluster</i>				-	<u>33,692,872</u>
NON-MAJOR FEDERAL PROGRAMS					
US Department of Agriculture					
Direct Awards					
Portales	10.217	Higher Education - Institution Challenge Grants Program	N/A	-	6,407
Portales	10.223	Hispanic Serving Institutions Education Grants	N/A	-	46,961
Ruidoso	10.679	Collaborative Restoration Grant	N/A	-	42,615
Pass-Through Awards from NM State University					
Portales	10.226	Secondary and Two-Year Postsecondary Agriculture Ed Challenge Grants	EQ01613	-	2,230
Pass-Through Awards from NM Children Youth and Families Department					
Portales	10.558	Child and Adult Care Food Program	191	-	4,054
Roswell	10.559	Summer Food Service Program for Children	3122	-	4,406
Total US Department of Agriculture				-	<u>106,673</u>
US Department of the Interior					
Direct Awards					
Portales	15.904	Watershed Protection and Flood Prevention	N/A	-	7,657
Portales	15.224	Cultural and Paleontological	N/A	-	12,973
Pass-Through Awards from NM Game and Fish					
Portales	15.634	State Wildlife Grants	51600-0000059614	-	24,422
Portales	15.634	State Wildlife Grants	G51600-0000056057	-	1,763
15.634 Subtotal				-	<u>26,185</u>
Total US Department of the Interior				-	<u>46,815</u>
US Department of Labor					
Pass-Through Awards from Eastern Area Workforce Development Board					
<i>WIA Cluster</i>					
Ruidoso	17.258	WIOA Adult Program	OSC17/18-ENMU-RU	-	478,750
Ruidoso	17.278	WIA Dislocated Workers	OSC17/18-ENMU-RU	-	156,951
<i>Total WIA Cluster</i>				-	<u>635,701</u>
Pass-Through Awards from Santa Fe Community College					
Roswell	17.282	Trade Adjust Assistance Community College and Career Training Grants	411233-3501-102	-	237,294
Ruidoso	17.282	Trade Adjust Assistance Community College and Career Training Grants	T43-26486-14-60-A-35	-	35,918
Ruidoso	17.282	Trade Adjust Assistance Community College and Career Training Grants	T44-26486-14-60-A-35	-	12,402
17.282 Subtotal				-	<u>285,614</u>
Total US Department of Labor				-	<u>921,315</u>
US Department of Transportation					
Pass-Through Awards from NM Department of Transportation					
Portales	20.616	National Priority Safety Programs	17-ST-RF-112	-	1,079
Portales	20.616	National Priority Safety Programs	18-ST-RF-112	-	1,761
20.616 Subtotal				-	<u>2,840</u>
Total US Department of Transportation				-	<u>2,840</u>

See Notes to Schedule of Expenditures of Federal Awards.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Campus	Federal CFDA	Federal Grantor/Pass Through Grantor/ Federal Program Name / Cluster Title	Pass-through Entity Identifier	Amount Passed Through to Subrecipients	Amount
National Science Foundation					
Direct Awards					
	Ruidoso 47.076	Education and Human Resources	N/A	\$ -	\$ 110,288
	Portales 47.080	Office of Cyberinfrastructure	N/A	-	11,348
Total National Science Foundation				-	<u>121,636</u>
US Small Business Administration					
Direct Awards					
	Roswell 59.037	Small Business Development Centers	N/A	-	167,527
Total US Small Business Administration				-	<u>167,527</u>
US Department of Education					
Direct Awards					
<i>Higher Education Institutional Aid</i>					
	Portales 84.031	Higher Education Institutional Aid - Hispanic- Serving Institutions STEM	N/A	-	363,115
	Roswell 84.031	Higher Education Institutional Aid - Hispanic- Serving Institutions STEM	N/A	-	823,641
	Portales 84.031	Higher Education Institutional Aid - Developing Hispanic Serving Institutions	N/A	-	585,872
	Roswell 84.031	Higher Education Institutional Aid - Developing Hispanic Serving Institutions	N/A	-	873,426
	Ruidoso 84.031	Higher Education Institutional Aid - Developing Hispanic Serving Institutions	N/A	-	432,001
84.031 Subtotal				-	<u>3,078,055</u>
<i>TRIO Cluster</i>					
	Portales 84.042	Student Support Services	N/A	-	356,427
	Roswell 84.042	Student Support Services	N/A	-	217,052
	Portales 84.044	Talent Search Program	N/A	-	366,630
	Roswell 84.044	Talent Search Program	N/A	-	464,181
	Portales 84.047	Upward Bound	N/A	-	275,865
	Roswell 84.047	Upward Bound	N/A	-	328,945
	Roswell 84.066	TRIO Educational Opportunity Centers	N/A	-	339,369
<i>Total TRIO Cluster</i>				-	<u>2,348,469</u>
	Roswell 84.334	Gaining Early Awareness and Readiness for Undergraduate Programs		-	1,187,907
	Portales 84.365	National Professional Development Program		-	106,512
Pass-Through Awards from NM Higher Education Department					
	Roswell 84.002	Adult Education - Basic Grants to States	V002A170032	-	17,100
	Roswell 84.002	Adult Education - Basic Grants to States	V002A170032	-	169,199
	Ruidoso 84.002	Adult Education - Basic Grants to States	V002A170032	-	75,788
84.002 Subtotal				-	<u>262,087</u>
	Portales 84.048	Career and Technical Education -- Basic Grants to States	17 924 00005 A1	-	322
	Roswell 84.048	Career and Technical Education -- Basic Grants to States	V048A160031-16A	-	8,588
	Roswell 84.048	Career and Technical Education -- Basic Grants to States	V048A170031	-	111,112
	Portales 84.048	Career and Technical Education -- Basic Grants to States	18-924-00084	-	307,980
84.048 Subtotal				-	<u>428,002</u>
	Portales 84.293	Foreign Language Assistance Program	05-924-P527-0152	-	1,339
	Portales 84.367	Supporting Effective Instruction State Grants	16-950-1200-0001	-	61,543
Total US Department of Education				-	<u>7,473,914</u>
US Department of Health and Human Services					
Pass-Through Awards from NM Children Youth and Families Department					
	Portales 93.658	Foster Care_Title IV-E	15-690-17359	-	122,544
Pass-Through Awards from NM State University					
	Portales 93.859	Pharmacology, Physiology, and Biorelated Chemistry	Q01676	-	76,017
	Portales 93.859	Pharmacology, Physiology, and Biorelated Chemistry	Q01676	-	73,147
	Portales 93.859	Pharmacology, Physiology, and Biorelated Chemistry	Q01676	-	44,005
93.859 Subtotal				-	<u>193,169</u>
Total US Department of Health and Human Services				-	<u>315,713</u>
TOTAL NONMAJOR FEDERAL PROGRAMS				-	<u>9,156,433</u>
GRAND TOTAL ALL FEDERAL PROGRAMS				\$ -	<u>\$ 42,849,306</u>

See Notes to Schedule of
Expenditures of Federal Awards.

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation. The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Eastern New Mexico University (the "University") and is presented on the accrual basis of accounting, which is the same basis as was used to prepare the financial statements. The information in this schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

NOTE 2. STUDENT LOANS

For the Federal Perkins Loan program, CFDA #84.038, the University has continuing reporting requirements on both the ending prior year balances and current year awards. The University has reported outstanding student loan balances in the amount of \$3,983,190 and \$4,344,811 as of June 30, 2018 and 2017, respectively, in the SEFA. As of July 1, 2016, the University is no longer participating in the Federal Perkins Loan Program.

For the Federal Direct Student Loan program, CFDA #84.268, the University does not have continuing reporting requirements. Therefore, the University has only reported the current year awards in the SEFA in the amount of \$17,253,157.

NOTE 3. INDIRECT COST RATES

The University did not elect to use the allowed 10% indirect cost rate. A lower rate of 8% is used for the programs, or as allowed 45% of salaries and wages.

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

Federal awards revenue per Statement of Revenues, Expenditures, and Changes in Net Position	
Federal grants and contract revenue	\$ 10,325,087
Federal pell grant revenue	<u>10,403,452</u>
Total federal awards revenue	20,728,539
Reconciling items	
Federal direct loans advanced to students	17,253,157
Perkins loans outstanding at end of prior year	4,344,811
Federal Perkins loan excess liquid cash returned	417,012
Federal ACA (IDC)	87,502
Pell receivable - Roswell campus	28,785
Federal revenue that is fee for service	<u>(10,500)</u>
Total federal expenditures	<u>\$ 42,849,306</u>

COMPLIANCE SECTION



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Regents
Eastern New Mexico University
Portales, New Mexico
and Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of Eastern New Mexico University (the "University") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements and the budgetary comparisons presented as supplementary information, and have issued our report thereon dated October 15, 2018.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, as items 2018-001, 2018-002, and 2018-003.

The Board of Regents
Eastern New Mexico University
and Wayne Johnson
New Mexico State Auditor

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001, 2018-002, and 2018-003.

The University's Responses to Findings

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

Purpose of this Report

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

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

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
October 15, 2018



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

Board of Regents
Eastern New Mexico University
Portales, New Mexico
and Wayne Johnson
New Mexico State Auditor
Santa Fe, New Mexico

Report on Compliance for Each Major Federal Program

We have audited Eastern New Mexico University's ("the University") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2018. The University's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Board of Regents
Eastern New Mexico University
and Wayne Johnson
New Mexico State Auditor

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The result of our auditing procedures disclosed an instance of non-compliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-004. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

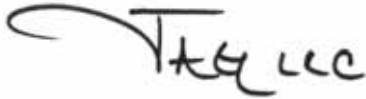
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

Board of Regents
Eastern New Mexico University
and Wayne Johnson
New Mexico State Auditor

control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2018-004, that we consider to be a significant deficiency

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

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

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

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
October 15, 2018

**EASTERN NEW MEXICO UNIVERSITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018**

Financial Statement Findings

2017-001	Segregation of Duties – Material Weakness at the Individual Component Unit Level - ENMU – Roswell Foundation	Resolved
2017-003	Student Financial Assistance – Return to Title IV (Roswell Campus)	Resolved

Federal Award Findings

2016-001	TRIO - Failure to Meet Earmarking Requirements- Portales (Non-compliance)	Resolved
2017-002	Student Financial Aid – Enrollment Reporting (Portales and Roswell Campuses)	Revised and Repeated

12-6-5 NMSA 1978 findings

2017-004	Notification to OSA and Board Approval for Disposal of Capital Assets	Resolved
2017-005	Collateralization of Bank Account (Roswell Campus)	Resolved

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Basic Financial Statements

University:

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

Component Units:

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

Federal Awards

University:

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

Identification of major program:

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

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

Auditee qualified as low-risk auditee? yes no

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

2018-001 POTENTIAL MISAPPROPRIATION OF PUBLIC FUNDS – ROSWELL CAMPUS

TYPE OF FINDING: Significant Deficiency and Other Non-Compliance

CONDITION

Per review of a University prepared internal audit report dated January 16, 2018, it was noted twenty instances (covering a period of fiscal year 2011 to fiscal year 2017) totaling \$8,361 that the University either paid for or reimbursed the former President of the Roswell Campus for his wife to attend conferences and meetings with him, which included registration fees, plane tickets, baggage fees, travel fees, shuttles, meals, and sponsorship at the Leadership New Mexico dinners.

Shortly after the draft internal audit report was provided to the former President of the Roswell Campus, he repaid the University the entire \$8,361. It was reported to us that the former Vice president for Business Affairs of the Roswell Campus approved certain of these payments and reimbursements.

CRITERIA

University Purchasing policy 55-1-7 documents extended expenditure procedures that are permitted with the appropriate administrative and Purchasing Office approvals, which include meals for the regents, invited guests, public Advisory Board, Alumni Board, and other similar boards concerned with University matters when approved in advance by the President or Executive Administrator. The policy further states (55-1-7 C) that, as a general rule, expenses incurred for a spouse shall not be reimbursed unless his or her presence is also required and is a benefit to the University and is approved by the President or Executive Administrator.

EFFECT

Not obtaining the proper approvals for extended expenditures results in a direct violation of University policy and a loss of funds to the University.

CAUSE

Approval by the President or Executive Administrator as required by University policy was not obtained nor was there documentation (at the time of the spousal travel) to substantiate the benefit to the University.

RECOMMENDATION

The University should ensure required approval for all travel prior to the start of the trip and documentation maintained in each file of such approval including those related to exceptions to the policy. For any reimbursed spousal travel, documentation should be provided to substantiate the benefit to the University. Any expenditures determined not to meet University policy should be paid back to the University in a timely manner.

Additionally, consideration could be given to future President contracts by providing compensation for spousal travel. We note that other State of New Mexico higher education institutions (such as the University of New Mexico) have included language in the employment contracts of certain key individuals that cover certain types of spousal travel up to a pre-defined dollar amount which is then included as taxable income to the University employee.

Finally, it is noted that the University operates as a "System". In the University's case, the System includes a four-year University in Portales, a two-year branch community college in Roswell and a two-year branch

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-001 POTENTIAL MISAPPROPRIATION OF PUBLIC FUNDS – ROSWELL CAMPUS (CONTINUED)

community college in Ruidoso. As noted in the System’s organization chart, the Presidents’ of the Roswell Campus and Ruidoso Campus report to the System President (Portales). In our review of the University’s policies, there are references to “President” “approving”. Though the organization chart is clear to the lines of reporting and communication, the University could better define “President” in the organization’s policies. It is our understanding that the University is currently in the process of clarifying the “System” concept in its policies and the related lines of reporting.

MANAGEMENT RESPONSE

Corrective Action: The internal audit pointed out an area of non-compliance to the University policy of obtaining approval from the Portales’ president for exceptions to policies involving the Roswell president. The Roswell president believed he had approval but there was no written approval. Once this was pointed out, he repaid the funds. The System self-reported the results of the audit to the State Auditor’s office. The corrective action taken was to inform the new Roswell president of the requirement that all travel forms or exceptions granted are to have written approval by the chancellor or his designee in addition to providing documentation to substantiate the benefit to the University of any spousal travel.

Due Date of Completion: This has been completed.

Responsible Party: Roswell president and purchasing.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-002 PROCUREMENT – MANAGEMENT OVERRIDE OF CONTROLS - ROSWELL CAMPUS

TYPE OF FINDING: Significant Deficiency and Other Non-Compliance

CONDITION

During fiscal year 2017, the Roswell Campus **did not go through a formal Request for Proposal (RFP)** process for a vendor that provides services to the GEAR-UP federal program for fiscal year 2018. The Memorandum of Understanding (written by the vendor and executed by both the vendor and the University) provides for a fee of 7% of the award contingent upon award of each grant award document during the term of the grant. The possible fee under this agreement is expected to exceed \$60,000 annually. The total GEAR-UP grant awarded was \$1,187,906 which allowed the vendor to collect a 7% fee (\$83,153) during fiscal year 2018.

Subsequent to the award, the required service is to provide consultation and writing services in developing a GEAR-UP application. However, once the GEAR-UP grant application was completed, there are **no** further required deliverables. The list of potential services the vendor is to provide is described as **“when requested”**. The vendor’s Memorandum of Understanding also required equal quarter-annual installment payments commencing the date the grant begins.

Additionally, the vendor’s Memorandum of Understanding was not reviewed by the Roswell Campus Chief Procurement Officer or went through any type of legal sufficiency review.

We obtained similar Memorandums of Understanding with this vendor as noted below. The vendor did not receive amounts in excess of \$60,000 (and thus did not require a formal RFP process). However, based on discussions with Rowell Campus management, none of the services provided to the bidder went through any procurement process.

Effective in fiscal year 2019 and executed in fiscal year 2018

- 6% fee of the funds awarded by each grant award document during the term of the grant under the Educational Opportunity Centers Program (executed January 2018) and effective for fiscal year 2019.

Effective in fiscal year 2018 and executed fiscal years 2014-2016

- 7% fee of the funds awarded by each grant award document during the term of the grant under the Educational Opportunity Centers Program (executed April 2015).
- 7% fee of the funds awarded by each grant award document during the term of the grant under the Student Support Services Program (executed April 2014).
- 7% fee of the funds awarded by each grant award document during the term of the grant under the Educational Talent Search Program (executed April 2015).
- 6% fee of the funds awarded by each grant award document during the term of the grant under the Upward Bound Program (executed March 2016).

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-002 PROCUREMENT – MANAGEMENT OVERRIDE OF CONTROLS - ROSWELL CAMPUS (CONTINUED)

CRITERIA

- In accordance with University Policy 55-1-6C (Purchasing), purchases over \$60,000 require formal sealed bids and advertised in newspapers of general circulation.

- NMSA 13-1-158. Payments for purchases. A. No warrant, check or other negotiable instrument shall be issued in payment for any purchase of services, construction or items of tangible personal property unless the central purchasing office or the using agency certifies that the services, construction or items of tangible personal property have been received and meet specifications or unless prepayment is permitted under Section 13-1-98 NMSA 1978 by exclusion of the purchase from the Procurement Code [13-1-28 NMSA 1978].

- In accordance with University Policy 55-1-6C (Purchasing), a professional or technical services agreement must be used for services that are intellectual in character by an individual who will only furnish labor, time or effort, not involving the delivery of a specific end product other than reports or mere incidentals or a University Contract which is typically used following a Request for proposal.

EFFECT

The University is in violation of University Policy 55-1-6C, NMSA 13-1-158A, and NMSA 13-1-192.

The lack of a formal RFP could result in the University not obtaining the best price or best service. Additionally, without an independent review by the Chief Purchasing Officer or a legal sufficiency review by someone with the proper training in contracts, a contract created by the vendor may not provide language that is in the best interest of the University.

CAUSE

The former Roswell Campus President executed the GEAR-UP contract with the vendor without going out to bid. It was reported to us by one University official that the former president “did not think it was necessary as he was satisfied with the vendor’s work” and another University official advised the University’s internal auditor that the former Roswell Campus Vice President for Business Affairs was advised the “award needed to go out for proposal.” It is unknown why the other agreements with the same vendor (mentioned above) did not go through a procurement process.

RECOMMENDATION

We recommend that the procurement of all contracts follow the University’s procurement policy. Additionally, prior to execution of the contracts, we recommend all professional service contracts go through a centralized formal legal sufficiency review to ensure the contracts are in the University’s best interest and meet state statutes.

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-002 PROCUREMENT – MANAGEMENT OVERRIDE OF CONTROLS - ROSWELL CAMPUS (CONTINUED)

MANAGEMENT RESPONSE

Corrective Action: Management agrees with the finding and will not execute any agreement for grant services that may have cumulative payments over \$60,000 to one vendor in a year without going through the appropriate process per state statute. Due to these MOU's covering multiple years there will be continued payments until the grants have ended. The vendor MOU will not be used in the future and replaced with the campus professional services contract.

Due Date of Completion: Completed

Responsible Party: Roswell President and Purchasing

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-003 LACK OF APPROVAL PRIOR TO INCURRING MAJOR CAPITAL PROJECT COSTS – ROSWELL CAMPUS

TYPE OF FINDING: Significant Deficiency and Other Non-Compliance

CONDITION

During the end of fiscal year 2017 and the beginning of fiscal year 2018, the Roswell Campus had expenditures for upgrades to its ventilation and air conditioning systems. The funding source was from 2015 General Obligation Bonds. The former Roswell Campus Vice-President for Business Affairs did not receive the required approvals for this project until approximately 75% of the budgeted expenditures of \$804,111 were incurred (as noted in the September 19, 2017 New Mexico Board of Finance minutes).

CRITERIA

NMAC 2.70.4.6:

- A. Section 21-1-21 NMSA 1978 states: “No expenditure shall be made by any state educational institution confirmed by Article 12, Section 11 of the state constitution for the purchase of real property or the construction of buildings or other major structures or for major remodeling projects without prior approval of the proposed purchase or construction or remodeling by the board of education finance and the state board of finance”.
- B. Involvement of the state board of finance in the approval of capital outlay projects and capital expenditures at New Mexico colleges and universities is specified by this statute. This involvement is substantially different from the involvement with state building projects, where the state board of finances the final authority for accepting bids and determining whether the project will be constructed. In the case of educational institutions, the authority for the actual construction of the project resides with the board of regents of the institution. However, New Mexico statute requires the higher education department and the state board of finance to provide prior approval to the board of regents before they are allowed to proceed with the project.
- C. Since the statute requires the higher education department and the state board of finance to provide “prior” approval of the project, these two bodies should review all major capital projects to determine that the proposed project is in keeping with the overall statewide plan for higher education. The source of funding for the project should also be carefully reviewed to determine that sufficient funds are available for the project and the use of the funds will not have an adverse effect on other portions of the institution’s budget. The sufficiency of planning for the project and the completeness of the review of the project by the board of regents should also be determined.

NMAC 2.70.4.10:

- A. To ensure that the state board of finance will have sufficient information to review capital outlay expenditures at New Mexico’s educational institutions, the following information will be required to be submitted to the board of finance after the higher education department has approved the request:
 1. A description of the facility to be constructed or repaired, including the types of space to be included, the function of the facility, and the relationship of the project to the institution’s five-year master plan;
 2. The total square footage of the facility, both net assignable square feet and gross square feet;
 3. The cost per square foot for the construction or repair of the facility and the cost per square foot for the total project;
 4. A budget for the project, including architects and engineering fees and contingencies;

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2018-003 LACK OF APPROVAL PRIOR TO INCURRING MAJOR CAPITAL PROJECT COSTS – ROSWELL CAMPUS (CONTINUED)

5. Source of funds to include citation of the relevant section of the law when source of funds is legislative appropriation and in the case of bond funding, representation that bond proceeds are available;
5. Certificate of adequate parking as required in Section 21-1-21.1, NMSA 1978, as amended;
6. Evidence of approval of expenditures by applicable board of regents and higher education department;
7. Evidence of approval by higher education department of the following criteria as it may be amended by higher education department from time to time:
 - a. If the facility is less than or equal to 5,000 square feet, evidence of energy efficient measures;
 - b. If the facility is greater than 5,000 square feet and less than or equal to 15,000 square feet, evidence of 50% reduction in energy use compared to existing facilities of similar type as defined by the U.S. Department of Energy; or
 - c. If the facility is greater than 15,000 square feet, evidence of 50% reduction in energy use compared to existing facilities of similar type as defined by the U.S. Department of Energy and the achievement of a LEED silver rating or better.

EFFECT

State statutes were not complied with. Approximately 75% of the expenditures reimbursed by 2015 General Obligation Bond proceeds and used for the Roswell Campus “heating, ventilation, and air conditioning systems for campus buildings” project were not pre-approved by the New Mexico Board of Finance and the New Mexico Higher Education Department.

CAUSE

It was the responsibility of the former Roswell Campus Vice-President for Business Affairs to obtain approval first by the New Mexico Higher Education Department and then the New Mexico Board of Finance before any expenditures were incurred for this project. It is unknown as to why unapproved project expenditures occurred prior to the September 19, 2017 approvals.

RECOMMENDATION

Though this appears to be an isolated incident, we recommend the University continue to re-emphasize the importance of having both Board of Finance and New Mexico Higher Education Department approvals on all major capital projects prior to project expenditures.

MANAGEMENT RESPONSE

Corrective Action: Realizing we were not in compliance; additional presentations were made to the New Mexico Higher Education Department by the Vice -President for Business Affairs acknowledging this fact and the project was approved. The expenditures were made in advance of the approval due to the time it would take to complete the project and the reversion date of the bond. The capital projects process has been shifted to the System CFO and better planning and control of the projects will be done.

Due Date of Completion: This has already been completed.

Responsible Party: System CFO.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2018-004 (previously 2017-002) STUDENT FINANCIAL AID--ENROLLMENT REPORTING (PORTALES AND ROSWELL CAMPUSES) Revised and Repeated

Federal Program information:

Title: Student Financial Assistance Cluster

Funding Agency: U.S. Department of Education

Pass Through: None

CFDA Number: 84.007, 84.033, 84.063, 84.268, 84.379

Award Year: 2018

Questioned Costs: None

Type of Finding: Significant Deficiency and Other Non-Compliance

CONDITION

Portales Campus: During our testing of the Student Financial Assistance program at ENMU-Portales for the compliance requirements under Enrollment Reporting, we noted that 3 out of 40 students tested were not properly reported or not reported to the National Student Loan Database System (NSLDS) when they either withdrew or graduated. Student status change was not reported on the NSLDS website for the Fall Semester for one student. During the Spring Semester two student were shown as being withdrawn, instead of graduating on the NSLDS website.

Roswell Campus: During our testing of the Student Financial Assistance Program at ENMU-Roswell for the compliance requirements under Enrollment Reporting, we noted 1 of 40 students tested that were not accurately reported to the NSLDS when they graduated. This student graduated in the Fall Semester and was shown as withdrawn on the NSLDS website.

CRITERIA

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

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

EFFECT

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

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

2018-004 (previously 2017-002) STUDENT FINANCIAL AID—ENROLLMENT REPORTING (PORTALES AND ROSWELL CAMPUSES) (CONTINUED)

CAUSE

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

Roswell Campus: At ENMU-Roswell, the difference between the Withdraw “W” and Graduated “G” appears to be a system reporting process issue related to timing of the submission of the graduation application after their last period of enrollment. The record was not processed in the regular enrollment reporting for the semester because the student was not enrolled in the semester that the graduation award was processed.

RECOMMENDATION

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

MANAGEMENT RESPONSE

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

To ensure the Portales Campus is in compliance with NSLDS reporting, staff will verify the data sent to the Clearinghouse is transmitted to NSLDS in a timely manner. Once the Registrar’s office submits enrollment or degree/graduation data to the Clearinghouse, staff will verify with the Clearinghouse that the data was transmitted to NSLDS. The Registrar’s office and the Financial Aid office will work together to ensure the NSLDS reporting data is received timely and accurately. If resolution cannot be accomplished via the Clearinghouse additional procedures will be put in place to upload the Enrollment and Graduation files directly to NSLDS. Registrar and Financial Aid staff will also seek additional training and problem resolution with Clearinghouse representatives.

Corrective Action Roswell Campus: ENMU-Roswell agrees that Graduation records must be reported to the NSC/NSLDS accurately. Unlike regular enrollment reporting, the Graduation Status does not have to be reported within the 60-day time constraint, however, the Graduation Status must be reported. (NSLDS Enrollment Reporting Guide, November 2017, pp. 20-21) ENMU-Roswell has consulted with Ellucian support, National Student Clearinghouse support, and NSLDS support to attempt to find a viable solution for this specific process issue. Ellucian support has shared one solution that is used by many other institutions for this issue, which ENMU-Roswell will implement. Additional processes, along with additional checks and balances, will be implemented internally to ensure that all graduation records are being reported accurately to the Clearinghouse.

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2018**

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

**2018-004 (previously 2017-002) STUDENT FINANCIAL AID—ENROLLMENT REPORTING (PORTALES AND
ROSWELL CAMPUSES) (CONTINUED)**

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

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

Timeline of Corrective Actions Portales Campus: Effective immediately.

Timeline of Corrective Actions Roswell Campus: The exception record noted in this finding has been corrected. The suggested solution will be implemented immediately and will be validated with the next reporting period for graduate records.

**EASTERN NEW MEXICO UNIVERSITY
EXIT CONFERENCE
JUNE 30, 2018**

An exit conference was held on October 4, 2018. In attendance were the following:

Representing Eastern New Mexico University

Edwin B. Tatum	Regent Vice President
Dr. D. Ryan Carstens	President of ENMU-Ruidoso (telephone)
Dr. Jeff Long	Vice President of Student Affairs-Portales campus
Dr. Ken Maguire	Vice President of Academic Affairs-Roswell campus
Mike Martinez	Vice President of Student Affairs-Roswell campus
Clark Elswick	System CIO-Portales campus
Dr. John Montgomery	Assistant Vice President for Research and Program Development-Portales campus
Carol Fletcher	Controller-Portales campus
Karen Franklin	Controller-Roswell campus
Dr. Karen Massey	Chief Business Officer-ENMU-Ruidoso (telephone)
Joann Martinez	Director of Accounting and Student Accounts-Portales campus
Brent Small	Financial Aid Director-Portales campus
Linda Neel	Executive Director of Student Services-Roswell campus
Jan Terry-Sanchez	Associate Director for Financial Aid-Portales campus
DeLynn Bargas	Interim Registrar-Portales campus
Chris Meeks	Director, Financial Aid-Roswell campus
Jessica Small	Internal Auditor/Affirmative Action Officer-Portales campus
Terri Doerr	Accountant-Portales campus
Laura Disney	Accountant-Portales campus
Kenny Prince	Accountant-Portales campus

Jaramillo Accounting Group LLC (JAG)

Audrey J. Jaramillo, CPA, CFE	Managing Partner
Scott Eliason, CPA	Partner

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

OTHER INFORMATION

CORRECTIVE ACTION PLAN

For Fiscal Year Ending June 30, 2018

Cognizant or Oversight Agency for Audit: U.S. Department of Education.

Eastern New Mexico University respectfully submits the following corrective action plan for the year ended June 30, 2018.

Name and address of independent public accounting firm:

Jaramillo Accounting Group LLC (JAG)
4700 Lincoln Rd NE
Albuquerque, NM 87109

Audit period:

July 1, 2017 – June 30, 2018

The findings from the June 30, 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY AND COMPLIANCE

Financial Reporting

2018-001 POTENTIAL MISAPPROPRIATION OF PUBLIC FUNDS – ROSWELL CAMPUS 01

Recommendation: The University should ensure required approval for all travel prior to the start of the trip and documentation maintained in each file of such approval including those related to exceptions to the policy. For any reimbursed spousal travel, documentation should be provided to substantiate the benefit to the University. Any expenditures determined not to meet University policy should be paid back to the University in a timely manner.

Additionally, consideration could be given to future President contracts by providing compensation for spousal travel. We note that other State of New Mexico higher education institutions (such as the University of New Mexico) have included language in the employment contracts of certain key individuals that cover certain types of spousal travel up to a pre-defined dollar amount which is then included as taxable income to the University employee.

Finally, it is noted that the University operates as a “System”. In the University’s case, the System includes a four-year University in Portales, a two-year branch community college in Roswell and a two-year branch community college in Ruidoso. As noted in the System’s organization chart, the Presidents’ of the Roswell Campus and Ruidoso Campus report to the System President (Portales). In our review of the University’s policies, there are references to “President” “approving”. Though the organization chart is clear to the lines of reporting and communication, the University could better define “President” in the

organization's policies. It is our understanding that the University is currently in the process of clarifying the "System" concept in its policies and the related lines of reporting.

Action Taken: The internal audit pointed out an area of non-compliance to the University policy of obtaining approval from the Portales' president for exceptions to policies involving the Roswell president. The Roswell president believed he had approval but there was no written approval. Once this was pointed out, he repaid the funds. The System self-reported the results of the audit to the State Auditor's office. The corrective action taken was to inform the new Roswell president of the requirement that all travel forms or exceptions granted are to have written approval by the chancellor or his designee in addition to providing documentation to substantiate the benefit to the University of any spousal travel. Action has been completed.

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY AND COMPLIANCE

Financial Reporting

2018-002 PROCUREMENT – MANAGEMENT OVERRIDE OF CONTROLS - ROSWELL
02 CAMPUS

Recommendation: We recommend that the procurement of all contracts follow the University's procurement policy. Additionally, prior to execution of the contracts, we recommend all professional service contracts go through a centralized formal legal sufficiency review to ensure the contracts are in the University's best interest and meet state statutes.

Action Taken: Management agrees with the finding and will not execute any agreement for grant services that may have cumulative payments over \$60,000 to one vendor in a year without going through the appropriate process per state statute. Due to these MOU's covering multiple years there will be continued payments until the grants have ended. The vendor MOU will not be used in the future and replaced with the campus professional services contract. This action has been completed.

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY AND COMPLIANCE

Financial Reporting

2018-003 LACK OF APPROVAL PRIOR TO INCURRING MAJOR CAPITAL PROJECT
03 COSTS – ROSWELL CAMPUS

Recommendation: Though this appears to be an isolated incident, we recommend the University continue to re-emphasize the importance of having both Board of Finance and New Mexico Higher Education Department approvals on all major capital projects prior to project expenditures.

Action Taken: Realizing we were not in compliance; additional presentations were made to the New Mexico Higher Education Department by the Vice -President for Business Affairs acknowledging this fact and the project was approved. The expenditures were made in advance of the approval due to the time it would take to complete the project and the reversion date of the bond. The capital projects process

has been shifted to the System CFO and better planning and control of the projects will be done. Action taken has been completed.

FINDINGS—FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF EDUCATION

2018-004 (PREVIOUSLY 2017-002) STUDENT FINANCIAL AID—ENROLLMENT REPORTING
04 (PORTALES AND ROSWELL CAMPUSES)—CFDA No. 84.007, 84.033, 84.063, 84.379

Significant Deficiency/Noncompliance:

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

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

To ensure the Portales Campus is in compliance with NSLDS reporting, staff will verify the data sent to the Clearinghouse is transmitted to NSLDS in a timely manner. Once the Registrar's office submits enrollment or degree/graduation data to the Clearinghouse, staff will verify with the Clearinghouse that the data was transmitted to NSLDS. The Registrar's office and the Financial Aid office will work together to ensure the NSLDS reporting data is received timely and accurately. If resolution cannot be accomplished via the Clearinghouse additional procedures will be put in place to upload the Enrollment and Graduation files directly to NSLDS. Registrar and Financial Aid staff will also seek additional training and problem resolution with Clearinghouse representatives. Action taken to be effective immediately.

Action Taken Roswell Campus: ENMU-Roswell agrees that Graduation records must be reported to the NSC/NSLDS accurately. Unlike regular enrollment reporting, the Graduation Status does not have to be reported within the 60-day time constraint, however, the Graduation Status must be reported. (NSLDS Enrollment Reporting Guide, November 2017, pp. 20-21) ENMU-Roswell has consulted with Ellucian support, National Student Clearinghouse support, and NSLDS support to attempt to find a viable solution for this specific process issue. Ellucian support has shared one solution that is used by many other institutions for this issue, which ENMU-Roswell will implement. Additional processes, along with additional checks and balances, will be implemented internally to ensure that all graduation records are being reported accurately to the Clearinghouse. Action taken to be effective immediately.

If the U.S. Department of Education has questions regarding this plan, please call the following staff members:

Portales Campus: Dr. Jeff Long at 575-562-2221 or Clark Elswick at 575-562-4490 or Carol Fletcher at 575-562-2611.

Roswell Campus: Linda Neel at 575-624-7142 or Karen Franklin at 575-624-7138.

Sincerely yours,



Scott Smart
ENMU System CFO