



Eastern New Mexico University

ANNUAL FINANCIAL REPORT

JUNE 30, 2020



INTRODUCTORY SECTION

EASTERN NEW MEXICO UNIVERSITY
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JUNE 30, 2020

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**EASTERN NEW MEXICO UNIVERSITY
HISTORICAL AND FUNCTIONAL SYNOPSIS
JUNE 30, 2020**

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 the funding of buildings for the University and in the summer of 1934, the University officially opened its doors. 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-Hearing Association, the Council on Social Work Education, and the Accreditation Council for Business Schools and Programs. The University is an accredited institutional member of the National Association of Schools of Music. The Bachelor of Science in Nursing Completion Program and Master of Science in Nursing are accredited by the Accreditation Commission for Education in Nursing (formerly National League for Nursing).

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, 2020**

Board of Regents

Ex-Officio Member

The Honorable Michelle Lujan-Grisham Governor of the State of New Mexico

<u>Appointed Members</u>	<u>Term Expires</u>	<u>Position</u>
Mr. Terry Othick	December 2020	President
Dr. Dan Patterson	December 2022	Vice President
Mr. Joseph Gergel	December 2020	Secretary/Treasurer
Mr. Edwin Tatum	December 2020	Member
Mr. Lance Pyle	December 2024	Member

University Officials

Dr. Patrice Caldwell Interim Chancellor - ENMU Campus
System and Vice President for
Planning, Analysis & Governmental
Relations / Chief of Staff

Dr. Shawn Powell President - Roswell Campus

Dr. Ryan Carstens Acting Interim 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 Brian Colón, Esq.
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 aggregate discretely presented component units of Eastern New Mexico University (the "University"), as of and for the year ended June 30, 2020, 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, 2020, 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 Brian Colón, Esq.
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.

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 aggregate discretely presented component units of the University, as of June 30, 2020, 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.

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, 2020, 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.

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 - 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 54 - 58 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 Brian Colón, Esq.
New Mexico State Auditor

Other Information

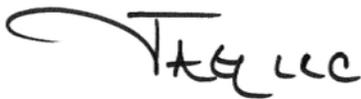
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University’s basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Schedule of Deposits and Investment Accounts, Schedule of Collateral Pledged by Depository for Public Funds, Schedule of Joint Powers Agreements, and Schedule of Capital Outlay Appropriations, each required by 2.2.2 NMAC, and other information, such as the Introductory Section and Corrective Action Plan, which 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, Schedule of Deposits and Investment Accounts, Schedule of Collateral Pledged by Depository for Public Funds, Schedule of Joint Powers Agreements, and Schedule of Capital Outlay Appropriations, each required by 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, Schedule of Deposits and Investment Accounts, Schedule of Collateral Pledged by Depository for Public Funds, Schedule of Joint Powers Agreements, and Schedule of Capital Outlay Appropriations, each required by 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 22, 2020, 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 22, 2020

**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020. 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, 2020, the University's total assets increased to \$278.2 million, \$2.5 million more than the 2019 level of \$275.7 million.
- Operating revenues totaled \$46.7 million in 2020, a decrease of \$2.9 million from 2019 while operating expenses totaled \$73.3 million, a decrease of \$49.7 million from 2019. The majority of the change in operating expenses is due the GASB 68, pension adjustment, in which figures are provided by the Education Retirement Board (ERB).
- Net non-operating and other revenues totaled \$69.2 million while non-operating expenditures were \$1.3 million; state appropriations of \$48.1 million and Pell grant revenue of \$10.1 million are the primary components of non-operating revenues.
- The Portales campus fall 2010 to fall 2019 headcount enrollment increased from 5,080 to 5,694. This is an increase of 12.1%. During the same time period, the University's first time, full-time freshman enrollment decreased from 601 to 550. The fall 2018 first-time, full-time freshman retained to fall 2019 was 63.1%, a slight increase from the prior year.
- GASB Statement No. 68 requires the University to recognize its share of the allocation of the State's unfunded portion of the Educational Retirement Board's (ERB) pension plan of \$7.6 billion; the University's share is \$91 million. In 2019, the unfunded amount was \$11.9 billion; the University's share was \$143.7 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 \$3.2 billion; the University's share is \$28 million. In 2019, the unfunded amount was \$4.3 billion; the University's share is \$42.3 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, 2020**

- 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 Chief Financial Officer, Scott W. Smart, at (575) 562-2611.

Financial Analysis of the University as a Whole

Net Position. The University's total net position increased to \$89 million from \$47.7 million in 2020. 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 \$91 million and an OPEB liability of \$28 million as of June 30, 2019. Due to GASB Statements No. 68 and No. 75 there was a \$126.8 million reduction in unrestricted net position. The employer net pension liability allocation was determined by the New Mexico Educational Retirement Board and the OPEB liability was determined by the New Mexico Retiree Health Care Authority; not by University management.

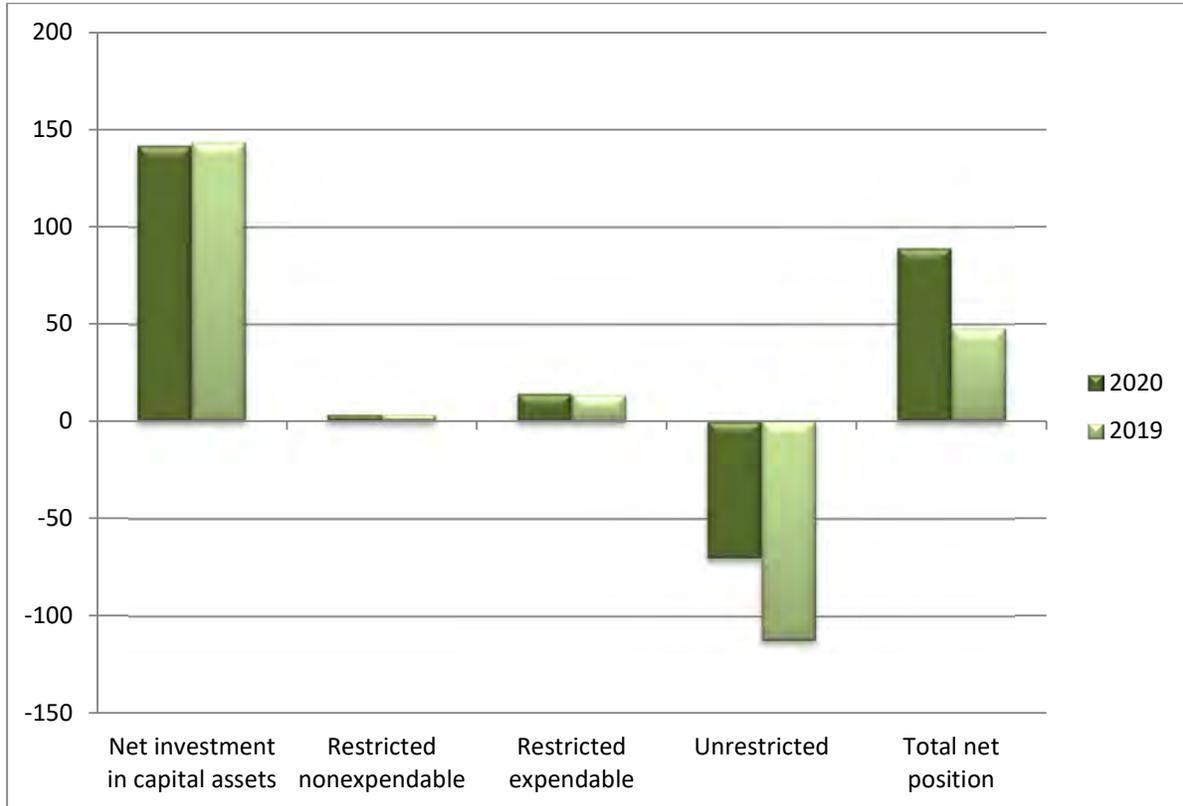
**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Table 1 summarizes the University's Net Position:

Condensed Net Position		
June 30,		
(in millions of dollars)		
	2020	2019
ASSETS		
Current assets	\$ 39.1	\$ 41.4
Non-current assets other than capital assets	55.2	47.5
Capital assets, net	183.9	186.8
Total assets	278.2	275.7
 DEFERRED OUTFLOWS OF RESOURCES		
	20.0	38.5
 LIABILITIES AND NET POSITION		
Current liabilities	18.1	18.4
Non-current liabilities	163.3	231.5
Total liabilities	181.4	249.9
 DEFERRED INFLOWS OF RESOURCES		
	27.8	16.6
 NET POSITION		
Net investment in capital assets	141.8	143.3
Restricted non-expendable	3.5	3.5
Restricted expendable	14.2	13.5
Unrestricted (deficit)	(70.3)	(112.6)
Total net position	\$ 89.2	\$ 47.7

**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

**Net Position 2020 and 2019
(in millions of dollars)**



Changes in Net Position. Total operating revenues for the years ended June 30, 2020 and 2019, were \$46.7 and \$49.6 million, respectively. Operating expenses were \$73.3 and \$123.0 million for 2020 and 2019, respectively. Non-operating revenues were \$63.4 million while non-operating expenses were \$1.3 million for 2020 and non-operating revenues were \$56.0 million while non-operating expenses were \$1.6 million for 2019. Other revenues were \$6.2 and \$2.2 million for 2020 and 2019, respectively. 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.

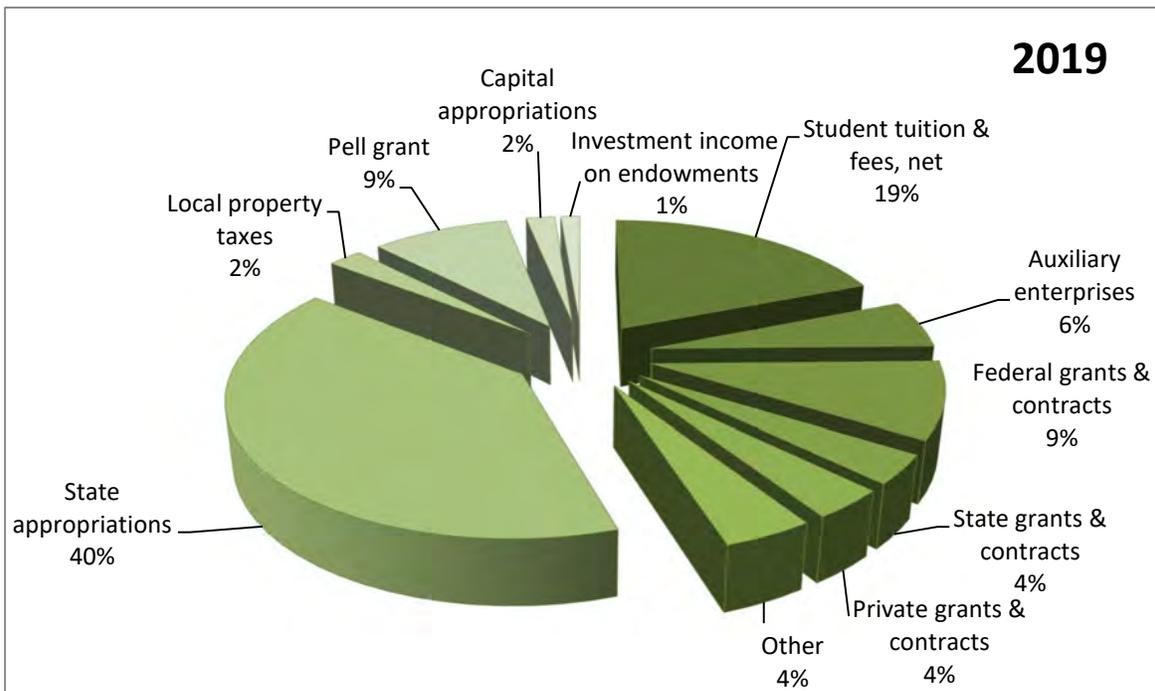
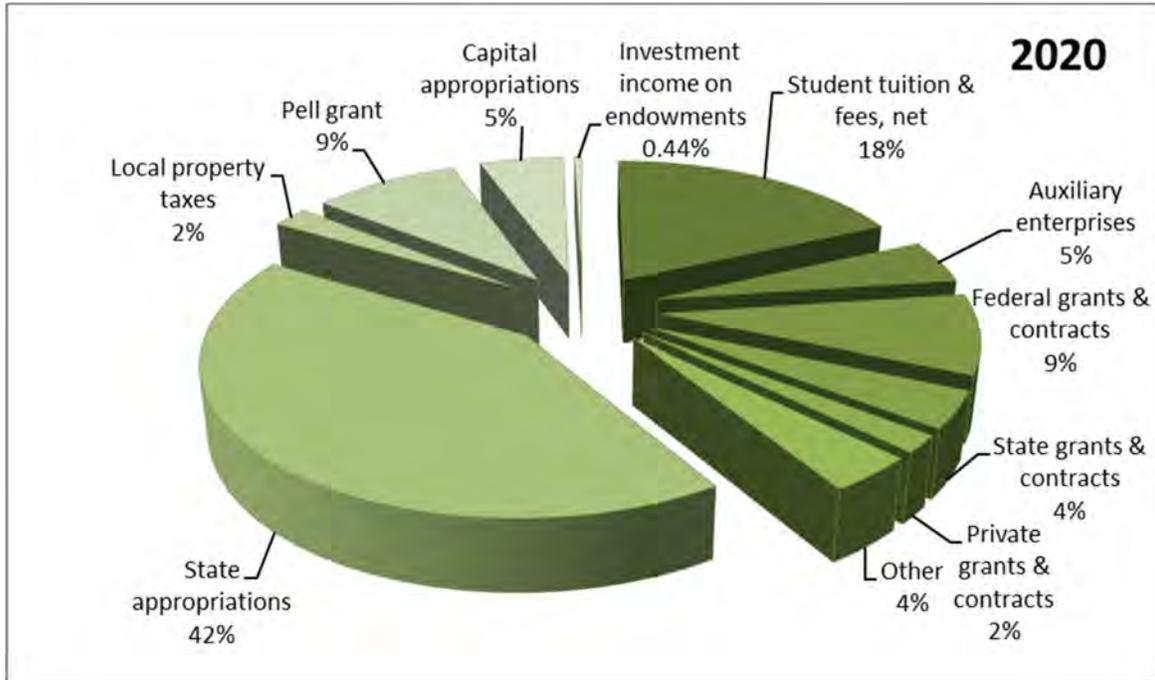
**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

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

Changes in Condensed Net Position For the Years Ended June 30, (in millions of dollars)		
	2020	2019
Operating revenues		
Student tuition and fees, net	\$ 20.7	\$ 21.0
Auxiliary enterprises	5.3	6.2
Federal grants and contracts	9.7	10.0
State grants and contracts	4.5	3.8
Private grants and contracts	2.1	3.9
Other	4.4	4.7
Total operating revenues	46.7	49.6
Operating expenses		
Instruction	15.0	41.2
Research	0.4	0.5
Public service	5.8	9.9
Academic support	3.0	7.1
Student services	7.9	13.1
Institutional support	8.3	16.4
Operation and maintenance of plant	5.0	9.0
Depreciation and amortization	9.1	8.9
Student aid	11.0	9.9
Auxiliary enterprises	4.4	5.2
Other	3.2	1.8
Total operating expenses	73.1	123.0
Non-operating revenues (expenses)		
State appropriations	48.1	44.5
Local property taxes	2.5	2.5
Pell grant	10.1	10.0
CARES Act	2.2	1.4
Investment income	0.1	(1.6)
Interest on debt	(1.3)	-
Total non-operating revenues (expenses)	61.7	56.8
Other revenues (expenses)		
Capital appropriations	5.8	2.1
Endowment investment income	0.4	0.1
Total other revenues (expenses)	6.2	2.2
Change in net position	41.5	(14.4)
Net position, beginning of year	47.7	62.1
Net position, end of year	\$ 89.2	\$ 47.7

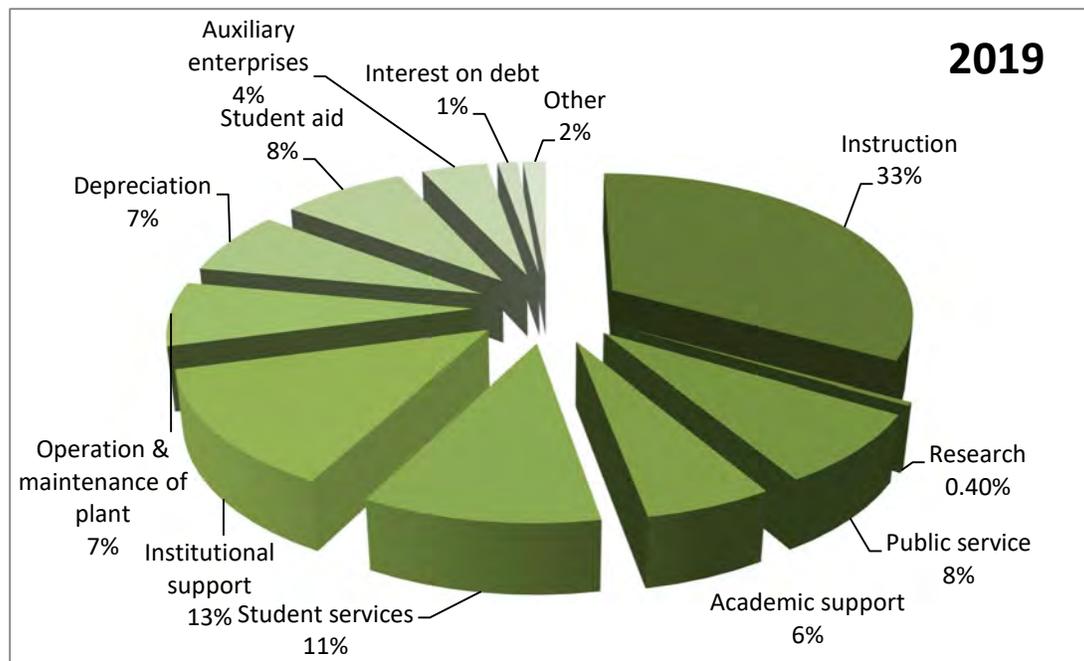
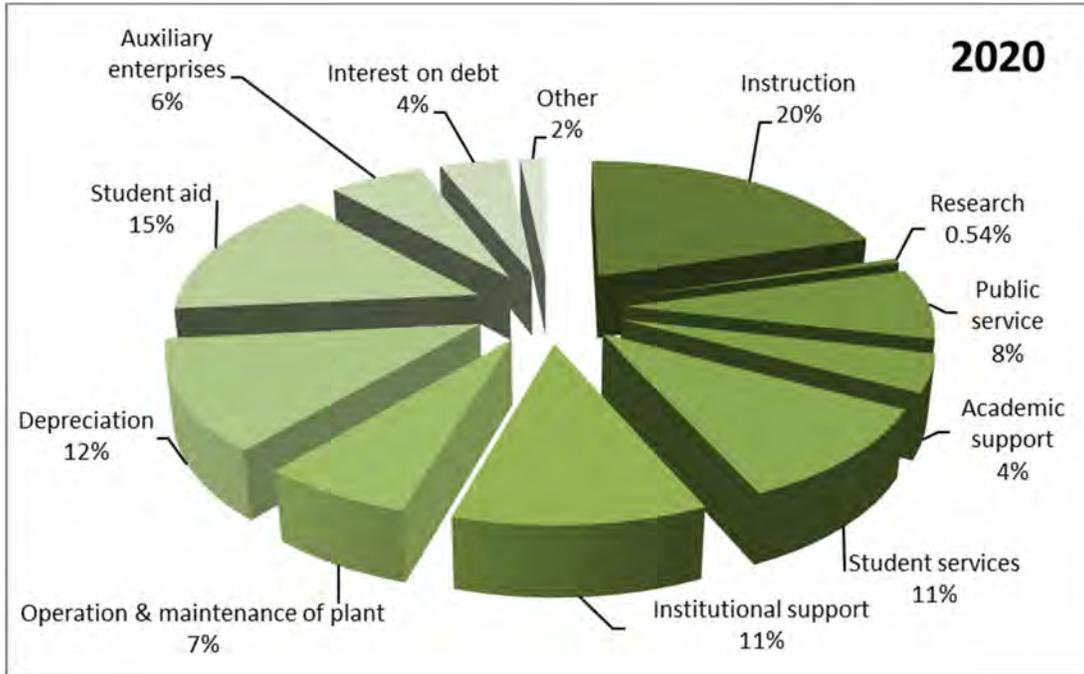
**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2020**

**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, 2020**

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	\$ 1.4
Plant funds	4.7	(6.5)	1.5

For the Portales campus, the budget adjustment to plant funds expenditures in 2020 was the result of anticipated expenditures for the State Universities Library Consortium (GOB 19 funds), Greyhound Roof Repair, and other minor projects at the Portales campus. For the Roswell Campus the decrease in capital budget was due to the postponing of projects due to COVID-19. The increase for the Ruidoso budgets account for additional grants and phase I of the construction of the Nexus project.

Capital Asset, Capital Projects and Debt Administration

Capital Assets—As of June 30, 2020 and 2019, the University had \$183.9 and \$186.8 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>2020</u>	<u>2019</u>
Land and improvements	\$ 8.2	\$ 8.2
Construction in progress	4.7	5.0
Buildings and improvements	151.1	156.4
Infrastructure	14.6	11.4
Equipment	4.4	4.9
Library books	0.9	0.9
Total	\$ 183.9	\$ 186.8

Capital Projects—On going capital projects on the Portales campus include the re-roofing of Greyhound Arena building access controls and other small projects. Future projects include the new electrical service for West Campus and the remodel of the president’s residence. During the year, the Roswell campus replaced the electrical supply line to the campus and various minor capital projects. Future projects for the Roswell campus

**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

include the renovation of the auto/welding building and a new physical plant building. The Ruidoso campus completed the majority of phase I of the Nexus project, which consist of three phases. Phase II will start in fiscal year 2021. Funding for phase II comes from a local mil levy and intuitional funds and has a budget of \$3.2 million.

Debt Administration—As of June 30, 2020 and 2019, the Portales campus had \$42.1 and \$43.5 million of outstanding bonds, respectively. Both the Roswell campus and Ruidoso campus do not have any outstanding bond debt.

As of June 30, 2020, other debt included compensated absences of \$2 million. Long-term debt was comprised of the federal share of the student loan program of \$3.3 million, with net pension liability of \$91 million (GASB 68) and New Mexico Retiree Health Care Authority's OPEB liability of \$28 million (GASB 75). For 2019, other debt included compensated absences of \$1.7 million, long-term debt was comprised of the federal share of the student loan program of \$3.3 million, and net pension liability of \$143.7 million (GASB 68) and New Mexico Retiree Health Care Authority's OPEB liability of \$42.3 million (GASB 75).

Economic Concerns

The University closed out the 2019-2020 fiscal year with strong reserve balances. In anticipation of state appropriation reductions for the 2020-2021 fiscal year, the University started conserving budgets and monitoring expenses. The University utilized approximately \$2.2 million of the CARES Act funding. Students received over \$1.4 million and the University used \$600,000 to cover the reimbursement to students for pro-rated residence halls and food services (as students were sent home mid-March 2020). The rest was used for PPE, IT, and cleaning supplies.

As for future economic concerns, the State of New Mexico continues to struggle with the impact of the COVID-19 pandemic and its effect on the state's budget. The state cut the University's fiscal year 2020-2021 budget by \$4.8 million or 9% of the original state appropriation for the fiscal year. The University has trimmed operating budgets, did not provide raises to faculty and staff, did not fill positions and will be using fund balance reserves to cover the state appropriation cuts. Graduate student enrollment for the 2020 summer and 2020 fall semesters have increased which will offset a small portion the state appropriation cuts. Undergraduate enrollment is down, but University budgeted for a decrease in enrollment during the 2020-2021 budget development process. For the 2020 fall semester, the Portales campus choose to hold the majority of classes on-line and did not open its residence hall or food services. The short fall in auxiliary revenue will be covered by fund balances.

The University continues to hold true to its mission: Student Success. The University and its branch campuses continue to offer various accredited programs. The Portales campus continues to have high enrollment the STEM programs in particular Biology, EET, and Forensic Science; Business; and Health and Human Services specifically in the Communication Disorders program, nursing programs and social work. The Roswell campus has strong enrollments in the automotive, welding and nursing programs. The Ruidoso campus continues to enroll many local Native American students and has a strong pre-nursing program with students transferring well to nursing programs. The University and branch campuses strive to offer in-demand degrees so students graduating from the University and branch campuses have employable skills.

**EASTERN NEW MEXICO UNIVERSITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020

	Eastern New Mexico University	Aggregate Component Units
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 32,836,729	\$ 396,578
State receivables	1,395,421	-
Receivables other, net	4,053,769	17,878
Inventories	292,508	-
Prepaid expenses	544,350	6,058
Total current assets	39,122,777	420,514
Non-current Assets		
Investments	50,549,570	34,507,504
Restricted cash and cash equivalents	906,383	-
Restricted investments	266,246	-
Notes receivable	3,499,930	-
Capital assets, net	183,906,557	148,456
Total non-current assets	239,128,686	34,655,960
Total assets	278,251,463	35,076,474
DEFERRED OUTFLOWS OF RESOURCES		
Related to pensions and OPEB	20,179,395	-
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	1,711,296	82,952
Accrued expenses and other liabilities	4,813,865	-
Gift annuities payable	-	256,891
Deposits held for others	989,441	-
Unearned revenues	7,541,576	-
Accrued compensated absences	893,021	-
Bonds payable	2,121,594	-
Total current liabilities	18,070,793	339,843
Non-current Liabilities		
Accrued compensated absences	1,060,691	-
Bonds payable	39,937,370	-
Net pension liability	90,985,217	-
Net OPEB liability	27,986,030	-
Student loan program	3,344,255	-
Total non-current liabilities	163,313,563	-
Total liabilities	181,384,356	339,843
DEFERRED INFLOWS OF RESOURCES		
Related to Pensions and OPEB	27,843,468	-
NET POSITION		
Net investment in capital assets	141,847,593	148,456
Restricted		
Non-expendable endowments	3,486,425	12,318,566
Expendable		
Scholarships and fellowship	-	16,073,100
Student loans	751,042	-
Quasi endowment and endowment interest	13,425,459	-
Unrestricted (deficit)	(70,307,485)	6,196,509
Total net position	\$ 89,203,034	\$ 34,736,631

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	Eastern New Mexico University	Aggregate Component Units
OPERATING REVENUES		
Student tuition and fees (net of discounts and allowances of \$9,365,412)	\$ 20,665,537	\$ -
Federal grants and contracts	9,671,040	-
Auxiliary enterprise revenue	5,278,746	-
Private gifts, grants, and contracts	3,293,823	765,881
State and local grants and contracts	4,460,458	-
Sales and services of educational departments	1,179,565	-
Other operating revenues	2,388,995	-
Total operating revenues	46,938,164	765,881
OPERATING EXPENSES		
Education and general		
Instruction	15,021,468	-
Research	417,725	-
Public service	5,803,436	-
Academic support	3,039,275	-
Student services	7,872,147	-
Institutional support	8,255,292	613,595
Operation and maintenance of plant	5,027,521	-
Depreciation	9,122,754	-
Loss on disposal of capital assets	270,884	-
Student aid, grants and stipends	10,988,441	-
Auxiliary enterprises	4,386,097	-
Expended for scholarships	-	661,918
Other	3,164,878	368,489
Total operating expenses	73,369,918	1,644,002
Operating loss	(26,431,754)	(878,121)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	48,085,402	-
Local property taxes	2,518,755	-
Federal pell grant	10,087,467	-
CARES grant	2,178,477	-
Investment income	496,836	1,398,646
Private gifts, grants and contracts	-	1,634,203
Interest on capital asset related debt	(1,295,179)	-
Total non-operating revenues	62,071,758	3,032,849
Income before capital contributions	35,640,004	2,154,728
Capital appropriations	5,821,137	-
Capital grants and gifts	49,456	-
Total capital contributions	5,870,593	-
Change in net position	41,510,597	2,154,728
NET POSITION		
Net position, beginning of year	47,692,437	32,581,903
Net position, end of year	\$ 89,203,034	\$ 34,736,631

See Accompanying Notes.

**EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

Cash Flows From Operating Activities

Tuition and fees	\$ 21,001,469
Grants and contracts	18,242,144
Payments to suppliers	(12,411,673)
Payments to employees	(89,500,305)
Auxiliary enterprise charges	5,278,746
Sales and services of educational equipment	1,179,565
Other receipts	<u>2,533,610</u>
Net cash used in operating activities	<u>(53,676,444)</u>

Cash Flows From Investing Activities

Interest on investments	469,247
Reclass from cash to investments	(7,819,813)
Unrealized gain	<u>9,814</u>
Net cash used in investing activities	<u>(7,340,752)</u>

Cash Flows From Non-capital Financing Activities

State appropriations	48,085,402
Local property tax levies	2,518,755
Pell grant and CARES Act	12,292,307
Payments from notes receivable	<u>238,012</u>
Net cash provided by non-capital financing activities	<u>63,134,476</u>

Cash Flows From Capital and Related Financing Activities

Capital appropriations	4,692,257
Purchases of capital assets	(6,229,280)
Proceeds from disposal of capital assets	21,392
Principal paid on capital debt	(1,419,107)
Interest paid on capital debt	<u>(1,295,179)</u>
Net cash used in capital and related financing activities	<u>(4,229,917)</u>

Net decrease in cash, restricted cash, and cash equivalents (2,112,637)

Cash, restricted cash, and cash equivalents, beginning of year 35,855,749

Cash, restricted cash, and cash equivalents, end of year \$ 33,743,112

**EASTERN NEW MEXICO UNIVERSITY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

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

Operating loss	\$ (26,431,754)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) by operating activities	
Depreciation	9,122,754
Loss on disposal of capital assets	270,884
Pension and OPEB expenses	(37,328,705)
Change in assets and liabilities	
Receivables, net	(114,771)
Deferred outflows - subsequent year contributions	(171,578)
Inventories	(5,614)
Other assets	(67,099)
Accounts payable and accrued liabilities	(168,250)
Other liabilities	(61,852)
Unearned revenues	1,032,041
Compensated absences	247,500
Net cash used in operating activities	<u><u>\$ (53,676,444)</u></u>
Non-cash transactions	
Capital grants and gifts	<u><u>\$ 49,456</u></u>

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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.

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.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

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, 2020, 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.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Plan (ERP) and additions to/deductions from ERP's fiduciary net position have been determined on the same basis as they are reported by ERP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Post-employment Benefits Other Than Pensions (OPEB). For purposes of measuring the 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, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2020.

The Foundations file their Forms 990 in the U.S. federal jurisdiction. The Foundations are generally no longer subject to examination by the Internal Revenue Service for years before 2016.

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, perspective, equity, and timing differences in the excess (deficiency) of revenues and other sources of financial resources for the year ended June 30, 2020 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.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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, 2020.

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, 2020, \$26,058,447 of the University's bank balances of \$28,148,861 were exposed to custodial credit risk. \$16,477,327 was uninsured and collateralized by securities held by the pledging bank's trust department, but not in the University's name and \$9,581,120 was uninsured and uncollateralized.

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

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 3. DEPOSIT AND INVESTMENTS (CONTINUED)

	Bank of America	Compass Bank	James Polk Stone Community Bank	Pioneer Bank
Amount of deposits	\$ 6,959,421	\$ 2,388,803	\$ 1,015,189	\$ 1,648,979
Repurchase agreements	-	-	-	6,061,461
FDIC coverage	(250,000)	(277,966)	(358,120)	(500,000)
SIPC coverage	-	-	-	-
Total uninsured public funds	<u>6,709,421</u>	<u>2,110,837</u>	<u>657,069</u>	<u>7,210,440</u>
Collateralized by securities held by pledging institutions or by its trust department or agent in other than the University's name	<u>6,709,421</u>	<u>2,110,837</u>	<u>657,069</u>	<u>-</u>
Uninsured and uncollateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,210,440</u>
<u>Collateral requirements</u>				
(102% of repurchase agreement)	\$ -	\$ -	\$ -	\$ 6,182,690
Pledged securities	-	-	-	6,243,371
Over (under) collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,681</u>
(50% of uninsured deposits)	3,354,711	1,055,419	328,535	574,490
Pledged securities	8,000,000	2,500,000	780,565	2,631,600
Over (under) collateralized	<u>\$ 4,645,289</u>	<u>\$ 1,444,582</u>	<u>\$ 452,031</u>	<u>\$ 2,057,111</u>
	US Bank	Wells Fargo Advisors	Moreton Capital Markets	Total
Amount of deposits	\$ 9,620,680	\$ 407,860	\$ 6,107,929	\$ 28,148,861
Repurchase agreements	-	-	-	6,061,461
FDIC coverage	(250,000)	(407,860)	(6,107,929)	(8,151,875)
SIPC coverage	-	-	-	-
Total uninsured public funds	<u>9,370,680</u>	<u>-</u>	<u>-</u>	<u>26,058,447</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>16,477,327</u>
Uninsured and uncollateralized	<u>\$ 2,370,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,581,120</u>
<u>Collateral requirements</u>				
(102% of repurchase agreement)	\$ -	\$ -	\$ -	\$ 6,182,690
Pledged securities	-	-	-	6,243,371
Over (under) collateralized	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,681</u>
(50% of uninsured deposits)	\$ 4,685,340	\$ -	\$ -	\$ 9,998,494
Pledged securities	7,000,000	-	-	20,912,165
Over (under) collateralized	<u>\$ 2,314,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,913,672</u>

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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, 2020 are summarized as follows:

Investment	Rating	Fair Value	Maturity
State Investment Council (pooled funds)	Not rated	\$ 15,704,142	Less than 90 days
New MexiGROW LGIP	AAAm	34,845,428	25 day WAM(R) 77 day WAM(F)
U.S. treasury money market mutual funds	Aaa	266,246	Less than 365 days
		<u>\$ 50,815,816</u>	

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

The University also has \$164,179 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.

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.

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.

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

NOTE 3. DEPOSIT AND INVESTMENTS (CONTINUED)

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 \$15,704,142 in State Investment Council (SIC) endowment investments at year-end which required fair value disclosure.

The following table sets forth by level within the fair value hierarchy, the University's assets at fair value as of June 30, 2020:

Level 1	Level 2	Level 3	Total
\$ 13,965,803	\$ 1,738,339	\$ -	\$ 15,704,142

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 4. RECEIVABLES, NET

At June 30, 2020, net receivables consisted of the following:

Student tuition and fees	\$ 8,532,606
Federal grants	1,401,159
State grants	1,395,421
Private grants	35,341
Other	378,106
	<u>11,742,633</u>
Allowance for uncollectible accounts	<u>(6,293,443)</u>
Receivables, net	<u>\$ 5,449,190</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is summarized as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated				
Land and improvements	\$ 8,242,712	\$ -	\$ -	\$ 8,242,712
Construction in progress	<u>4,946,608</u>	<u>4,401,901</u>	<u>(4,621,205)</u>	<u>4,727,304</u>
Total capital assets not being depreciated	<u>13,189,320</u>	<u>4,401,901</u>	<u>(4,621,205)</u>	<u>12,970,016</u>
Capital assets being depreciated				
Buildings and improvements	245,829,313	566,290	(985,798)	245,409,805
Infrastructure	28,955,169	4,684,432	-	33,639,601
Equipment	34,001,444	991,142	(942,031)	34,050,555
Software	1,707,865	73,856	-	1,781,721
Library materials	<u>9,570,784</u>	<u>424,571</u>	<u>-</u>	<u>9,995,355</u>
Total capital assets being depreciated	<u>320,064,575</u>	<u>6,740,291</u>	<u>(1,927,829)</u>	<u>324,877,037</u>
Less accumulated depreciation				
Buildings and improvements	89,398,236	5,634,811	(697,195)	94,335,852
Infrastructure	17,557,442	1,497,688	-	19,055,130
Equipment	29,167,789	1,525,369	(938,358)	29,754,800
Software	1,657,346	25,215	-	1,682,561
Library materials	<u>8,672,482</u>	<u>439,671</u>	<u>-</u>	<u>9,112,153</u>
Total accumulated depreciation	<u>146,453,295</u>	<u>9,122,754</u>	<u>(1,635,553)</u>	<u>153,940,496</u>
Total capital assets, net of depreciation	<u>\$ 186,800,600</u>	<u>\$ 2,019,438</u>	<u>\$ (4,913,481)</u>	<u>\$ 183,906,557</u>

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 5. CAPITAL ASSETS

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Capital asset summary				
Capital assets not being depreciated	\$ 13,189,320	\$ 4,401,901	\$ (4,621,205)	\$ 12,970,016
Capital assets being depreciated	<u>320,064,575</u>	<u>6,740,291</u>	<u>(1,927,829)</u>	<u>324,877,037</u>
Total cost of capital assets	333,253,895	11,142,192	(6,549,034)	337,847,053
Less accumulated depreciation	<u>146,453,295</u>	<u>9,122,754</u>	<u>(1,635,553)</u>	<u>153,940,496</u>
Capital assets, net	<u>\$ 186,800,600</u>	<u>\$ 2,019,438</u>	<u>\$ (4,913,481)</u>	<u>\$ 183,906,557</u>

NOTE 6. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued liabilities for the year ended June 30, 2020 are summarized as follows:

Accrued payroll	\$ 1,511,241
Accrued taxes and benefits	3,047,624
Accrued interest	<u>255,000</u>
Total	<u>\$ 4,813,865</u>

NOTE 7. UNEARNED REVENUES

Unearned revenues for the year ended June 30, 2020 are summarized as follows:

Student tuition and fees	\$ 3,094,738
Federal, state, and private grants	3,269,865
Other	<u>1,176,973</u>
Total	<u>\$ 7,541,576</u>

NOTE 8. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020 is summarized as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Amount Due Within One Year
Bonds payable	\$ 43,478,071	\$ 22,445,000	\$ (23,864,107)	\$ 42,058,964	\$ 2,121,594
Accrued compensated absences	1,706,212	1,403,550	(1,156,050)	1,953,712	893,021
Student loan program	<u>3,344,255</u>	<u>-</u>	<u>-</u>	<u>3,344,255</u>	<u>-</u>
Total	<u>\$ 48,528,538</u>	<u>\$ 23,848,550</u>	<u>\$ (25,020,157)</u>	<u>\$ 47,356,931</u>	<u>\$ 3,014,615</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 2020 year, no excess cash was remitted back to the federal government.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 9. BONDS PAYABLE

Outstanding bonds payable as of June 30, 2020 is summarized as follows:

Description	Interest Rate	Balance June 30, 2020	Final Maturity
System Improvement Revenue Bond Series 2015A	0.34-3.93%	\$ 11,005,000	April 1, 2045
System Revenue Refunding Bond Series 2015B	0.34-2.44%	3,490,000	April 1, 2026
System Improvement Revenue Bonds 2017	0.093-3.480%	5,223,964	April 1, 2038
System Revenue Refunding Bonds 2020	1.120% - 2.750%	22,340,000	April 1, 2036
Total		\$ 42,058,964	

Future debt service of the University as of June 30, 2020 for the bonds is as follows:

Year ended June 30,	Principal	Interest	Total
2021	\$ 2,121,594	\$ 1,016,105	\$ 3,137,699
2022	2,144,421	987,288	3,131,709
2023	2,177,721	955,211	3,132,932
2024	2,216,486	920,736	3,137,222
2025	2,250,686	883,329	3,134,014
2026-2030	10,875,270	3,799,991	14,675,261
2031-3035	11,894,655	2,527,160	14,421,815
2036-2040	5,343,133	1,024,822	6,367,954
2041-2045	3,035,000	373,793	3,408,793
	<u>\$ 42,058,964</u>	<u>\$ 12,488,434</u>	<u>\$ 54,547,399</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. This bond was refunded on December 18, 2019 with the issuance of the System Revenue Refunding Bonds (Series 2020).

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, 2020

NOTE 9. BONDS PAYABLE (CONTINUED)

On December 18, 2019, the University issued \$22,445,000 in System Revenue Refunding Bonds (Series 2020). The proceeds of the bond were used to refund the System Improvement Revenue Bonds (Series 2011) and paying expenses related to the bonds

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

NOTE 10. TAX ABATEMENTS

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

Industrial Revenue Bonds. Under the County Industrial Revenue Bond Act [4-59 NMSA 1978] and the Industrial Revenue Bond Act [3-32 NMSA 1978], the county commission or city council, respectively, can vote to induce an industrial revenue bond in order to induce a manufacturing, industrial, or commercial enterprise to locate or expand in that region, by financing a specified project. Under the New Mexico Hospital Equipment Loan Act [58-23 NMSA 1978], the New Mexico Hospital Loan Council can vote to induce an industrial revenue bond in order to finance any real or personal property, instrument, service, or operational necessity that is determined by the Council to be directly or indirectly needed for medical care treatment or research, or to operate the health facility. The county, city, or loan council, respectively, may include in the agreement a stipulation of an amount or a percentage reduction of property taxes, which can be as much as 100%. 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, 2020 follows:

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

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	\$78,081	\$5,744	\$294

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

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	This information was not provided by the abating agency	This information was not provided by the abating agency	This information was not provided by the abating agency

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

NOTE 10. TAX ABATEMENTS (CONTINUED)

Agency number for Agency making the disclosure (Disclosing Agency)	452	6152
Disclosing Agency Name	New Mexico Hospital Equipment Loan Council	Village of Ruidoso
Disclosing Agency Type	State Agency	Municipality
Tax Abatement Agreement Name	Lease Agreement (New Mexico Hospital Equipment Loan Council/Lovelace Health System, Inc. dated 12/1/2012; 'Roswell Regional Hospital Project')	Industrial Revenue Bond Agreement
Name of agency affected by abatement agreement (Affected Agency)	Eastern New Mexico University	Eastern New Mexico University - Ruidoso Campus
Agency number of Affected Agency	955	955
Agency type of Affected Agency	Higher Education Institution	College
Recipient(s) of tax abatement	Lovelace Health System, Inc.	Hotel Ruidoso, LLC
Tax abatement program (name and brief description)	Hospital Equipment Loan Act (New Mexico Statue 58-23-29)	Industrial Revenue Bond
Specific Tax Being Abated	Property Tax	Ad Valorem Taxes
Authority under which abated tax is paid to Affected Agency	Hospital Equipment Loan Act (New Mexico Statue 58-23-29)	NMSA 1978 Section §7-38-17 NMSA 1978 §7-36-3
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	Valuation of property is determined by Chaves County. However, the following values are based on what has been determined by Chaves County. The Council does not confirm nor validate these amounts. Property Tax = \$7,588	\$2,725

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

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 a pension trust fund of the State of New Mexico. 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. 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 in Section 22-11-2, 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.

Pension benefit. 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 multiplier.

For members hired on or before June 30, 2019 (Tiers 1-3 members) the multiplier is 2.35%. For members hired after June 30, 2019 the multiplier accrues as follows:

Years of Service	Benefit Percentage Earned
1-10	1.35%
11-20	2.35%
21-30	3.35%
31 plus	2.40%

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.

Tier 1: Membership prior to July 1, 2010. For members employed before July 1, 2010, a member is eligible to retire when one of the following events occurs:

- The member’s age and earned service credit add up to the sum of 75 or more,
- The member is at least sixty-five years of age and has five or more years of earned service credit, or

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

- The member has service credit totaling 25 years or more.

Tier 2: Membership on or after July 1, 2010, but prior to July 1, 2013. Chapter 288, Laws of 2009 changed the eligibility requirements for new members who were first employed on or after July 1, 2010, but before July 1, 2013 — or before July 1, 2010, terminated employment, subsequently withdrew all contributions, and then becomes re-employed after July 1, 2010. These members must meet one of the following requirements.

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

Tier 3: Membership beginning on or after July 1, 2013. 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.

Tier 4: Membership beginning on or after July 1, 2019. Section 2-11-23.3, NMSA 1978, added eligibility requirements for new members who were first employed on or after July 1, 2019 — and had, before that date, been refunded all member contributions and had not restored all refunded contributions and interest before July 1, 2019. A member in this tier must meet one of the following requirements.

- The member's minimum age must be 58, and the member has earned 30 or more years of service credit. (A member who retires earlier than age 58, receives a reduction in benefits equal to the actuarial equivalent of retiring at age 58.)
- 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, receive reduced retirement benefits.)
- Or, the member's age is 67, and the member 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.

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

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

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.

Cost of Living Adjustment (COLA). All retired members and beneficiaries receiving benefits may receive an adjustment in their benefit on July 1 following the year a member retires or July 1 following the year a member reaches the age below, whichever is later.

Membership	Age Eligible for Cola
Tier 1	65%
Tier 2	65%
Tier 3	67%
Tier 4	67%

If a member is eligible for a COLA, the amount depends on the annual change in the Consumer Price Index (CPI) and whether the fund is fully funded (that is, the fund’s funded ratio is 100%). Accordingly, if there is no increase in the CPI, or the CPI is negative, the amount of the COLA will be zero (if the CPI is negative, retirement benefits will not be decreased). When CPI has increased and the fund is fully funded, the COLA will be the same amount as the increase in the CPI except as follows: If the increase in the CPI is 2% or greater, the COLA will be one-half of the CPI increase, not to exceed 4% or to be less than 2%. However, while the fund is not fully funded, the COLA for retirees will be reduced based on the median annual retirement benefit, calculated after the end of each fiscal year:

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

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

- When the funded ratio is 90% or less, the COLA for retirees whose annuity is at or below the median and who have 25 or more years of service credit at retirement will be reduced by 10%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 20%.
- When the funded ratio exceeds 90% but is less than 100%, the COLA for retirees whose annuity is at or below the median adjusted annuity and who had 25 or more years of service credit at retirement and will be reduced by 5%. For retirees whose annuity is either greater than the median or who have less than 25 years of service credit at retirement, the COLA will be reduced by 10%.

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, 2020 and 2019, 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
2020	7-1-19 to 6-30-20	Over \$24K	10.70%	14.15%	24.85%	0.25%
2020	7-1-19 to 6-30-20	\$24K or less	7.90%	14.15%	22.05%	0.25%
2019	7-1-18 to 6-30-19	Over \$20K	10.70%	13.90%	24.60%	0.00%
2019	7-1-18 to 6-30-19	\$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 years ended June 30, 2020 and 2019, the University paid employee and employer contributions of \$8,543,652 and \$8,433,561, respectively, which equal the amount of the required contributions for each fiscal year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2020, the University reported a liability of \$90,985,217 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2019 using generally accepted actuarial principles.

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

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

House Bill 360 made several changes to benefit provisions, which were effective July 1, 2019. These included:

- Increasing the employer contribution rate by 0.25%, from 13.9% to 14.15%;
- Increasing from \$20,000 to \$24,000 the member salary range subject to the lower 7.90% contribution rate (higher rate is 10.70%);
- Increasing the employer contribution to ERP on behalf of ARP members from 3.0% to 3.25%;
- Implementing anti-spiking measures to prevent artificially increasing benefits;
- Requiring all working retirees and their employers to contribute to ERP; and
- For members hired after June 30, 2019, using a tiered multiplier instead of a single multiplier to calculate retirement benefits upon retirement.

These changes have been reflected in the roll-forward and in the projection used to determine the single discount rate. The University's name's proportion of the net pension liability was based on a projection of the University's name's long-term share of contributions to the pension plan relative to the projected contributions of all participating educational institutions at June 30, 2019, actuarially determined. At June 30, 2019, the University's name's proportion was 1.20076%, which was a decrease of 0.00744% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the University recognized pension expense of \$5,867,681. At June 30, 2020, 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	\$ -	\$ 2,384,601
Changes of assumptions	12,820,035	-
Net difference between projected and actual earnings on pension plan investments	-	1,937,681
Changes in proportion and differences between contributions and proportionate share of contributions	909,415	2,200,112
University contributions subsequent to the measurement date	4,970,338	-
Total	\$ 18,699,788	\$ 6,522,394

\$5,039,886 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

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

<u>Year Ending June 30,</u>	
2020	\$ 9,546,606
2021	(1,517,591)
2022	(569,371)
2023	(252,588)
2024	-
Thereafter	-
	<u>\$ 7,207,056</u>

Actuarial assumptions. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following significant actuarial assumptions, applied to all periods included in the measurement:

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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="padding-right: 20px;">Fiscal year</td> <td style="padding-right: 10px;"><u>2019</u></td> <td style="padding-right: 10px;"><u>2018</u></td> <td style="padding-right: 10px;"><u>2017</u></td> <td style="padding-right: 10px;"><u>2016</u></td> <td><u>2015</u></td> </tr> <tr> <td>Service life in years</td> <td>3.55</td> <td>3.56</td> <td>3.65</td> <td>3.77</td> <td>3.92</td> </tr> </table>	Fiscal year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	Service life in years	3.55	3.56	3.65	3.77	3.92
Fiscal year	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>								
Service life in years	3.55	3.56	3.65	3.77	3.92								
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 NMERB Board on April 21, 2017 in conjunction with the six-year experience study for the period ending June 30, 2016.												
Cost-of-living increases	1.90% per year, compounded annually; increases deferred until July 1 following the year a member retires, or the year in which a member attains the age of 65 (67 for Tier 3 and Tier 4), whichever is later or, for disabled retirees, until July 1 of the third year following retirement.												
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, 2020**

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	31%	
Fixed income	26%	
Alternatives	42%	
Cash	1%	
Total	100%	7.25%

Discount rate. A single discount rate of 7.25% was used to measure the total pension liability as of June 30, 2019. This is a 1.56% percent increase over the rate of 5.69% rate used in the prior measurement year. The 7.25% was based on a long-term expected rate of return on pension plan investments of 7.25%. Based on the stated assumptions and the projection of cash flows, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The projections of cash flows used to determine the 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, 2020**

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

Sensitivity of the University’s proportionate share of the net pension liability to changes in the discount rate. The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate.

	1 % Decrease 6.25%	Current Discount Rate 7.25	1 % Increase 8.25
University's proportionate share of the net pension liability	\$ 122,823,076	\$ 90,985,217	\$ 64,652,282

Pension Plan Fiduciary Net Position. Detailed information about the ERB’s fiduciary net position is available in the separately issued audited financial statements, which are publicly available at www.nmerb.org.

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 two administrators approved to offer ARP plans to eligible participants are Teachers Insurance and Annuity Association (TIAA) 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 – Certain 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 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.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

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, 2020, 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. Employer contributions reported in the Statement of Changes in Fiduciary Net Position include amounts remitted on behalf of both the ARP defined contribution plan and the defined benefit plan. The 3% contribution remitted for fiscal years ended June 30, 2020 and 2019 were \$233,208 and \$186,743, respectively.

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.

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, 2019, the Fund's measurement date, the following State of New Mexico employees were covered by the benefit terms:

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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

Plan membership	
Current retirees and surviving spouses	52,179
Inactive and eligible for deferred benefit	10,916
Current active members	<u>91,082</u>
	<u>154,177</u>
Active membership	
State general	17,097
State police and corrections	1,830
Municipal general	17,538
Municipal police	3,159
Municipal FTRE	1,966
Educational Retirement Board	<u>49,492</u>
	<u>91,082</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 University's participation in the Fund. Contributions to the Fund from the University were \$630,284 for the year ended June 30, 2020.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2020, the University reported a liability of \$27,986,030 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2019. At June 30, 2019, the University's proportion was 0.86313%.

For the year ended June 30, 2020, the University recognized OPEB Income of \$3,405,018. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020**

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 7,042,706
Net difference between actual and projected earnings on OPEB plan investments	-	260,201
Changes of assumptions	-	9,032,538
Change in proportion	645,440	4,985,629
Contributions made after the measurement date	<u>834,167</u>	<u>-</u>
Total	<u><u>\$ 1,479,607</u></u>	<u><u>\$ 21,321,074</u></u>

Deferred outflows of resources totaling \$834,167 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Year Ended June 30:</u>	
2021	\$ (5,324,597)
2022	(5,324,597)
2023	(4,763,440)
2024	(3,312,191)
2025	<u>(1,950,809)</u>
Total	<u><u>\$ (20,675,634)</u></u>

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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, 2019
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 years for Medicare medical plan costs
Mortality	ERB members: RP-2000 Combined Healthy Mortality Table with White Collar Adjustment (males) and GRS Southwest Region Teacher Mortality Table (females) PERA members: RP-2014 Combined Healthy Mortality

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%	2.1%
U.S. equity - large cap	20%	7.1%
Non U.S. - emerging markets	15%	10.2%
Non U.S. - developed equities	12%	7.8%
Private equity	10%	11.8%
Credit and structured finance	10%	5.3%
Real estate	5%	4.9%
Absolute return	5%	4.1%
U.S. equity - small/mid cap	3%	7.1%

EASTERN NEW MEXICO UNIVERSITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

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 4.16% as of June 30, 2019. 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, 2030. Thus, the 7.25% discount rate was used to calculate the net OPEB liability through 2030. Beyond 2030, the index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Thus, 4.16% 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 (3.16%) or 1-percentage-point higher (5.16%) than the **current discount rate**:

1% Decrease (3.16%)	Current Discount Rate (4.16%)	1% Increase (5.16%)
\$ 34,233,659	\$ 27,986,030	\$ 23,074,805

The following presents the net OPEB liability of the School, as well as what the School'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
\$ 23,300,174	\$ 27,986,030	\$ 31,737,721

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in NMRHCA's publicly available financial statements.

NOTE 14. CONTINGENT LIABILITIES

The University currently is party to various litigation and other claims in the ordinary course of business. The Roswell campus participates in the State of New Mexico Risk Management Program (Risk Management), which provides liability and physical damage insurance. The Portales and Ruidoso campuses participate in the New Mexico Public School Insurance Authority for liability and physical damage insurance. All three campuses participate in Risk Management's unemployment compensation program. During 2020, the New Mexico Public School Insurance Authority \$1,143,340 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, 2020

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, 2020, the University had an obligation of \$1,465,184 for these contracts.

NOTE 17. 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 18. ACCOUNTING PRONOUNCEMENTS WITH FUTURE EFFECTIVE DATES

In January 2017, GASB Statement No. 84, *Fiduciary Activities* was issued. On May 6, 2020, the GASB postponed the required implementation. Revised 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 June 2017, GASB Statement No. 87, *Leases* was issued. On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: For reporting periods beginning after December 15, 2020. 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. On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. 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. On May 6, 2020, the GASB postponed the required implementation. Revised 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 May 2019, GASB Statement No. 91, *Conduit Debt Obligations* was issued. On May 6, 2020, the GASB postponed the required implementation. Revised Effective Date: The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. 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) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2020 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)**

Fiscal Year	2020	2019	2018	2017	2016	2015
Measurement Date	2019	2018	2017	2016	2015	2014
University's proportion of the net pension liability	1.20076%	1.20820%	1.24662%	1.19790%	1.22000%	1.25000%
University's proportionate share of the net pension liability	\$ 90,985,217	\$143,671,061	\$ 138,542,717	\$ 86,206,077	\$ 78,448,115	\$ 71,531,017
University's covered-employee payroll	\$ 41,171,576	\$ 38,062,076	\$ 39,298,444	\$ 37,933,765	\$ 37,700,936	\$ 37,712,383
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	221%	377%	353%	227%	237%	204%
Plan fiduciary net position as a percentage of the total pension liability	64.13%	52.17%	52.95%	61.58%	63.97%	66.54%

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the University is not available prior to fiscal year 2015, the year the statement's requirements became effective.

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS
EDUCATIONAL RETIREMENT BOARD (ERB) PENSION PLAN
FOR THE YEARS ENDED JUNE 30, 2020 - 2015
LAST 10 FISCAL YEARS* (UNAUDITED)**

	June 30,					
	2020	2019	2018	2017	2016	2015
Statutory required contributions	\$ 5,039,886	\$ 4,819,250	\$ 4,631,284	\$ 4,867,710	\$ 4,760,776	\$ 4,785,777
Contribution in relation to the statutorily required contributions	<u>\$ 5,039,886</u>	<u>\$ 4,819,250</u>	<u>\$ 4,631,284</u>	<u>\$ 4,867,710</u>	<u>\$ 4,760,776</u>	<u>\$ 4,785,777</u>
Annual contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* Governmental Accounting Standards Board Statement No. 68 requires ten years of historical information be presented; however, until a full 10-year trend is compiled, the statement only requires presentation of information for those years that information is available. Complete information for the University is not available prior to fiscal year 2015, the year the statement's requirements became effective.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
RETIREE HEALTH CARE ACT (RHCA) OPEB PLAN
FOR THE YEARS ENDED JUNE 30, 2020 - 2018
LAST 10 FISCAL YEARS* (UNAUDITED)

	Fiscal Year Measurement Date	2020 2019	2019 2018	2018 2017
University's proportion of the net OPEB liability		0.86313%	0.97388%	0.95604%
University's proportionate share of the net OPEB liability		\$ 27,986,030	\$ 42,347,758	\$ 43,324,606
University's covered-employee payroll		\$ 36,017,799	\$ 41,785,459	\$ 39,825,255
University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll		77.70%	101.35%	108.79%
RHCA Plan fiduciary net position as a percentage of the total pension liability		18.92%	13.14%	11.34%

*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 available years. Complete information for the University is not available prior to fiscal year 2018, the year the statement's requirements became effective.

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF CONTRIBUTIONS
RETIREE HEALTH CARE ACT (RHCA) OPEB PLAN
FOR THE YEARS ENDED JUNE 30, 2020 - 2018
LAST 10 FISCAL YEARS* (UNAUDITED)**

	June 30,		
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 764,011	\$ 1,521,851	\$ 3,035,876
Contributions in relation to the contractually required contribution	<u>\$ 764,011</u>	<u>\$ 1,503,269</u>	<u>\$ 1,523,671</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 18,582</u>	<u>\$ 1,512,205</u>
Employer's covered-employee payroll	\$ 36,017,799	\$ 41,785,459	\$ 39,825,255
Contributions as a percentage of covered-employee payroll	2.12%	3.60%	3.83%

*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 available years. Complete information for the University is not available prior to fiscal year 2018, the year the statement's requirements became effective.

EASTERN NEW MEXICO UNIVERSITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
JUNE 30, 2020

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, 2019.

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 that were reflected in the actuarial valuation as of June 30, 2019.

Changes in assumptions and methods. In the June 30, 2019 actuarial valuation, changes in assumptions and differences between expected and actual experience include adjustments resulting from an increase in the discount rate from 4.08% to 4.16%, decrease in expected participation rates for future retirees from 75% to 60%, and a decrease in the spousal coverage rate for future male retirees from 55% to 35%.

SUPPLEMENTARY INFORMATION

**EASTERN NEW MEXICO UNIVERSITY
COMBINING STATEMENT OF NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
JUNE 30, 2020**

	Component Units			Total
	ENMU Portales Foundation	ENMU Roswell Foundation	ENMU Ruidoso Foundation	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 171,675	\$ 37,999	\$ 186,904	\$ 396,578
Receivables other, net	13,500	-	4,378	17,878
Prepaid expenses	5,500	558	-	6,058
Total current assets	<u>190,675</u>	<u>38,557</u>	<u>191,282</u>	<u>420,514</u>
Non-current Assets				
Investments	22,120,743	12,154,531	232,230	34,507,504
Capital assets, net	148,456	-	-	148,456
Total non-current assets	<u>22,269,199</u>	<u>12,154,531</u>	<u>232,230</u>	<u>34,655,960</u>
Total assets	<u>22,459,874</u>	<u>12,193,088</u>	<u>423,512</u>	<u>35,076,474</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	40,635	22,370	19,947	82,952
Gift annuities payable	256,891	-	-	256,891
Total current liabilities	<u>297,526</u>	<u>22,370</u>	<u>19,947</u>	<u>339,843</u>
Total liabilities	<u>297,526</u>	<u>22,370</u>	<u>19,947</u>	<u>339,843</u>
NET POSITION				
Net investment in capital assets	148,456	-	-	148,456
Restricted				
Non-expendable endowments	10,116,494	1,989,928	212,144	12,318,566
Expendable				
Scholarships and fellowship	10,999,396	4,986,215	87,489	16,073,100
Unrestricted	898,002	5,194,575	103,932	6,196,509
Total net position	<u>\$ 22,162,348</u>	<u>\$ 12,170,718</u>	<u>\$ 403,565</u>	<u>\$ 34,736,631</u>

EASTERN NEW MEXICO UNIVERSITY
COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -
DISCRETELY PRESENTED COMPONENT UNITS
FOR THE YEAR ENDED JUNE 30, 2020

	Component Units			Total
	ENMU Portales Foundation	ENMU Roswell Foundation	ENMU Ruidoso Foundation	
OPERATING REVENUES				
Private gifts, grants, and contracts	\$ 160,840	\$ 588,622	\$ 16,419	\$ 765,881
Total operating revenues	<u>160,840</u>	<u>588,622</u>	<u>16,419</u>	<u>765,881</u>
OPERATING EXPENSES				
Education and general				
Institutional support	512,345	54,250	47,000	613,595
Expended for scholarships	496,726	145,383	19,809	661,918
Other	257,050	91,554	19,885	368,489
Total operating expenses	<u>1,266,121</u>	<u>291,187</u>	<u>86,694</u>	<u>1,644,002</u>
Operating income (loss)	<u>(1,105,281)</u>	<u>297,435</u>	<u>(70,275)</u>	<u>(878,121)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	880,033	518,434	179	1,398,646
Private gifts, grants and contracts	1,489,059	90,379	54,765	1,634,203
Total non-operating revenues	<u>2,369,092</u>	<u>608,813</u>	<u>54,944</u>	<u>3,032,849</u>
Change in net position	1,263,811	906,248	(15,331)	2,154,728
NET POSITION				
Net position, beginning of year	20,898,537	11,264,470	418,896	32,581,903
Net position, end of year	<u>\$ 22,162,348</u>	<u>\$ 12,170,718</u>	<u>\$ 403,565</u>	<u>\$ 34,736,631</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED AND RESTRICTED - ALL OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2020

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 19,606,480	\$ 25,439,893	\$ 25,439,893	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	34,073,700	34,073,600	34,073,600	-
Federal revenue sources	33,960,041	33,960,041	27,616,238	(6,343,803)
Tuition and fees	24,496,750	24,256,000	20,410,480	(3,845,520)
Tax levies	-	-	-	-
Land and permanent fund	750,000	775,000	1,011,671	236,671
Endowments and private gifts	2,756,000	2,756,000	2,492,029	(263,971)
Other	15,092,509	16,141,359	18,626,457	2,485,098
Total unrestricted and restricted revenues	<u>111,129,000</u>	<u>111,962,000</u>	<u>104,230,475</u>	<u>(7,731,525)</u>
Unrestricted and Restricted Expenses				
Instruction	25,602,000	26,000,000	23,183,212	2,816,788
Academic support	5,410,000	5,450,000	4,193,158	1,256,842
Student services	4,579,000	4,700,000	3,932,781	767,219
Institutional support	9,074,000	9,274,000	8,384,853	889,147
Operation and maintenance of plant	6,179,000	6,185,000	5,089,667	1,095,333
Student social and cultural activities	950,000	1,100,000	836,366	263,634
Research	1,212,000	1,225,000	595,311	629,689
Public service	6,551,000	6,650,000	4,403,081	2,246,919
Internal service	293,000	400,000	24,304	375,696
Student aid, grants, and stipends	32,763,000	32,763,000	29,773,121	2,989,879
Auxiliary services	4,996,000	5,300,000	4,475,300	824,700
Intercollegiate athletics	5,021,000	5,336,000	4,710,562	625,438
Capital outlay	3,600,000	6,500,000	3,616,028	2,883,972
Building renewal and replacement	1,350,000	3,000,000	1,679,054	1,320,946
Retirement of indebtedness	3,415,000	3,600,000	3,537,966	62,034
Total unrestricted and restricted expenses	<u>110,995,000</u>	<u>117,483,000</u>	<u>98,434,764</u>	<u>19,048,236</u>
Net transfers	46,000	46,000	46,000	-
Change in net position (budgetary basis)	<u>180,000</u>	<u>(5,475,000)</u>	<u>5,841,711</u>	<u>(26,779,761)</u>
Ending net position	<u>\$ 19,786,480</u>	<u>\$ 19,964,893</u>	<u>\$ 31,281,604</u>	<u>\$ (26,779,761)</u>

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED AND RESTRICTED - ALL OPERATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Roswell Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 21,338,971	\$ 22,588,655	\$ 22,588,655	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	12,358,600	12,358,600	12,143,500	(215,100)
Federal revenue sources	1,494,789	1,854,529	1,327,011	(527,518)
Tuition and fees	3,711,289	3,711,289	3,411,220	(300,069)
Tax levies	1,060,000	1,060,000	1,153,014	93,014
Land and permanent fund	-	-	-	-
Endowments and private gifts	-	-	30,623	30,623
Other	13,543,649	11,331,443	9,799,382	(1,532,061)
Total unrestricted and restricted revenues	32,168,327	30,315,861	27,864,750	(2,451,111)
Unrestricted and Restricted Expenses				
Instruction	8,590,925	9,601,883	8,454,358	1,147,525
Academic support	1,202,735	1,311,635	1,175,875	135,760
Student services	1,805,486	1,830,486	1,843,363	(12,877)
Institutional support	4,522,772	4,557,772	4,295,059	262,713
Operation and maintenance of plant	2,289,912	2,339,912	2,191,275	148,637
Student social and cultural activities	212,052	212,052	149,826	62,226
Research	-	-	-	-
Public service	2,267,896	2,780,869	2,584,499	196,370
Internal service	196,502	196,503	(177,186)	373,689
Student aid, grants, and stipends	5,920,000	5,940,000	4,779,538	1,160,462
Auxiliary services	538,155	550,000	405,765	144,235
Intercollegiate athletics	-	-	-	-
Capital outlay	9,029,378	2,500,000	1,317,688	1,182,312
Building renewal and replacement	350,000	350,000	293,450	56,550
Retirement of indebtedness	-	-	-	-
Total unrestricted and restricted expenses	36,925,813	32,171,112	27,313,510	4,857,602
Net transfers	-	-	-	-
Change in net position (budgetary basis)	(4,757,486)	(1,855,251)	551,240	(7,308,713)
Ending net position	\$ 16,581,485	\$ 20,733,404	\$ 23,139,895	\$ (7,308,713)

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED AND RESTRICTED - ALL OPERATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 4,067,021	\$ 4,828,095	\$ 4,828,095	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	2,106,400	2,116,400	2,125,302	8,902
Federal revenue sources	2,694,900	3,994,900	2,608,006	(1,386,894)
Tuition and fees	499,400	528,400	533,621	5,221
Tax levies	1,250,000	1,250,000	1,365,267	115,267
Land and permanent fund	-	-	-	-
Endowments and private gifts	135,000	135,000	22,628	(112,372)
Other	983,800	2,237,520	2,061,389	(176,131)
Total unrestricted and restricted revenues	<u>7,669,500</u>	<u>10,262,220</u>	<u>8,716,213</u>	<u>(1,546,007)</u>
Unrestricted and Restricted Expenses				
Instruction	2,303,100	2,303,100	1,455,112	847,988
Academic support	360,900	360,900	238,673	122,227
Student services	421,300	482,000	336,662	145,338
Institutional support	1,640,000	1,640,000	1,382,269	257,731
Operation and maintenance of plant	230,500	240,000	194,328	45,672
Student social and cultural activities	-	-	-	-
Research	-	-	-	-
Public service	1,236,678	2,600,000	1,795,865	804,135
Internal service	(3,450)	-	(36,058)	36,058
Student aid, grants, and stipends	954,000	975,000	904,355	70,645
Auxiliary services	-	-	-	-
Intercollegiate athletics	-	-	-	-
Capital outlay	3,060,000	4,500,000	3,880,101	619,899
Building renewal and replacement	-	50,000	-	50,000
Retirement of indebtedness	-	-	-	-
Total unrestricted and restricted expenses	<u>10,203,028</u>	<u>13,151,000</u>	<u>10,151,307</u>	<u>2,999,693</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	<u>(2,533,528)</u>	<u>(2,888,780)</u>	<u>(1,435,094)</u>	<u>(4,545,700)</u>
Ending net position	<u>\$ 1,533,493</u>	<u>\$ 1,939,315</u>	<u>\$ 3,393,001</u>	<u>\$ (4,545,700)</u>

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED AND RESTRICTED - ALL OPERATIONS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Total University			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted and restricted- all operations beginning net position	\$ 45,012,472	\$ 52,856,643	\$ 52,856,643	\$ -
Unrestricted and Restricted Revenues				
State general fund appropriations	48,538,700	48,548,600	48,342,402	(206,198)
Federal revenue sources	38,149,730	39,809,470	31,551,255	(8,258,215)
Tuition and fees	28,707,439	28,495,689	24,355,321	(4,140,368)
Tax levies	2,310,000	2,310,000	2,518,281	208,281
Land and permanent fund	750,000	775,000	1,011,671	236,671
Endowments and private gifts	2,891,000	2,891,000	2,545,280	(345,720)
Other	29,619,958	29,710,322	30,487,228	776,906
Total unrestricted and restricted revenues	<u>150,966,827</u>	<u>152,540,081</u>	<u>140,811,438</u>	<u>(11,728,643)</u>
Unrestricted and Restricted Expenses				
Instruction	36,496,025	37,904,983	33,092,682	4,812,301
Academic support	6,973,635	7,122,535	5,607,706	1,514,829
Student services	6,805,786	7,012,486	6,112,806	899,680
Institutional support	15,236,772	15,471,772	14,062,181	1,409,591
Operation and maintenance of plant	8,699,412	8,764,912	7,475,270	1,289,642
Student social and cultural activities	1,162,052	1,312,052	986,192	325,860
Research	1,212,000	1,225,000	595,311	629,689
Public service	10,055,574	12,030,869	8,783,445	3,247,424
Internal service	486,052	596,503	(188,940)	785,443
Student aid, grants, and stipends	39,637,000	39,678,000	35,457,014	4,220,986
Auxiliary services	5,534,155	5,850,000	4,881,065	968,935
Intercollegiate athletics	5,021,000	5,336,000	4,710,562	625,438
Capital outlay	15,689,378	13,500,000	8,813,817	4,686,183
Building renewal and replacement	1,700,000	3,400,000	1,972,504	1,427,496
Retirement of indebtedness	3,415,000	3,600,000	3,537,966	62,034
Total unrestricted and restricted expenses	<u>158,123,841</u>	<u>162,805,112</u>	<u>135,899,581</u>	<u>26,905,531</u>
Net transfers	46,000	46,000	46,000	-
Change in net position (budgetary basis)	<u>(7,111,014)</u>	<u>(10,219,031)</u>	<u>4,957,857</u>	<u>(38,634,174)</u>
Ending net position	<u>\$ 37,901,458</u>	<u>\$ 42,637,612</u>	<u>\$ 57,814,500</u>	<u>\$ (38,634,174)</u>

See Accompanying Notes.

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, 2020

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

Change in net position (budgetary basis)	\$ 4,957,857
Endowment fund items	548,946
Depreciation expense	(9,122,754)
Gain/Loss on sale of assets	(270,884)
Capital outlay expenditures	6,497,345
Loan funds	15,602
Bond payments	23,864,107
Bond proceeds	(22,445,000)
Other (includes pension and OPEB expense adjustment)	<u>37,465,378</u>
Change in net position (GAAP basis)	<u><u>\$ 41,510,597</u></u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED - INSTRUCTION AND GENERAL
FOR THE YEAR ENDED JUNE 30, 2020

	Portales Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 1,340,766	\$ 2,012,524	\$ 2,012,524	\$ -
Unrestricted Revenues				
Tuition	15,915,000	15,735,332	15,650,010	(85,322)
Miscellaneous fees	5,135,600	5,134,108	1,374,929	(3,759,179)
Federal government appropriations	-	-	-	-
State government appropriations	30,143,000	30,142,900	30,142,900	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	75,000	75,000	71,628	(3,372)
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	750,000	775,000	1,011,671	236,671
Private gifts	-	-	-	-
Sales and services	75,000	55,000	55,625	625
Other	196,400	198,660	262,486	63,826
Total unrestricted revenues	<u>52,290,000</u>	<u>52,116,000</u>	<u>48,569,249</u>	<u>(3,546,751)</u>
Unrestricted Expenses				
Instruction	24,602,000	25,000,000	22,969,767	2,030,233
Academic support	3,910,000	3,950,000	3,667,803	282,197
Student services	3,679,000	3,800,000	3,445,890	354,110
Institutional support	7,574,000	7,774,000	7,394,416	379,584
Operation and maintenance of plant	6,079,000	6,085,000	5,063,267	1,021,733
Total unrestricted expenses	<u>45,844,000</u>	<u>46,609,000</u>	<u>42,541,143</u>	<u>4,067,857</u>
Net transfers	(5,823,000)	(5,823,000)	(5,823,000)	-
Change in net position (budgetary basis)	<u>623,000</u>	<u>(316,000)</u>	<u>205,106</u>	<u>521,106</u>
Ending net position	<u>\$ 1,963,766</u>	<u>\$ 1,696,524</u>	<u>\$ 2,217,630</u>	<u>\$ 521,106</u>

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Roswell Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 1,047,616	\$ 1,468,995	\$ 1,468,995	\$ -
Unrestricted Revenues				
Tuition	2,919,164	2,919,164	2,376,446	(542,718)
Miscellaneous fees	792,125	792,125	1,034,773	242,648
Federal government appropriations	-	-	-	-
State government appropriations	12,358,600	12,358,600	12,143,500	(215,100)
Local government appropriations	-	-	-	-
Federal government contracts/grants	-	-	-	-
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	1,060,000	1,060,000	1,153,014	93,014
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	30,000	30,000
Sales and services	-	-	-	-
Other	193,250	218,250	546,231	327,981
Total unrestricted revenues	<u>17,323,139</u>	<u>17,348,139</u>	<u>17,283,964</u>	<u>(64,175)</u>
Unrestricted Expenses				
Instruction	6,752,260	7,359,995	6,723,978	636,017
Academic support	1,202,735	1,311,635	1,175,875	135,760
Student services	1,805,486	1,830,486	1,843,363	(12,877)
Institutional support	4,522,772	4,557,772	4,295,059	262,713
Operation and maintenance of plant	2,289,912	2,339,913	2,191,275	148,638
Total unrestricted expenses	<u>16,573,165</u>	<u>17,399,801</u>	<u>16,229,550</u>	<u>1,170,251</u>
Net transfers	(225,562)	(225,562)	(225,562)	-
Change in net position (budgetary basis)	<u>524,412</u>	<u>(277,224)</u>	<u>828,852</u>	<u>1,106,076</u>
Ending net position	<u>\$ 1,572,028</u>	<u>\$ 1,191,771</u>	<u>\$ 2,297,847</u>	<u>\$ 1,106,076</u>

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Ruidoso Campus			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 207,966	\$ 871,818	\$ 871,818	\$ -
Unrestricted Revenues				
Tuition	361,000	390,947	378,881	(12,066)
Miscellaneous fees	99,000	99,053	107,780	8,727
Federal government appropriations	-	-	-	-
State government appropriations	2,106,400	2,106,400	2,106,400	-
Local government appropriations	-	-	-	-
Federal government contracts/grants	-	-	-	-
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	1,250,000	1,250,000	1,365,267	115,267
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Sales and services	-	-	-	-
Other	59,700	80,700	134,836	54,136
Total unrestricted revenues	<u>3,876,100</u>	<u>3,927,100</u>	<u>4,093,164</u>	<u>166,064</u>
Unrestricted Expenses				
Instruction	1,358,100	1,358,100	1,198,905	159,195
Academic support	310,900	310,900	227,656	83,244
Student services	391,300	452,000	334,918	117,082
Institutional support	1,540,000	1,540,000	1,373,968	166,032
Operation and maintenance of plant	225,500	235,000	193,121	41,879
Total unrestricted expenses	<u>3,825,800</u>	<u>3,896,000</u>	<u>3,328,568</u>	<u>567,432</u>
Net transfers	(81,000)	(581,000)	(581,000)	-
Change in net position (budgetary basis)	<u>(30,700)</u>	<u>(549,900)</u>	<u>183,596</u>	<u>733,496</u>
Ending net position	<u>\$ 177,266</u>	<u>\$ 321,918</u>	<u>\$ 1,055,414</u>	<u>\$ 733,496</u>

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
UNRESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

	Total University			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Unrestricted- instruction and general beginning net position	\$ 2,596,348	\$ 4,353,337	\$ 4,353,337	\$ -
Unrestricted Revenues				
Tuition	19,195,164	19,045,443	18,405,337	(640,106)
Miscellaneous fees	6,026,725	6,025,286	2,517,482	(3,507,804)
Federal government appropriations	-	-	-	-
State government appropriations	44,608,000	44,607,900	44,392,800	(215,100)
Local government appropriations	-	-	-	-
Federal government contracts/grants	75,000	75,000	71,628	(3,372)
State government contracts/grants	-	-	-	-
Local government contracts/grants	-	-	-	-
Tax levies	2,310,000	2,310,000	2,518,281	208,281
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	750,000	775,000	1,011,671	236,671
Private gifts	-	-	30,000	30,000
Sales and services	75,000	55,000	55,625	625
Other	449,350	497,610	943,553	445,943
Total unrestricted revenues	<u>73,489,239</u>	<u>73,391,239</u>	<u>69,946,377</u>	<u>(3,444,862)</u>
Unrestricted Expenses				
Instruction	32,712,360	33,718,095	30,892,650	2,825,445
Academic support	5,423,635	5,572,535	5,071,334	501,201
Student services	5,875,786	6,082,486	5,624,171	458,315
Institutional support	13,636,772	13,871,772	13,063,443	808,329
Operation and maintenance of plant	8,594,412	8,659,913	7,447,663	1,212,250
Total unrestricted expenses	<u>66,242,965</u>	<u>67,904,801</u>	<u>62,099,261</u>	<u>5,805,540</u>
Net transfers	(6,129,562)	(6,629,562)	(6,629,562)	-
Change in net position (budgetary basis)	<u>1,116,712</u>	<u>(1,143,124)</u>	<u>1,217,554</u>	<u>2,360,678</u>
Ending net position	<u>\$ 3,713,060</u>	<u>\$ 3,210,213</u>	<u>\$ 5,570,891</u>	<u>\$ 2,360,678</u>

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
RESTRICTED - INSTRUCTION AND GENERAL
JUNE 30, 2020

	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	1,920,909	(2,479,091)
State government contracts/grants	300,000	300,000	155,961	(144,039)
Local government contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	300,000	300,000	165,658	(134,342)
Sales and services	-	-	-	-
Other	-	-	-	-
Total restricted revenues	<u>5,000,000</u>	<u>5,000,000</u>	<u>2,242,528</u>	<u>(2,757,472)</u>
Restricted Expenses				
Instruction	1,000,000	1,000,000	213,445	786,555
Academic support	1,500,000	1,500,000	525,355	974,645
Student services	900,000	900,000	486,891	413,109
Institutional support	1,500,000	1,500,000	990,437	509,563
Operation and maintenance of plant	100,000	100,000	26,400	73,600
Total restricted expenses	<u>5,000,000</u>	<u>5,000,000</u>	<u>2,242,528</u>	<u>2,757,472</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
RESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
JUNE 30, 2020

	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	1,494,789	1,854,529	1,327,011	(527,518)
State government contracts/grants	343,876	387,359	402,746	15,387
Local government contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	623	623
Sales and services	-	-	-	-
Other	-	-	-	-
Total restricted revenues	<u>1,838,665</u>	<u>2,241,888</u>	<u>1,730,380</u>	<u>(511,508)</u>
Restricted Expenses				
Instruction	1,838,665	2,241,888	1,730,380	511,508
Academic support	-	-	-	-
Student services	-	-	-	-
Institutional support	-	-	-	-
Operation and maintenance of plant	-	-	-	-
Total restricted expenses	<u>1,838,665</u>	<u>2,241,888</u>	<u>1,730,380</u>	<u>511,508</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
RESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
JUNE 30, 2020

	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	900,000	900,000	266,300	(633,700)
State government contracts/grants	130,000	130,000	11,905	(118,095)
Local government contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	100,000	100,000	271	(99,729)
Sales and services	-	-	-	-
Other	-	-	-	-
Total restricted revenues	<u>1,130,000</u>	<u>1,130,000</u>	<u>278,476</u>	<u>(851,524)</u>
Restricted Expenses				
Instruction	945,000	945,000	256,207	688,793
Academic support	50,000	50,000	11,017	38,983
Student services	30,000	30,000	1,744	28,256
Institutional support	100,000	100,000	8,301	91,699
Operation and maintenance of plant	5,000	5,000	1,207	3,793
Total restricted expenses	<u>1,130,000</u>	<u>1,130,000</u>	<u>278,476</u>	<u>851,524</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF BUDGETED AND ACTUAL REVENUES AND EXPENSES
RESTRICTED - INSTRUCTION AND GENERAL (CONTINUED)
JUNE 30, 2020

	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	6,794,789	7,154,529	3,514,220	(3,640,309)
State government contracts/grants	773,876	817,359	570,612	(246,747)
Local government contracts/grants	-	-	-	-
Tax levies	-	-	-	-
Private contracts/grants	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	400,000	400,000	166,552	(233,448)
Sales and services	-	-	-	-
Other	-	-	-	-
Total restricted revenues	<u>7,968,665</u>	<u>8,371,888</u>	<u>4,251,384</u>	<u>(4,120,504)</u>
Restricted Expenses				
Instruction	3,783,665	4,186,888	2,200,032	1,986,856
Academic support	1,550,000	1,550,000	536,372	1,013,628
Student services	930,000	930,000	488,635	441,365
Institutional support	1,600,000	1,600,000	998,738	601,262
Operation and maintenance of plant	105,000	105,000	27,607	77,393
Total restricted expenses	<u>7,968,665</u>	<u>8,371,888</u>	<u>4,251,384</u>	<u>4,120,504</u>
Net transfers	-	-	-	-
Change in net position (budgetary basis)	-	-	-	-
Ending net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes.

**EASTERN NEW MEXICO UNIVERSITY
NOTES TO THE SCHEDULES OF BUDGETED
AND ACTUAL REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1. BASIS OF PRESENTATION

The Schedules of Budgeted and Actual Revenue and Expenses (the "Schedule"), for the year ended June 30, 2020, 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 DEPOSITS AND INVESTMENT ACCOUNTS - UNIVERSITY
JUNE 30, 2020

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	\$ -	\$ -	\$ -	\$ -	7,912,490	\$ -	\$ -	\$ -	\$ -	7,912,490
Payroll - Portales	Checking- interest bearing	-	-	907,069	-	-	-	-	-	-	907,069
Bond Sinking - Portales	Checking- noninterest bearing	-	-	-	-	1,708,090	-	-	-	-	1,708,090
Wire Clearing ENMU - Portales	Checking- noninterest bearing	-	-	-	-	100	-	-	-	-	100
Operational - Ruidoso	Checking- interest bearing	-	2,180,837	-	-	-	-	-	-	-	2,180,837
Payroll - Roswell	Checking- interest bearing	-	-	-	(122)	-	-	-	-	-	(122)
Title IV - Roswell	Checking- noninterest bearing	19,998	-	-	-	-	-	-	-	-	19,998
Operating - Roswell	Checking- noninterest bearing	6,939,423	-	-	1,373,195	-	-	-	-	-	8,312,618
Title IV - Ruidoso	Checking- noninterest bearing	-	180,000	-	-	-	-	-	-	-	180,000
Sweep - Roswell	Repurchase agreement	-	-	-	6,061,461	-	-	-	-	-	6,061,461
ENMU - Ruidoso	Certificate of deposit	-	27,966	-	-	-	-	-	-	-	27,966
ENMU - Roswell	Certificate of deposit	-	-	-	-	-	-	5,794,668	-	-	5,794,668
ENMU - Roswell	Certificate of deposit	-	-	-	164,822	-	-	-	-	-	164,822
ENMU - Roswell	Certificate of deposit	-	-	-	90,000	-	-	-	-	-	90,000
ENMU - Roswell	Certificate of deposit	-	-	108,120	-	-	-	-	-	-	108,120
ENMU - Roswell	Certificate of deposit	-	-	-	-	-	407,860	-	-	-	407,860
ENMU - Roswell	Certificate of deposit	-	-	-	-	-	-	313,261	-	-	313,261
ENMU - Roswell	Certificate of deposit	-	-	-	10,759	-	-	-	-	-	10,759
ENMU - Roswell	Certificate of deposit	-	-	-	10,325	-	-	-	-	-	10,325
NMFA Reserve Account- Portales	Mutual funds	-	-	-	-	-	-	-	430,425	-	430,425
ENMU - Portales	LGIP	-	-	-	-	-	-	-	-	31,927,272	31,927,272
ENMU - Roswell	LGIP	-	-	-	-	-	-	-	-	2,918,156	2,918,156
SIC Endowment Institution	Trust	-	-	-	-	-	-	-	-	15,704,142	15,704,142
Total amount of deposit in bank		<u>6,959,421</u>	<u>2,388,803</u>	<u>1,015,189</u>	<u>7,710,440</u>	<u>9,620,680</u>	<u>407,860</u>	<u>6,107,929</u>	<u>430,425</u>	<u>50,549,570</u>	<u>85,190,317</u>
Outstanding items		3,909	29	-	-	5,575	-	-	-	-	9,513
Deposits in transit		(41,335)	(9,386)	(20,741)	(74,908)	(515,122)	-	-	-	-	(661,492)
Book balance		<u>\$ 6,921,995</u>	<u>\$ 2,379,446</u>	<u>\$ 994,448</u>	<u>\$ 7,635,532</u>	<u>\$ 9,111,133</u>	<u>\$ 407,860</u>	<u>\$ 6,107,929</u>	<u>\$ 430,425</u>	<u>\$ 50,549,570</u>	<u>84,538,338</u>
Plus: petty cash											20,590
Less: investments											(50,549,570)
Less: restricted cash and cash equivalents											(906,383)
Less: restricted investments											(266,246)
Cash and cash equivalents											<u>\$ 32,836,729</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF DEPOSIT AND INVESTMENT ACCOUNTS - COMPONENT UNITS
JUNE 30, 2020

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	\$ 53,870	\$ 53,720
Edward Jones	Money Market	117,957	117,957
		<u>\$ 171,827</u>	<u>\$ 171,677</u>
Investment accounts			
Edward Jones	Mutual funds - cash and equivalents	\$ 1,269,721	\$ 1,269,721
Edward Jones	Mutual funds - US equities	16,855,963	16,855,963
Edward Jones	Mutual funds - Non-US equities	3,722,260	3,722,260
Edward Jones	Mutual funds - US bonds	184,694	184,694
Edward Jones	Mutual funds - Non-US bonds	88,104	88,104
		<u>\$ 22,120,742</u>	<u>\$ 22,120,742</u>
ENMU - Roswell Foundation			
Deposit accounts			
Pioneer Bank	Checking- interest bearing	\$ 38,091	\$ 37,999
Investment accounts			
Wells Fargo Advisors	Money Market	\$ 43,798	\$ 43,798
Wells Fargo Advisors	Stock, options & ETFs	1,091,421	1,091,421
Wells Fargo Advisors	Fixed income securities	1,499,251	1,499,251
Bank of America	Money Market	685,310	685,310
Bank of America	Stock	4,725,783	4,725,783
Bank of America	Fixed income securities	2,820,663	2,820,663
Edward Jones	Money Market	65	65
Edward Jones	Certificate of deposit	528,061	528,061
Edward Jones	Mutual funds - US bonds	119,918	119,918
Pioneer Bank	Certificate of deposit	14,663	14,663
		<u>\$ 11,528,933</u>	<u>\$ 11,528,933</u>
ENMU - Ruidoso Foundation			
Deposit accounts			
Compass Bank	Checking- noninterest bearing	\$ 186,903	\$ 186,903
Investment accounts			
Lincoln County Community Foundation	Endowment funds	\$ 232,230	\$ 232,230

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF COLLATERAL PLEDGED BY DEPOSITORY FOR PUBLIC FUNDS
JUNE 30, 2020

Name of Depository	Description	Maturity	CUSIP/Commitment/ LOC Number	Fair Market Value	Name and Location of Safe Keeper
Compass Bank	FHLB Atlanta	11/17/2020	154131	\$ 2,500,000	Federal Home Loan Bank, Atlanta, GA
James P Stone Community Bank	Belmont Bank & Trust Co CD	1/30/2023	08016PDF3	261,131	Texas Independent Bank, Dallas, TX
James P Stone Community Bank	Morgan Stanley bank CD	5/16/2024	61690UFR6	265,881	Texas Independent Bank, Dallas, TX
James P Stone Community Bank	Marlin Business Bk CD	6/13/2022	57166APE2	<u>253,553</u>	Texas Independent Bank, Dallas, TX
				<u>780,565</u>	
Pioneer Bank - checking	FLHB	12/9/2022	3130A3KM5	<u>2,631,600</u>	Federal Home Loan Bank, Irving, TX
Pioneer Bank - sweep	FNMA	12/1/2031	3140X5JS3	2,270,389	Federal Home Loan Bank, Irving, TX
Pioneer Bank - sweep	FNMA	5/1/2030	3140X4TX4	<u>3,972,982</u>	Federal Home Loan Bank, Irving, TX
				<u>6,243,371</u>	
U.S. Bank	Letter-of-Credit with FHLB Dallas	8/1/2019	527699	7,000,000	Federal Home Loan Bank, Dallas, TX
Bank of America	Letter-of-Credit with FHLB Atlanta	11/21/2022	MM001GSZW	<u>8,000,000</u>	Federal Home Loan Bank, Atlanta, GA
Total pledged collateral				<u>\$ 27,155,536</u>	

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF JOINT POWERS AGREEMENTS
JUNE 30, 2020**

Participants	Responsible Party	Description	Begin Date	End Date	Total Estimated Amount of the Project and Portion Applicable to the University	Amount Contributed in Fiscal Year	Audit Responsibility	Name of Govt. Agency Report Rev. & Exp.	Fiscal Agent
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	7/3/2002	Indefinitely	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	Fees of \$15,669	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	Construction Project Amount: \$15.5M University Portion: \$14.5M	Operations: \$9,000 Ground Lease: \$1	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	*	Eastern New Mexico University	Eastern New Mexico University	Eastern New Mexico University

* There is no specific amount estimated since the agreement describes an ongoing relationship.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF CAPITAL OUTLAY APPROPRIATIONS
JUNE 30, 2020

Project #	Campus	Description	Source of Funding	Original Appropriation	Appropriation Period	Expenditures to Date	Outstanding Encumbrances	Unencumbered Balances
A5112	Portales	Library Acquisitions HED	GOB 17	\$ 123,768	8/1/2017 - 6/30/2020	\$ 123,768	\$ -	\$ -
C5076	Portales	Library Acquisitions HED	GOB 19	177,536	8/15/2019 - 6/30/2020	-	-	177,536
C5081	Portales	Roosevelt Hall--Bonds to sell in July 2019	GOB 19	8,000,000	7/30/2019 - 6/30/2023	80,000	-	7,920,000
E2856	Portales	KENW Cameras Prchs Equipment	STB20SA	172,000	6/29/2020 - 6/30/2024	-	-	172,000
				<u>8,473,304</u>		<u>203,768</u>	<u>-</u>	<u>8,269,536</u>
A5112	Ruidoso	Library acquisitions -	GOB 17	4,919	8/07/2017 - 6/30/2020	4,919	-	-
A5115	Ruidoso	ENMU Ruidoso Classrooms	GOB17 SB16-122	700,000	8/1/2017 - 6/30/2021	674,277	25,723	-
C5076	Ruidoso	Library acquisitions -	GOB19	7,217	8/15/2019 - 6/30/2023	-	-	7,217
C5080	Ruidoso	ENMU-Ruidoso Campus Infra Improvements	GOB19	500,000	7/30/2019 - 6/30/2023	500,000	-	-
D4050	Ruidoso	ENMU Ruidoso Trades Program--Reauthorized	STB15	156,705	8/12/2015 - 6/30/2019	156,705	-	-
E2853	Ruidoso	ENMU-Ruidoso Drainage & Retaining Wall Improvements	STB 20SA	175,000	6/29/2020 - 6/30/2024	-	-	175,000
				<u>1,543,841</u>		<u>1,335,901</u>	<u>25,723</u>	<u>182,217</u>
A5114	Roswell	Classroom renovation and Campus Infrastructure	GOB 17	1,000,000	8/01/2017 - 6/30/2021	1,000,000	-	-
C5079	Roswell	Auto Welding Building Renovation	GOB 19	3,000,000	7/30/2019 - 6/30/2023	-	-	3,000,000
				<u>4,000,000</u>		<u>1,000,000</u>	<u>-</u>	<u>3,000,000</u>
				<u>\$ 14,017,145</u>		<u>\$ 2,539,669</u>	<u>\$ 25,723</u>	<u>\$ 11,451,753</u>

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Campus	Federal Grantor/Pass Through Grantor/ Federal Program Name / Cluster Title	Federal CFDA	Pass-through Entity Identifier	Amount Passed Through to Subrecipients	Amount
US Department of Agriculture					
Direct Awards					
Portales	Higher Education - Institution Challenge Grants Program	10.217	N/A	\$ -	\$ 19,557
Pass-Through Awards from NM Children Youth and Families Department					
Portales	Child and Adult Care Food Program	10.558	0191	-	7,095
Roswell	Summer Food Service Program for Children	10.559	3122	-	-
Total US Department of Agriculture				<u>-</u>	<u>26,652</u>
US Department of Defense					
Direct Awards					
Ruidoso	Information Security Grants	12.902	N/A	-	29,738
Total US Department of Interior				<u>-</u>	<u>29,738</u>
US Department of the Interior					
Direct Awards					
Portales	Watershed Protection and Flood Prevention	15.904	N/A	-	5,912
Portales	Cultural and Paleontological	15.224	N/A	-	2,355
Portales	National Fish and Wildlife Conservation Partnership	15.663	N/A	-	23,067
Pass-Through Awards from NM Game and Fish					
Portales	State Wildlife Grants	15.634	51600-0000069269	-	31,747
Total US Department of Interior				<u>-</u>	<u>63,081</u>
US Department of Labor					
Pass-Through Awards from Eastern Area Workforce Development Board					
<i>WIA / WIOA Cluster</i>					
Ruidoso	WIOA Adult Program	17.258	OSC17/18-ENMU-RU	-	624,143
Ruidoso	WIOA Youth Activities	17.259	OSC19/20-ENMU-RU	-	563,246
Ruidoso	WIA Dislocated Workers	17.278	OSC17/18-ENMU-RU	-	245,157
<i>Total WIA / WIOA Cluster</i>				<u>-</u>	<u>1,432,546</u>
Total US Department of Labor				<u>-</u>	<u>1,432,546</u>
US Department of Transportation					
Pass-Through Awards from NM Department of Transportation					
Portales	National Priority Safety Programs	20.616	19-PT-RF-112	-	1,720
Portales	National Priority Safety Programs	20.616	20-PT-RF-112	-	321
Total US Department of Transportation				<u>-</u>	<u>2,041</u>
<i>Research and Development Cluster</i>					
National Science Foundation					
Direct Awards					
Ruidoso	Education and Human Resources	47.076	N/A	-	23,267
Portales	Office of Cyberinfrastructure	47.080	N/A	-	27,578
Total National Science Foundation				<u>-</u>	<u>50,845</u>
US Department of Health and Human Services					
Pass-Through Awards from NM State University					
Portales	Pharmacology, Physiology, and Bio-related Chemistry	93.859	Q02066	-	187,817
Portales	Pharmacology, Physiology, and Bio-related Chemistry	93.859	Q02154	-	48,208
Total US Department of Health and Human Services				<u>-</u>	<u>236,025</u>
<i>Total Research and Development Cluster</i>				<u>-</u>	<u>286,870</u>
US Small Business Administration					
Direct Awards					
Roswell	Small Business Development Centers	59.037	N/A	-	174,559
Total US Small Business Administration				<u>-</u>	<u>174,559</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, 2020

Campus	Federal Grantor/Pass Through Grantor/ Federal Program Name / Cluster Title	Federal CFDA	Pass-through Entity Identifier	Amount Passed Through to Subrecipients	Amount
US Department of Education					
Direct Awards					
<i>Student Financial Assistance Cluster</i>					
Portales	Federal Supplemental Educational Opportunity Grants	84.007	N/A	\$ -	\$ 334,382
Roswell	Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	119,422
Ruidoso	Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	23,884
Portales	Federal Work-Study Program	84.033	N/A	-	867,505
Roswell	Federal Work-Study Program	84.033	N/A	-	297,706
Ruidoso	Federal Work-Study Program	84.033	N/A	-	25,610
Portales	Federal Perkins Loans	84.038	N/A	-	3,389,509
Roswell	Federal Perkins Loans	84.038	N/A	-	338,274
Portales	Federal Pell Grant Program	84.063	N/A	-	6,897,646
Roswell	Federal Pell Grant Program	84.063	N/A	-	2,618,714
Ruidoso	Federal Pell Grant Program	84.063	N/A	-	570,974
Portales	Federal Direct Student Loans	84.268	N/A	-	14,739,049
Roswell	Federal Direct Student Loans	84.268	N/A	-	212,593
Ruidoso	Federal Direct Student Loans	84.268	N/A	-	85,048
Portales	Teacher Education Assistance for College and Higher Education Grants	84.379	N/A	-	24,921
<i>Total Student Financial Assistance Cluster</i>				-	<u>30,545,237</u>
<i>Higher Education Institutional Aid</i>					
Portales	Higher Education Institutional Aid - Hispanic- Serving Institutions STEM	84.031	N/A	-	368,333
Roswell	Higher Education Institutional Aid - Hispanic- Serving Institutions STEM	84.031	N/A	-	473,606
Portales	Higher Education Institutional Aid - Developing Hispanic Serving Institutions	84.031	N/A	-	565,989
Roswell	Higher Education Institutional Aid - Developing Hispanic Serving Institutions	84.031	N/A	-	471,512
Ruidoso	Higher Education Institutional Aid - Developing Hispanic Serving Institutions	84.031	N/A	-	253,217
84.031 Subtotal				-	<u>2,132,657</u>
<i>TRIO Cluster</i>					
Portales	Student Support Services	84.042	N/A	-	413,455
Roswell	Student Support Services	84.042	N/A	-	257,624
Portales	Talent Search Program	84.044	N/A	-	14,661
Roswell	Talent Search Program	84.044	N/A	-	504,235
Portales	Upward Bound	84.047	N/A	-	818,819
Roswell	Upward Bound	84.047	N/A	-	318,491
Roswell	TRIO Educational Opportunity Centers	84.066A	N/A	-	345,533
<i>Total TRIO Cluster</i>				-	<u>2,672,818</u>
<i>CARES Act</i>					
Portales	COVID-19: Education Stabilization Fund	84.425	N/A	-	1,643,370
Roswell	COVID-19: Education Stabilization Fund	84.425	N/A	-	455,195
Ruidoso	COVID-19: Education Stabilization Fund	84.425	N/A	-	79,912
<i>Total CARES Act</i>				-	<u>2,178,477</u>
Roswell	Gaining Early Awareness and Readiness for Undergraduate Programs	84.334A		-	241,041
<i>Pass-Through Awards from NM Higher Education Department</i>					
Roswell	Adult Education - Basic Grants to States	84.002	V002A180032	-	218,079
Ruidoso	Adult Education - Basic Grants to States	84.002	10559	-	82,592
84.002 Subtotal				-	<u>300,671</u>
Portales	Career and Technical Education -- Basic Grants to States	84.048	19-924-00002-A1	-	(395)
Roswell	Career and Technical Education -- Basic Grants to States	84.048	V048A170031-17A	-	11,991
Roswell	Career and Technical Education -- Basic Grants to States	84.048	V048A190031-19A	-	98,668
Portales	Career and Technical Education -- Basic Grants to States	84.048	20-924-00041	-	361,098
84.048 Subtotal				-	<u>471,362</u>
Total US Department of Education				-	<u>38,542,263</u>
US Department of Health and Human Services					
Pass-Through Awards from NM Children Youth and Families Department					
Portales	Foster Care Title IV-E	93.658	18-690-14775	-	163,155
Total US Department of Health and Human Services				-	<u>163,155</u>
US Department of Homeland Security					
Direct Awards					
		97.104		-	23,261
Total US Department of Homeland Security				-	<u>23,261</u>
Grand total all federal programs				\$ -	<u>\$ 40,744,166</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, 2020**

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 \$3,445,264 and \$3,708,781 as of June 30, 2020 and 2019, 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 \$15,036,690.

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 45.5% of salaries and wages.

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

Federal awards revenue per Statement of Revenues, Expenditures, and Changes in Net Position	
Federal grants and contract revenue	\$ 9,671,040
Federal Pell grant revenue	10,087,467
CARES grant revenue	<u>2,178,477</u>
Total federal awards revenue	21,936,984
Reconciling items	
Federal direct loans advanced to students	15,036,690
Perkins loans outstanding at end of prior year	3,727,783
Federal ACA (IDC)	88,293
Roswell non-match FWS	53,754
Title V Endowment match	(45,500)
Prior year grant adjustments	(47,838)
Federal revenue that is fee for service	<u>(6,000)</u>
Total federal expenditures	<u>\$ 40,744,166</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 Brian Colón, Esq.
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 aggregate discretely presented component units of Eastern New Mexico University (the "University") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated October 22, 2020.

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 2020-001 and 2020-002, that we consider to be significant deficiencies.

The Board of Regents
Eastern New Mexico University
and Brian Colón, Esq.
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 an instance of non-compliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as items 2020-002 and 2020-003.

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 them.

Purpose of this Report

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

Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
October 22, 2020



**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 Brian Colón, Esq.
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, 2020. 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 (CFR) 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 Brian Colón, Esq.
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, 2020.

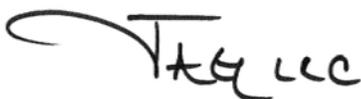
Report on Internal Control Over Compliance

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, material weaknesses may exist that have not been identified.

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



Jaramillo Accounting Group LLC (JAG)
Albuquerque, New Mexico
October 22, 2020

**EASTERN NEW MEXICO UNIVERSITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2020**

Financial Statement Findings:

2019-001	IT ACCESS - SEGREGATION OF DUTIES	RESOLVED
2019-002	RESOLUTION OF EXCEPTIONS NOTED IN INTERNAL AUDIT REPORT	RESOLVED
2019-003	COLLATERALIZATION (ROSWELL CAMPUS)	RESOLVED

Federal Award Findings:

2019-004	TRIO PROGRAM (TALENT SEARCH) INTERNAL CONTROLS OVER ELIGIBILITY AND ALLOWABLE COSTS (ROSWELL CAMPUS)	RESOLVED
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**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

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
84.031	Higher Education Institutional Aid
84.425	CARES Act – Education Stabilization Fund
17.258, 17.259, 17.278	WIA / WIOA 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, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

2020-001 SAFEGUARDING OF ASSETS

TYPE OF FINDING: Significant Deficiency

CONDITION

Security over Sports Team Inventory – Portales Campus. In July 2019, The University hired a new baseball coach. The new coach was informed by several baseball players in the summer of 2019 that certain baseball gear, equipment, and uniforms were missing from the baseball fieldhouse, dugouts, and indoor batting cage. During the fall semester of 2019, the Coach and Assistant Coaches took an inventory of baseball gear, equipment, and uniforms and then began to compare the inventory against University purchase orders. On December 12, 2019, the current men’s baseball coach filed a report with the ENMU Police Department noting that approximately \$20,900 in baseball gear, equipment, and uniforms were found to be missing. There are no video cameras or the use of University ID card swipe equipment to monitor the access in or out of the baseball fieldhouse.

Security over Petty Cash and Kindle E-Readers – Portales Campus. In July 2020, three kindles and \$120 of cash were found missing from the Blackwater Draw Museum. An ENMU police report was filed. The cash box and the kindles were kept in a cubicle style storage shelf. These items were not in a locked location.

Security over Flatbed Trailer – Ruidoso Campus. A flatbed trailer (approximate value of \$1,500) was chained to a large metal pole behind a building at the Ruidoso campus. In November 2018, the trailer was stolen, and a police report was filed with the Village of Ruidoso Police.

CRITERIA

Internal control best practices over the safeguarding of assets require a sound control environment created by management to include controls over custody and periodic monitoring.

EFFECT

University assets were misappropriated.

CAUSE

Lack of continuous monitoring and strong custody controls over certain sensitive assets that could be used for non-University related purposes or sold to unrelated third-parties.

RECOMMENDATION

Security over Sports Teams Inventory. Coaches should be held accountable for their team’s equipment and uniforms. The University should consider having sports teams keep a running inventory (description, part #, purchase date, quantity, amount, etc.) of what they have and require the related coach to periodically verify and signoff that these items are still on site. The University should continue to add and upgrade monitoring controls such as video cameras and the usage of swiping in and out systems as funding becomes available.

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-001 SAFEGUARDING OF ASSETS (CONTINUED)

Security over equipment and petty cash. The University should do an assessment of equipment and cash throughout the University to ensure these items are properly secured in locked areas. Management should consider extra security controls for items such as trailers (i.e. a trailer hitch tongue lock).

MANAGEMENT RESPONSE

Management recognizes and acknowledges that safeguarding University assets is a priority and would like it noted that all of the above incidents were self-reported, and proper notification was sent to the Office of the State Auditor and ENMU's external auditor. In terms of petty cash, the Portales campus conducts a yearly Petty Cash audit in May/June. When the audit is conducted, the report verifies where the petty cash is stored in the "Results of Cash & Change Fund Audit" report. All petty cash custodians are given a copy of ENMU policy 50-2 Cash Handling, which states "Units or departments are responsible for adequate security and control of their petty cash or change funds. The funds should be secured at all times." Once verification of the cash is completed by the business office, the custodian of the petty cash signs the report, acknowledging that policy has been received.

Corrective Action: Sports Teams Inventory: The Athletic department will keep a running inventory list of team equipment and uniforms and schedule periodic reviews of that inventory. In addition to the employee exit checklist submitted to the Human Resource Office, coaches will have an additional exit process, which will consist of an equipment and uniform inventory review prior to their departure.

Due Date of Completion: June 1, 2021

Responsible Parties: Athletic Director and Coaches

Corrective Action: Petty Cash: In addition to continuing the annual process, a memo will be sent to all petty cash custodians reminding them of policy in place and their responsibility to safeguard the funds; they will be requested to sign off on the memo to acknowledge their responsibility and return the memo to the Business Office. This process will take place in October of 2020. It will be scheduled annually mid-year starting with December of 2021.

Due Date of Completion: October 30, 2020

Responsible Parties: Petty Cash Custodians and Business Office

Corrective Action: Equipment Portales Campus: A broadcast e-mail will be sent to University employees reminding them of Policy 45-2-10-C: Each unit should "make necessary and reasonable provisions for the physical security of any System property in its custody," which requires staff to safeguard and secure University equipment and to lock up such items as laptops, Kindles, iPads, cameras, etc. when not in use.

Due Date of Completion: October 30, 2020

Responsible Parties: Employees and Business Office

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-001 SAFEGUARDING OF ASSETS (CONTINUED)

MANAGEMENT RESPONSE (CONTINUED)

Corrective Action: Equipment Ruidoso Campus: At the Ruidoso campus, outside equipment is now secured in the alley on the south side of the building behind a locked gate. Trailers are parked farther back in the alley behind other equipment, so no one can get to the trailers without removing all the vehicles first.

Due Date of Completion: Complete

Responsible Party: Ruidoso Physical Plant Manager

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-002 MONITORING OF INSTRUCTIONAL SERVICES – CDL PROGRAM (ROSWELL CAMPUS)

TYPE OF FINDING: Significant Deficiency and Non-compliance

CONDITION

During fiscal year 2020, the CDL program was offered as two 8 week courses or one 16 week course. In January 2020, multiple allegations were made related to the past practices of the CDL Program which resulted in an internal investigation. The investigation concluded that there was a lack of critical administrative oversight of the program. There was substantial evidence the proper chain of command and authority was not followed. Potential FERPA and Title IX compliance violations may have occurred. Administrative recordkeeping was insufficient to reperform the occurrence of certain required activities. As a result of the investigation, two University employees were terminated, and the 16 week course was suspended.

CRITERIA

Internal controls are not only essential to the business operations of the University but also to the academic operations of the University.

Best practices over effective academic internal control require that the University make certain it has adequate preventative, corrective, and detective controls. These controls should include but not be limited to monitoring controls to detect non-compliance with areas such as FERPA and Title IX, ensure the appropriate level of administrative record keeping and administrative oversight.

EFFECT

With respect to the CDL Program, the lack of critical administrative oversight allowed the CDL program to run ineffectively which reduced the quality and integrity of the instruction and delivery of the course to the students.

CAUSE

There are multiple causes that transpired over several years; including a lack of critical administrative oversight, the administrator, designated program director, and instructors did not follow the proper chain of command and authority, upstream complaints from students were either not followed up on or verified, and insufficient recordkeeping.

RECOMMENDATION

The University should ensure that all certificate programs have stronger feedback processes in place to ensure that students have the ability to provide timely feedback (at the end of each 8 week course) for the certificate programs and appropriate follow-up by management on the feedback received from students. The University should also put into place stronger monitoring processes to ensure that adequate oversight is in place for program instructors and administrators. Lastly, the University should complete a risk assessment of its other programs to ensure that there is the appropriate amount of oversight and monitoring of its other non-degree programs.

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-002 MONITORING OF INSTRUCTIONAL SERVICES – CDL PROGRAM (ROSWELL CAMPUS)(CONTINUED)

MANAGEMENT RESPONSE

Corrective Action: As indicated, the employees responsible for the conduct at issue were terminated. Administrators immediately addressed all safety concerns related to vehicles used in the program and ensured that all vehicles were safe to operate. The CDL course was suspended, and has been restructured to ensure administrative oversight over all personnel and activities. The course syllabi and expanded schedules for each student now accurately represent the time expected for each training activity. Students, simulator time, and other assignments are now individually observed. Logs are kept for any unsupervised activities, which have been eliminated to the extent possible.

Due Date of Completion: Complete

Responsible Parties: President and Vice President of Academic and Student Affairs

EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-003 GOVERNMENTAL CONDUCT ACT VIOLATION

TYPE OF FINDING: Non-compliance

CONDITION

The former Chancellor purchased advertising for the University beginning in fiscal year 2019 (\$21,000) and continuing in fiscal year 2020 (\$37,999). Advertising is exempt under the New Mexico Procurement Code (NMSA 13-1-98 V (Purchases of advertising in all media, including radio television, print and electronic).

Included with the advertising purchases, the former Chancellor received tickets (ticket allowances) for certain sporting events. The purchasing department was not aware of the ticket allowances. There was no indication on any of the related invoices that there were these allowances. Subsequent discussions by the University Internal Auditor with the advertising vendor concluded that ticket allowances are a benefit of using the vendor and they vary but on average are approximately 20.00% of the advertisement cost.

It was noted in seven instances for three sporting events where tickets were used for personal reasons and did not have a legitimate business purpose totaling \$681 (\$305 in fiscal year 2019 and \$376 in fiscal year 2020). After the University became aware of the ticket allowances were used for personal reasons, the former Chancellor was requested to pay the University the value. The former Chancellor subsequently paid the \$681 to the University.

CRITERIA

The Anti-Donation Clause of the New Mexico Constitution (Article IX, Section 14): This provision prohibits the state from making direct grants of aid to entities or persons, despite the need or value of the project. (The government cannot pay out public monies which then benefit an individual or a private entity.)

The New Mexico Governmental Conduct Act (NMSA 10-16-1 through 10-16-18): This Act lays out the Ethical principles of public service. One of the main principles is that all public officers or employees shall treat the public officer's or employee's government position as a public trust. The public officer or employee shall use the powers and resources of public office only to advance the public interest and to not obtain personal benefits or pursue private interests.

The University's Gift Policy (Administrator and Staff Code of Conduct, Section 20-2 D): No employee shall directly or indirectly accept any gift which would influence the manner in which the duties of such person will be performed, and in particular, no employee may accept gratuities in connection with any business dealings of the System, nor shall any employee be reimbursed for expenses related to business dealings of the System except such expenses as would be reimbursed pursuant to the New Mexico Mileage and Per Diem Act.

EFFECT

The use of public funds to obtain personal gain violates the public trust.

CAUSE

It is unknown whether the former Chancellor was specifically aware that the usage of ticket allowances for personal benefit was a violation of the New Mexico Constitution, New Mexico Governmental Conduct Act (GCA), or the University's Gift Policy. The University does not currently have specific GCA trainings; however, even with training and controls employees may circumvent them.

**EASTERN NEW MEXICO UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2020**

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

2020-003 GOVERNMENTAL CONDUCT ACT VIOLATION (CONTINUED)

RECOMMENDATION

We recommend that the University analyze, design, and implement stronger controls over the University's Gift Policy, the State's Anti-Donation Clause and the State's Governmental Conduct Act. We also recommend that the University monitor media purchases with the potential for allowances and ensure these allowances are only used for the benefit of the University and not the personal benefit of any individual. Lastly, we recommend annual training on the Governmental Conduct Act for all top University leadership positions.

MANAGEMENT RESPONSE

Corrective Action: Management recognizes a constellation of issues relating to this violation. The University will provide annual reminders and training about the Administrator and Staff Code of Conduct (ENMU Policy 20-2); specifically the gift policy (ENMU Policy 20-2-D) and cash-like incentives (ENMU Policy 55-1-10-O) to all administrators and managers at each January Management Information Exchange Meeting.

Due Date of Completion: January 2021

Responsible Parties: President's Office

**EASTERN NEW MEXICO UNIVERSITY
EXIT CONFERENCE
JUNE 30, 2020**

An exit conference was held on October 20, 2020 via Zoom. In attendance were the following:

Representing Eastern New Mexico University

Edwin B. Tatum	Board of Regents Member
Lance Pyle	Board of Regents Member
Dr. Patrice Caldwell	President/Chancellor-Portales
Dr. Shawn Powell	President - Roswell
Ryan Trosper	President-Ruidoso
Scott Smart	System Chief Financial Officer-Portales
Brent Small	Financial Aid Director-Portales campus
Tony Major	Vice President of Business Affairs-Roswell campus
Carol Fletcher	Controller-Portales campus
Karen Franklin	Controller-Roswell campus
Joann Martinez	Director of Accounting and Student Accounts-Portales campus
Jessica Small	Internal Auditor/Affirmative Action Officer-Portales campus
Carla Benavidez	Accountant-KENW Broadcast Center-Portales
Laura Disney	Accountant-Portales campus
Jose Guzman	Accountant-Portales campus
Tracy Dixon	Grant Manager-Roswell
Matt Billings	Athletic Director-Portales
AnneMarie Oldfield	Vice President of Academic Affairs and Student Affairs-Roswell
Shelby Ellis	Accountant-Portales
Linda Neel	Executive Director of Student Services-Roswell
Dr. Karen Massey	Chief Business Officer-Ruidoso
Chris Meeks	Director of Financial Aid-Roswell
Devin Stroman	Interim Assistant Vice President for Student Affairs-Roswell

Jaramillo Accounting Group LLC (JAG)

Audrey J. Jaramillo, CPA, CFE	Managing Partner
Scott Eliason, CPA	Partner
Shawn Mortensen, CPA	Director
Steve Holliday, CPA	Senior

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



ENMU System Chief Financial Officer
Station 4, 1500 S Ave K
Portales, NM 88130

CORRECTIVE ACTION PLAN

October 22, 2020

US Department of Education

Eastern New Mexico University respectfully submits the following corrective action plan for the year ended June 30, 2020.

Name and address of independent public accounting firm:

**Jaramillo Accounting Group LLC
4700 Lincoln Rd. NE
Albuquerque, New Mexico 87109**

Audit period:

June 30, 2020

The findings from the June 30, 2020 Schedule of Findings and Questioned Costs are discussed below. **The Corrective Action Plan does not include the corrective actions for our discretely presented component units: ENMU Portales Foundation, ENMU Roswell Foundation, and ENMU Ruidoso Foundation. These do not have federal funds in excess of \$750,000.** The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS - FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2020-001 SAFEGUARDING OF ASSETS

RECOMMENDATION

Security over Sports Teams Inventory. Coaches should be held accountable for their team's equipment and uniforms. The University should consider having sports teams keep a running inventory (description, part #, purchase date, quantity, amount, etc.) of what they have and require the related coach to periodically verify and signoff that these items are still on site. The University should continue to add and upgrade monitoring controls such as video cameras and the usage of swiping in and out systems as funding becomes available.

Security over Equipment and Petty Cash. The University should do an assessment of equipment and cash throughout the University to ensure these items are properly secured in locked areas. Management should consider extra security controls for items such as trailers (i.e., a trailer hitch tongue lock).

MANAGEMENT RESPONSE

Management recognizes and acknowledges that safeguarding University assets is a priority and would like it noted that all of the above incidents were self-reported, and proper notification was sent to the Office of the State Auditor and ENMU's external auditor. In terms of petty cash, the Portales campus conducts a yearly Petty Cash audit in May/June. When the audit is conducted, the report verifies where the petty cash is stored in the "Results of Cash & Change Fund Audit" report. All petty cash custodians are given a copy of ENMU policy 50-2 Cash Handling, which states "Units or departments are responsible for adequate security and control of their petty cash or change funds. The funds should be secured at all times." Once verification of the cash is completed by the business office, the custodian of the petty cash signs the report, acknowledging that policy has been received.

Corrective Action: Sports Teams Inventory: The Athletic department will keep a running inventory list of team equipment and uniforms and schedule periodic reviews of that inventory. In addition to the employee exit checklist submitted to the Human Resource Office, coaches will have an additional exit process, which will consist of an equipment and uniform inventory review prior to their departure.

Due Date of Completion: June 1, 2021

Responsible Parties: Athletic Director and Coaches

Corrective Action: Petty Cash: In addition to continuing the annual process, a memo will be sent to all petty cash custodians reminding them of policy in place and their responsibility to safeguard the funds; they will be requested to sign off on the memo to acknowledge their responsibility and return the memo to the Business Office. This process will take place in October of 2020. It will be scheduled annually mid-year starting with December of 2021.

Due Date of Completion: October 30, 2020

Responsible Parties: Petty Cash Custodians and Business Office

Corrective Action: Equipment Portales Campus: A broadcast e-mail will be sent to University employees reminding them of Policy 45-2-10-C: Each unit should "make necessary and reasonable provisions for the

physical security of any System property in its custody,” which requires staff to safeguard and secure University equipment and to lock up such items as laptops, Kindles, iPads, cameras, etc. when not in use.

Due Date of Completion: October 30, 2020

Responsible Parties: Employees and Business Office

Corrective Action: Equipment Ruidoso Campus: At the Ruidoso campus, outside equipment is now secured in the alley on the south side of the building behind a locked gate. Trailers are parked farther back in the alley behind other equipment, so no one can get to the trailers without removing all the vehicles first.

Due Date of Completion: Complete

Responsible Party: Ruidoso Physical Plant Manager

SIGNIFICANT DEFICIENCY AND NON-COMPLIANCE

2020-002 MONITORING OF INSTRUCTIONAL SERVICES – CDL PROGRAM (ROSWELL CAMPUS)

RECOMMENDATION

The University should ensure that all certificate programs have stronger feedback processes in place to ensure that students have the ability to provide timely feedback (at the end of each 8 week course) for the certificate programs and appropriate follow-up by management on the feedback received from students. The University should also put into place stronger monitoring processes to ensure that adequate oversight is in place for program instructors and administrators. Lastly, the University should complete a risk assessment of its other programs to ensure that there is the appropriate amount of oversight and monitoring of its other non-degree programs.

MANAGEMENT RESPONSE

Corrective Action: As indicated, the employees responsible for the conduct at issue were terminated. Administrators immediately addressed all safety concerns related to vehicles used in the program and ensured that all vehicles were safe to operate. The CDL course was suspended, and has been restructured to ensure administrative oversight over all personnel and activities. The course syllabi and expanded schedules for each student now accurately represent the time expected for each training activity. Students, simulator time, and other assignments are now individually observed. Logs are kept for any unsupervised activities, which have been eliminated to the extent possible.

Due Date of Completion: Complete

Responsible Parties: President and Vice President of Academic and Student Affairs

NON-COMPLIANCE

2020-003 GOVERNMENTAL CONDUCT ACT VIOLATION

RECOMMENDATION

We recommend that the University analyze, design, and implement stronger controls over the University's Gift Policy, the State's Anti-Donation Clause and the State's Governmental Conduct Act. We also recommend that the University monitor media purchases with the potential for allowances and ensure these allowances are only used for the benefit of the University and not the personal benefit of any individual. Lastly, we recommend annual training on the Governmental Conduct Act for all top University leadership positions.

MANAGEMENT RESPONSE

Corrective Action: Management recognizes a constellation of issues relating to this violation. The University will provide annual reminders and training about the Administrator and Staff Code of Conduct (ENMU Policy 20-2); specifically the gift policy (ENMU Policy 20-2-D) and cash-like incentives (ENMU Policy 55-1-10-O) to all administrators and managers at each January Management Information Exchange Meeting.

Due Date of Completion: January 2021

Responsible Parties: President's Office

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

Portales Campus: Carol Fletcher at 575-562-2611.

Roswell Campus: Karen Franklin at 575-624-7138.

Sincerely yours,

Smart, Scott
Digitally signed
by Smart, Scott
Date:
2020.10.27
12:14:42 -06'00'

Scott Smart

ENMU System CFO