

Supplement dated August 30, 2022
to
Official Statement dated August 10, 2022
With respect to the following bonds
\$8,000,000
NMSU - Doña Ana Branch Community College District
Doña Ana County, New Mexico
General Obligation (Limited Tax) Bonds, Series 2022

This Supplement is intended to supplement the Official Statement, dated August 10, 2022 (the “Official Statement”) relating to the issuance of the above-referenced Bonds. All capitalized terms used in this Supplement not defined herein shall have the meaning specified in the Official Statement unless the context or use clearly indicates otherwise. This Supplement is considered a part of, and should be read together with, the Official Statement.

The Inflation Reduction Act (H.R. 5376, and referred to as the “Act” in this Supplement) was passed by both houses of the United States Congress and signed into law by President Joe Biden on August 16, 2022. The Act includes an alternative minimum tax of 15% imposed on the “adjusted financial statement income” of “applicable corporations” (both as defined in the Act) for taxable years beginning after December 31, 2022. Interest on the Bonds will be taken into account in the “adjusted financial statement income” of such “applicable corporations” for purposes of computing the corporate alternative minimum tax for taxable years beginning after December 31, 2022. Purchasers of the Bonds should consult their tax advisor for advice relating to the Act.

1. The paragraph on the cover page under the heading “Bond and Tax Opinion” is deleted in its entirety and replaced with the following language:

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuous compliance with certain covenants in the documents relating to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), interest on the Bonds (a) is excludable from gross income of the recipients thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, (b) is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended, for purposes of the federal alternative minimum tax; provided, however, for taxable years beginning after December 31, 2022, interest on the Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the adjusted financial statement income of such corporations. Bond Counsel is further of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. (See “TAX MATTERS” herein.)

2. The first paragraph under the section “Tax Matters” is deleted in its entirety and replaced with the following paragraph:

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code (as defined below) for purposes of the federal alternative minimum tax; provided, however, for taxable years beginning after December 31, 2022, interest on the

Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the adjusted financial statement income of such corporations. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof.

3. The following paragraph is added as a new subheading to the "Tax Matters" section after the fifth paragraph:

Bank Qualification

In the Bond Resolution, the District has designated the Bonds as qualified tax exempt obligations for purposes of Section 265(b)(3)(B) of the Code.

4. In Exhibit D "Form of Bond Counsel Opinion," the enumerated paragraph #2 is deleted in its entirety and replaced with the following paragraph:

2. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on the Bonds is not an item of tax preference for purposes of calculating the alternative minimum tax imposed under provisions contained in the Internal Revenue Code of 1986, as amended (the "Code"); provided, however, for taxable years beginning after December 31, 2022, interest on the Bonds will be taken into account in computing the alternative minimum tax imposed on certain corporations under the Code to the extent that such interest is included in the adjusted financial statement income of such corporations. Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

\$8,000,000
NMSU - DOÑA ANA COMMUNITY COLLEGE DISTRICT
Doña Ana County, New Mexico
General Obligation (Limited Tax) Bonds, Series 2022

NEW ISSUE
Book-Entry Only

Moody's Rating: Aa2
BANK QUALIFIED

PURPOSES	Proceeds of the Bonds will be used for the purpose of (i) erecting, furnishing, constructing, purchasing, remodeling and equipping buildings and utility facilities, exclusive of stadiums; (ii) making other real property improvements or purchasing grounds; (iii) purchasing and installing computer hardware and software; (iv) paying costs of issuance.
THE BONDS	The Bonds are issuable as fully registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of the Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through a DTC Participant ("Direct Participant"). Beneficial owners of the Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Bonds. Interest on the Bonds is payable on each February 1 and August 1, commencing February 1, 2023. As long as DTC or its nominee is the registered owner of the Bonds, reference in this Official Statement to registered owner will mean Cede & Co., and payments of principal of and interest on the Bonds will be made directly to DTC by the Paying Agent. Disbursements of such payments to Direct Participants is the responsibility of DTC. See "The Bonds - Book-Entry Only System". BOKF, NA is the Registrar and Paying Agent for the Bonds.
OPTIONAL REDEMPTION	The Series Bonds are subject to redemption prior to maturity as provided herein. See "THE BONDS".
SECURITY	The Bonds are general obligations of the Doña Ana Community College District (the "District"), Doña Ana County, New Mexico payable solely out of general (ad valorem) taxes which shall be levied against all taxable property in the College District in an amount not to exceed five mills; however this limit may be exceeded if it is necessary to levy more than five mills to pay principal and interest on the Bonds if the valuation of property within the District declines to a level lower than the valuation of such property in the year in which the Bonds were issued.
BOND AND TAX OPINION	In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, under existing laws, regulations, rulings and judicial decisions, and assuming continuous compliance with certain covenants in the documents relating to the Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds (a) is excludable from gross income of the recipients thereof for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, (b) is not an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended, for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is further of the opinion based on existing laws of the State of New Mexico as enacted and construed that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof. (See "TAX EXEMPTION" herein.)
DELIVERY	When, as and if issued, through DTC's facilities, on or about August 31, 2022.
DATED DATE	Date of delivery
DUE DATE	August 1, as shown below:

General Obligation Bonds, Series 2022									
Year Maturing (August 1)	Principal	Interest Rate	Yield	Cusip # 257578	Year Maturing (August 1)	Principal	Interest Rate	Yield	Cusip # 257578
2023	\$965,000	4.000%	1.800%	FP4	2030	\$590,000	4.000%	2.350%	FW9
2024	590,000	4.000%	1.830%	FQ2	2031	590,000	3.500%	2.500%	FX7
2025	590,000	4.000%	1.870%	FR0	2032	590,000	3.000%	2.750%	FY5
2026	590,000	4.000%	1.900%	FS8	2033	590,000	3.000%	2.800%	FZ2
2027	590,000	4.000%	1.930%	FT6	2034	590,000	3.000%	2.900%	GA6
2028	590,000	4.000%	2.100%	FU3	2035	545,000	3.000%	3.000%	GB4
2029	590,000	4.000%	2.250%	FV1					

RAYMOND JAMES

NMSU - DOÑA ANA COMMUNITY COLLEGE DISTRICT
Doña Ana County, New Mexico
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Las Cruces, New Mexico 88011
(575) 527-7500

GOVERNING BOARD

Las Cruces School Board

Ray Jaramillo
Teresa Tenorio
Pamela Cort
Robert Wofford
Carol Cooper

Gadsden School Board

Laura Salazar Flores
Daniel Castillo
Claudia Rodriguez
Armando Cano
Arlean Murillo

Hatch Valley School Board

Greg Mitchell
Elva Garay
Christopher Montez
Lupe Castillo
Merlinda Hinojos

COLLEGE ADMINISTRATION

Dr. Monica Torres, President
Kelly Brooks, Vice President for Business and Finance

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(505) 872-5999

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PURCHASER

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A Few Words about the Official Statement

Official Statements for municipal securities issues – like this one – contain the only “official” information about a particular issue of municipal securities. This Official Statement is not an offer to sell or solicitation of an offer to buy Bonds in any jurisdiction where it is unlawful to make such offer, solicitation or sale and no unlawful offer, solicitation or sale of the Bonds may occur through this Official Statement or otherwise. This Official Statement is not a contract and provides no investment advice. Investors should consult their advisors and legal counsel with their questions about this Official Statement, the Bonds, or anything else related to this issue.

MARKET STABILIZATION

In connection with this Official Statement, the initial purchaser may over-allot or effect transactions which stabilize and maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. The initial purchaser is not obligated to do this and is free to discontinue it at any time.

The estimates, forecasts, projections, and opinions in this Official Statement are not hard facts, and no one, including the District, guarantees them.

The information set forth or included in this Official Statement has been provided by the District and from other sources believed by the District to be reliable. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale hereunder shall create any implication that there has been no change in the financial condition or operations of the District described herein since the date hereof. This Official Statement contains, in part, estimates and matters of opinion that are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions or that they will be realized.

Any part of this Official Statement may change at any time, without prior notice. In addition, important information about the District and other relevant matters may change after the date of this Official Statement.

All document summaries are just that, they are neither complete, nor definitive and they may omit relevant information. Such documents are qualified in their entirety to the complete documents. Any investor who wishes to review the full text of documents may request them at no cost from the District or the Municipal Advisor as follows:

District

Doña Ana Community College
2800 Sonoma Ranch Blvd.
Las Cruces, New Mexico 88011
Attn: Kelly Brooks

Municipal Advisor

RBC Capital Markets, LLC
6301 Uptown Blvd. NE, Suite 110
Albuquerque, NM 87110
Attn: Erik Harrigan

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\$8,800,000
NMSU - Doña Ana Community College District
Doña Ana County, New Mexico
General Obligation (Limited Tax) Bonds
Series 2022

Introduction

Thank you for your interest in learning more about the \$8,800,000 NMSU - Doña Ana Community College District General Obligation (Limited Tax) Bonds, Series 2022 (the "Bonds"). This Official Statement will tell you about the Bonds, their security, the District, and the risks involved in an investment in the Bonds.

Although the Doña Ana Community College District (the "District") has approved this Official Statement, it does not intend this official statement to substitute for competent investment advice, tailored for your situation.

The material in this "INTRODUCTION" is qualified in its entirety by the more complete information contained throughout this Official Statement, and detachment or other uses of this "INTRODUCTION" without the entire Official Statement, including the cover page and the appendices, is unauthorized.

All terms used in this Official Statement that are not defined herein shall have the meanings given such terms in the resolution authorizing issuance of the Bonds adopted by the Governing Board of the District on July 7, 2022 (the "Bond Resolution").

The Bonds are fully registered bonds in denominations of \$5,000 or integral multiples thereof as described in the Bond Resolution. The Bonds mature and bear interest as presented on the cover page of this Official Statement.

The Issuer

The District is a branch of New Mexico State University. The District is a political subdivision of the State organized for the purpose of operating and maintaining a post-secondary educational program for residents within Doña Ana County. The District's boundaries are coterminous with those of the Las Cruces Public School District, Gadsden Independent School District and Hatch Valley Public School District and encompasses approximately 3,000 square miles in the southern part of the State of New Mexico (the "State"). See "NEW MEXICO STATE UNIVERSITY - DOÑA ANA COMMUNITY COLLEGE."

Security

The Bonds are general obligations of the District and will be paid from ad valorem taxes that are levied against all taxable property within the District in an amount not to exceed five mills. This limit, however, may be exceeded if it is necessary to levy more than five mills to pay principal and interest on the bonds if the valuation of property within the District declines to a lower level than the valuation of such property in which the Bonds were issued. Neither the State, nor the County has any responsibility to pay the debt service on the Bonds.

Limited Role of Auditors

The District, as a branch of New Mexico State University, is included as a component unit under the New Mexico State University audit. Except for the audited financial statements of New Mexico State University for the year ended June 30, 2021, contained in Exhibit B, this Official Statement presents excerpts from unaudited financial and statistical information from District records and other sources.

Purpose

Proceeds of the Bonds will be used for (i) erecting, furnishing, constructing, purchasing, remodeling, and equipping buildings and utility facilities, exclusive of stadiums; (ii) making other real property improvements or purchasing grounds; (iii) purchasing and installing computer hardware and software; (iv) paying costs of issuance of the Bonds. The represent

the second installment of the \$16,000,000 in General Obligation Bonds authorized by voters of the District in an election held on November 5, 2019, and issued pursuant to the Bond Resolution.

Selected Debt Ratios

Table 1

2021 Assessed Valuation	\$5,005,326,745
2021 Est. Actual Valuation ⁽¹⁾	16,764,361,167
District General Obligation Debt Outstanding (including the Bonds)	\$21,555,000
District Net General Obligation Debt	\$16,749,146
Estimated Direct & Overlapping General Obligation Debt	\$223,879,601
<u>District Net Debt as a Percentage of</u>	
Assessed Valuation	0.33%
Estimated Actual Valuation	0.10%
<u>Direct and Overlapping Debt as a Percentage of</u>	
Assessed Valuation	4.47%
Estimated Actual Valuation	1.34%
Estimated Population	224,886
District Net Debt Per Capita	\$74.48
Direct and Overlapping Debt Per Capita	\$995.52

(1) Estimated actual valuation is computed by adding exemption to the assessed valuation and multiplying the result by three.

COVID-19

Infectious Disease Outbreak – COVID-19

A respiratory disease named "coronavirus disease 2019" ("COVID-19") has recently spread to most parts of the world, including New Mexico and throughout the U.S. On March 11, 2020, COVID-19 was declared a pandemic by the World Health Organization. Following the World Health Organization's declaration of the outbreak of COVID-19 as a pandemic, state and local governments, including the State of New Mexico, have announced orders, recommendations and other measures intended to limit the size of public gatherings and regulate public spaces intended to minimize interpersonal contact and slow the spread of COVID-19.

On March 11, 2020, New Mexico Governor Michelle Lujan Grisham issued Executive Order 2020-004, declaring a state of public health emergency and directing State agencies to use all resources necessary to prepare for and respond to the outbreak. On March 13, 2020, President Donald Trump declared a national emergency to unlock federal funds to help states and local governments fight the pandemic. There can be no assurance that additional restrictions applicable to lodging occupancy, travel, mass gatherings, or other matters won't be imposed. Please visit Governor Lujan Grisham's

website, www.governor.state.nm.us, for any additional executive orders issued by Governor Lujan Grisham related to COVID-19.

The New Mexico Department of Health (NMDOH) provides information relating to COVID-19 and related developments in the State of New Mexico on its website, <https://cv.nmhealth.org/>. The information presented on the NMDOH website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds. References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this document.

Potential Impact of COVID-19

The current spread of COVID-19 is altering the behavior of businesses and people in a manner that may have negative effects on economic activity, and therefore adversely affect the financial condition of the District, either directly or indirectly. The District cannot predict (i) the duration or extent of the COVID-19 outbreak/pandemic; (ii) the duration or expansion of public health orders, regulations or legislation, mandated or voluntary business closings, travel restrictions or warnings; (iii) the extent or duration of the negative effects that any COVID-19 or other outbreak/pandemic-related orders, regulations, legislation, restrictions or warnings will have on the local or global economy; (iv) the duration of lodging occupancy and travel restrictions or (v) the extent of the adverse financial impact that such circumstances or economic effects will have on ad valorem property tax collections or the College's financial condition. In addition, financial markets in the United States and globally have experienced significant volatility or declines in connection with the COVID-19 which may have a material impact on the market price and marketability of the Bonds.

Measures taken to prevent or reduce the spread of COVID-19 could limit the growth of or reduce economic activity in the State and the College, which in turn could limit the growth of or reduce the College's ad valorem collections or negatively affect property values within the College. The Bonds are secured by an ad valorem tax, payable from general (ad valorem) property taxes which are required to be levied against all taxable property in the District without limitation as to rate or amount after the issuance of the Bonds. Any reduction in the property values within the District may require an increase in the ad valorem tax rate required to pay such obligations. The duration, extent and impact of COVID-19 on the New Mexico economy and the College's revenues, expenses, cash flow and property tax valuations is uncertain and cannot be quantified at this time. The College continues to monitor the spread of COVID-19 and is working with local, state, and national authorities to address the potential impact of the COVID-19 pandemic upon the College. While the potential impact of the COVID-19 pandemic on the College cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the College's operations and financial condition or its bond rating. The financial and operating data contained herein are the latest available but are as of dates and for periods prior to the economic impact of COVID-19 and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of COVID-19 on the College's financial condition. Notwithstanding the foregoing, the College does not believe that the impacts of the spread of COVID-19 will have a material adverse effect on its ability to pay debt service on the Bonds.

During the 2020 special legislative session which ended on June 22, 2020, the legislature reduced the state budget by adjusting various accounts, swapping cash for debt, eliminating or reducing some capital outlay projects, drawing down half of the state's reserves and taking credit for approximately one billion dollars of federal CARES Act money, and other emergency funding. The Governor signed the final budget passed by the legislature but vetoed approximately \$30 million in cuts resulting in total reductions of approximately \$415 million from the \$7.6 billion budget approved during the regular 2020 legislative session. Cuts to public education included reductions and adjustments to the State Equalization Guarantee (SEG) distribution to reflect funding support from the elementary and secondary school emergency relief fund of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, reduced K-5 Plus Act funding, and reductions to budgeted salary increases.

On November 24, 2020, the New Mexico Legislature held a special session to pass a COVID-19 relief bill that provided over \$300 million in relief provided by the federal CARES Act. The bill included a \$1,200 payment to those who qualify for unemployment and lost work due to the pandemic, totaling \$194 million and provided \$100 million in grants to local small businesses and nonprofits. Smaller amounts of the bill were used to provide mortgage and rent relief, aid to households that did not receive federal stimulus money earlier and for COVID-19 contact tracing, testing and potential vaccine rollout.

The financial data contained herein are the latest available, but are as of dates and periods prior to the economic impact of COVID-19.

2022-2023 School Year

The District is delivering courses in all instructional formats. In person, hybrid, online synchronous and asynchronous. In person options are returning to normal class sizes. Safety strategies such as social distancing and the related impact to space availability requiring limitations to the number of students in the classroom or lab significantly impacted many Career and Technical Education (CTE) programs and lab science courses that require face to face activity to conduct hands on training. The lifting of these constraints will allow these programs to accept full student cohorts and relieve the strain this placed on our capacity to meet demand.

DACC in conjunction with the NMSU System have put health and wellness practices in place to ensure students can continue to attend classes safely. Vaccine requirements and the promotion of public health awareness are key to keeping campuses open. In recognition of the various challenges and impacts faced by our students during the pandemic, DACC has prioritized services to support students and promote their success. DACC has invested in positions to support mental health, provide social work services, and incorporate public health outreach. Additionally, DACC has invested in positions dedicated to ensuring students have direct support to link them with all of the wrap around services available to make them successful.

LEGISLATIVE SESSION UPDATE

The State of NM experienced significant growth in funding revenues due in large part to surging oil production and prices and in conjunction with federal pandemic aid. This translated to significant investments impacting higher education for the upcoming year. Some of these impacts include the implementation of a \$15 minimum wage for all state employees, compensation increases up to 7% for higher education employees, 2.5% new funding for higher education, and over \$70 million in additional investment into the Opportunity Scholarship program intended to make college free for NM students.

Established in 2020, the New Mexico Opportunity Scholarship covers 100% of tuition and required fees for eligible New Mexico residents pursuing career training certificates, associate degrees, and bachelor's degrees at New Mexico public colleges and universities. In 2022 the legislature significantly expanded the scholarship and it now also covers students who started college but did not finish. Students with less than 90 credit hours towards an associate degree now also qualify. Additionally, it covers students who lost their eligibility for the NM Lottery Scholarship. The Opportunity Scholarship is anticipated to positively impact enrollment, retention, and completion of NM students. It will also transform the economic and social capital of students by providing the opportunity to graduate debt free.

RISK FACTORS

Climate Change and Natural Disasters

The State could experience, and is susceptible to additional, weather events and natural disasters that could be deemed extreme including, without limitation, periods of heat, droughts, floods, mud slides, tornadoes and other wind conditions and wildfires, which could result in negative economic impacts on the State and the District. Such effects may be exacerbated by a longer term shift in the climate over several decades, commonly referred to as climate change. Numerous scientific studies on climate change show that, among other effects on the global ecosystem, extreme temperatures may become more common, and extreme weather events may become more frequent as a result of increasing global temperatures attributable to atmospheric pollution. As a result, the District could lose tax revenues and many residents, businesses, and governmental operations could be displaced. Additionally, climate change concerns have led, and may continue to lead, to new laws and regulations at the federal and state levels (including but not limited to air, water, hazardous substances and waste regulations) that could have a material adverse effect on the operations and/or financial condition of the District. The State cannot predict the occurrence or extent of any future extreme weather events or natural disasters or the economic impacts that the occurrence of any such events may have on the State or the District.

Cybersecurity

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cybersecurity events may occur and what impact said events could have on its operations or finances.

The District relies on other entities and service providers in the course of operating the District, including the County with respect to the levy and collection of ad valorem property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service of the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

The Bonds

Description

The Bonds are general obligation bonds to be issued by the District in the total principal amount of \$8,000,000 and are dated their date of delivery. The Bonds are issued as fully registered bonds in denominations of \$5,000 or integral multiples thereof, bearing interest from their date to maturity at the rates specified on the cover page of this Official Statement payable semiannually on February 1 and August 1 each year, commencing on February 1, 2023, and maturing serially, as set forth on the cover page of this Official Statement.

General Terms

All Bonds are fully registered in denominations of \$5,000 or integral multiples thereof in conformance with the Constitution and laws of the State and pursuant to the Bond Resolution. Bond payments will go to The Depository Trust Company ("DTC"), and DTC will then remit the payments to its participants for disbursement to the beneficial owners of the Bonds. See "**Book-Entry Only System**" in Exhibit C.

Authorization

The Bonds are being issued pursuant to the Board's powers under Section 21-2A-1 through Section 21-2A-12, NMSA 1978, as amended and supplemented, the Constitution and other laws of the State, and the Bond Resolution. See "New Mexico State University – Doña Ana Community College District Governing Board and Administration" herein.

Payment of Principal and Interest; Record Date

The principal of the Bonds is payable to the registered owners of the Bonds at the principal office of the Paying Agent. Interest on the Bonds is payable by check or draft of the Paying Agent mailed on or before each interest payment date to the registered owners of the Bonds as of the close of business on the fifteenth business day of the month preceding the interest payment date (the "Regular Record Date") at the addresses appearing in the registration books maintained by the Registrar, as defined herein; but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on the date to be fixed by the Registrar whenever moneys become available for the payment of defaulted interest (the "Special Record Date").

Bond Registrar and Paying Agent

BOKF, NA, will serve as the bond registrar (the "Registrar") and paying agent (the "Paying Agent") for the Bonds.

Optional Prior Redemption

The Series Bonds maturing on and after August 1, 2030, are subject to prior redemption at the District's option in one or more units of \$5,000 on and after August 1, 2029, in whole or in part, at any time in such order of maturities as the District may determine for the principal amount of each \$5,000 unit of principal so redeemed and accrued interest to the redemption date. If the District redeems only part of the Bonds of a given maturity, the Registrar will select those Bonds by lot.

Redemption Notices

Notice of prior redemption shall be given by the Registrar by sending a copy of such notice by first-class, postage prepaid mail, not less than 30 days prior to the redemption date as shown on the registration books as of the date of selection of the bonds to be redeemed. Failure to give such notice by mailing to the registered owner of any Bond, or any defect therein, shall not affect the validity of the proceedings for the redemption of any of the Bonds where notice was properly given.

While the Bonds remain under the Book-Entry Only System, the Paying Agent/Registrar will send notices only to DTC. Any problems from DTC through its system and on to the Bond investors will not affect the validity of the Bond redemption or any other action based on the Paying Agent/Registrar's notice. Bond investors might consider arranging to receive redemption notices or other communications from DTC which affect them, including notice of interest payments. See "**Book-Entry Only System**" in Exhibit C.

If the Paying Agent/Registrar gives proper redemption notice and the Paying Agent/Registrar holds money to pay the redemption price of the affected Bonds, then on the redemption date the Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Bonds and their owners' only right will be to receive payment of the redemption price upon surrender of those Bonds to the Registrar.

Transfers and Exchanges

Bond owners may surrender and transfer their Bonds, in person or by duly authorized attorney, at the office of the Paying Agent/Registrar. They must complete an approved transfer form and pay any taxes or governmental charges that apply to the transfer. As explained in Exhibit C, DTC is the securities depository for the Bonds and it will be the sole registered owner of the Bonds.

Tax Covenants

In the Bond Resolution, the District covenants that it will restrict the use of the proceeds of the Bonds in such manner and to such extent, if any, as may be necessary so that the Bonds will not constitute arbitrage bonds under Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"). The Board and officers of the District having responsibility for the issuance of the Bonds shall give an appropriate certificate of the District for inclusion in the transcript of proceedings for the Bonds, setting forth the reasonable expectations of the District regarding the amount and use of all the proceeds of the Bonds, the facts, circumstances and estimates relevant to the tax treatment of interest on the Bonds.

The District covenants that it (a) will take or cause to be taken such actions which may be required of it for the interest on the Bonds to be and remain excludable from gross income for federal income tax purposes and (b) will not take or permit to be taken any actions which would adversely affect that exclusion and that it, or persons acting for it, will, among other acts of compliance, (i) apply the proceeds of the Bonds to the governmental purpose of the borrowing, (ii) restrict the yield, as required, on investment property acquired with those proceeds, (iii) make timely rebate payments, if required, to the federal government, (iv) maintain books and records and make calculations and reports, and (v) refrain from certain uses of proceeds; all in such manner and to the extent necessary to assure such exclusion of that interest under the Code. The President, Vice-President, Secretary, and other appropriate officers are authorized and directed to take any and all actions, make calculations and rebate payments, and make or give reports and certifications, as may be appropriate to assure such exclusion of that interest.

Qualified Tax Exempt Obligations

In the Bond Resolution, the District has designated the Bonds as qualified tax exempt obligations for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986.

Security and Remedies

Security

The Bonds are general obligations of the District payable from ad valorem taxes that may be levied against all taxable property within the District in an amount not to exceed five mills. This limit may be exceeded, however, if the valuation of property within the District declines to a level lower than the valuation of the property in the year in which the Bonds were issued. At the direction of the District, the Board of County Commissioners of Doña Ana County will levy upon all taxable property within the District a tax levy sufficient, together with other legally available revenues, to produce a sum equal to one year's interest on all bonds then outstanding, together with an amount sufficient to pay the principal on all bonds of the District as they mature. Such annual levy for debt service creates a statutory tax lien that can be enforced personally against the owner of the property and enforced by sale of the property. Neither the State, the County, nor NMSU have any responsibility to pay the debt service on the Bonds.

Limitations of Remedies

There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may need to be enforced from year to year.

The enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the District in issuing the Bond are subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; usual equity principles that may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Debt and Other Financial Obligations

General Obligation Debt

The most recent assessed valuation of taxable property within the District is \$5,005,326,745 for the tax year 2021, as approved by the State of New Mexico Taxation and Revenue Department, Property Tax Division. The maximum general obligation indebtedness of the District may not exceed 3% of the assessed valuation or \$150,159,802.

After the Bonds are issued, the ratio of total outstanding general obligation (G/O) debt of the District to the 2021 Assessed Valuation will be no greater than 0.33% as summarized below:

Table 2

2021 Assessed Valuation	\$5,005,326,745
2021 Estimated Actual Valuation ⁽¹⁾	16,764,361,167
Bonded Debt (including the Bonds)	\$21,555,000
Less Debt Service Fund Balance ⁽²⁾	<u>4,805,854</u>
NET DEBT	<u>\$16,749,146</u>
Ratio of Estimated Net Debt to 2021 Assessed Valuation:	0.33%
Ratio of Estimated Net Debt to 2021 Estimated Actual Valuation:	0.10%
Per Capita Net Bonded Debt:	\$74.48
Est. Population:	224,886

(1) Actual valuation is computed by adding exemptions to the assessed valuation and multiplying the result by 3.

(2) Actual debt service cash balance as of June 30, 2022 was \$6,177,521. The ratio of principal to interest coming due in 12 months was made indicating 77.80% of such cash is allocable to principal reduction.

Outstanding Debt

The District has never defaulted in the payment of any of its debt or other obligations. Listed below is the District's total outstanding general obligation debt.

Table 3

Series	Original Amount	Final Maturity	Principal Outstanding
2015	\$8,800,000	08/01/2028	\$2,000,000
2018	6,200,000	08/01/2031	3,810,000
2021	9,995,000	08/01/2033	7,745,000
2022	8,000,000	08/01/2035	8,000,000
Total	\$34,995,000		\$21,555,000

Debt Service Requirements to Maturity

The District schedules principal and interest payments at the time of the bond sales with constraints being general obligation debt capacity and expected property tax revenues computed at the desired tax rate. Below is a summary of the currently scheduled principal and interest on the District's outstanding debt, as well as the proposed principal and interest payments on the Bonds.

Table 4

Calendar Year	Current G/O Bonds Requirements			Series 2022 Bonds			Total G/O Bonds Requirements		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	\$1,840,000	\$501,050	\$2,341,050	\$965,000	\$270,225	\$1,235,225	\$2,805,000	\$771,275	\$3,576,275
2024	1,845,000	415,050	2,260,050	590,000	255,300	845,300	2,435,000	670,350	3,105,350
2025	1,380,000	328,800	1,708,800	590,000	231,700	821,700	1,970,000	560,500	2,530,500
2026	1,380,000	266,800	1,646,800	590,000	208,100	798,100	1,970,000	474,900	2,444,900
2027	1,380,000	213,200	1,593,200	590,000	184,500	774,500	1,970,000	397,700	2,367,700
2028	1,380,000	159,600	1,539,600	590,000	160,900	750,900	1,970,000	320,500	2,290,500
2029	1,030,000	106,000	1,136,000	590,000	137,300	727,300	1,620,000	243,300	1,863,300
2030	1,030,000	75,100	1,105,100	590,000	113,700	703,700	1,620,000	188,800	1,808,800
2031	1,060,000	50,300	1,110,300	590,000	90,100	680,100	1,650,000	140,400	1,790,400
2032	610,000	24,600	634,600	590,000	69,450	659,450	1,200,000	94,050	1,294,050
2033	620,000	12,400	632,400	590,000	51,750	641,750	1,210,000	64,150	1,274,150
2034				590,000	34,050	624,050	590,000	34,050	624,050
2035				545,000	16,350	561,350	545,000	16,350	561,350
	\$13,555,000	\$2,152,900	\$15,707,900	\$8,000,000	\$1,823,425	\$9,823,425	\$21,555,000	\$3,976,325	\$25,531,325

Direct and Overlapping Debt

The following is a calculation that is useful to investors in assessing the debt load and per capita debt of the District payable from property taxes. In addition to outstanding debt of the District, the calculation takes into account debt attributable to taxing entities that is the responsibility of taxpayers within the boundaries of the District. Revenue bonds are payable from sources other than property taxes. The amount of outstanding general obligation bonds shown for the District in the following table includes the Bonds.

Table 5

	2021 Assessed Valuation	G/O Debt Outstanding	Percent Applicable	Amount
State of New Mexico	\$70,390,642,337	\$414,365,000	7.11%	\$29,464,601
Dona Ana County	4,935,560,916	4,750,000	100.00%	4,750,000
City of Las Cruces	2,629,782,733	18,215,000	100.00%	18,215,000
Las Cruces Schools	3,818,328,173	113,385,000	100.00%	113,385,000
Hatch Valley Schools	90,114,602	3,195,000	100.00%	3,195,000
Gadsden Schools	1,096,883,970	33,315,000	100.00%	33,315,000
Otero County	1,290,027,298	-	5.41%	-
City of Sunland Park	307,803,322	-	100.00%	-
Town of Mesilla	73,916,856	-	100.00%	-
Town of Hatch	23,069,324	-	100.00%	-
Dona Ana Community College	5,005,326,745	21,555,000	100.00%	21,555,000 ⁽¹⁾
Total Direct & Overlapping Debt				\$223,879,601
Ratio of Estimated Direct & Overlapping Debt to 2021 Assessed Valuation:				4.47%
Ratio of Estimated Direct & Overlapping Debt to 2021 Estimated Actual Valuation:				1.34%
Per Capita Direct & Overlapping Debt:				\$995.52

(1) Reflects debt outstanding as of August 31, 2022.

Tax Base

Analysis of Assessed Valuation

Assessed Valuation of property within the District is calculated as follows: of the total estimated actual valuation of all taxable property in the District, 33 1/3 % is legally subject to *ad valorem* taxes. After deduction of certain personal exemptions, the 2021 Assessed Valuation is \$5,005,326,745. The actual value of personal property within the District (see "Assessments" below) is determined by the County Assessor. The actual value of certain corporate property within the District (see "Centrally Assessed" below) is determined by the State of New Mexico Taxation and Revenue Department, Property Tax Division. The analysis of Assessed Valuation is as follows:

Table 6

	2021	2020	2019	2018	2017
Assessments					
Value of Land	\$1,429,924,646	\$1,396,390,473	\$1,361,574,255	\$1,310,041,192	\$1,309,185,857
Improvements	3,603,804,113	3,474,612,798	3,314,299,551	3,164,602,252	3,072,511,236
Personal Property	115,537,489	118,747,420	121,482,923	114,328,947	110,815,192
Mobile Homes	106,701,203	103,595,868	101,854,098	92,322,968	98,781,872
Livestock	10,009,270	9,336,878	12,193,384	18,822,913	23,375,448
Assessor's Taxable Value	\$5,265,976,721	\$5,102,683,437	\$4,911,404,211	\$4,700,118,272	\$4,614,669,605
Less Exemptions					
Head of Family	\$57,398,889	\$58,010,721	\$59,067,877	\$58,413,779	\$59,931,915
Veterans	99,330,751	90,350,020	84,410,577	77,190,260	75,104,145
Other	426,064,004	419,300,284	405,924,511	409,041,878	403,044,496
Total	\$582,793,644	\$567,661,025	\$549,402,965	\$544,645,917	\$538,080,556
Assessor's Net	\$4,683,183,077	\$4,535,022,412	\$4,362,001,246	\$4,155,472,355	\$4,076,589,049
Centrally Assessed	322,143,668	313,682,654	298,073,417	349,114,245	299,566,271
Total Net Taxable Value	\$5,005,326,745	\$4,848,705,066	\$4,660,074,663	\$4,504,586,600	\$4,376,155,320
Residential	\$3,562,434,853	\$3,397,980,487	\$3,256,505,734	\$3,090,064,154	\$2,998,803,460
Non-Residential	1,442,891,892	1,450,724,579	1,403,568,929	1,414,522,446	1,377,351,860
Total	\$5,005,326,745	\$4,848,705,066	\$4,660,074,663	\$4,504,586,600	\$4,376,155,320

Source: Dona Ana & Otero Counties Assessor's Office

History of Assessed Valuation

Listed below is a 5-year history of assessed valuation for the District, the City of Las Cruces and Doña Ana County. Over the past five years, the tax base of the College has increased 14.38%, the City has increased 14.67%, and Doña Ana County has increased 14.16%.

Table 7

Tax Year	Doña Ana Community College	City of Las Cruces	Doña Ana County
2021	\$5,005,326,745	\$2,629,782,733	\$4,935,560,916
2020	4,848,705,066	2,552,890,119	4,783,117,888
2019	4,660,074,663	2,452,517,126	4,602,866,403
2018	4,504,586,600	2,365,635,364	4,450,597,884
2017	4,376,155,320	2,293,290,617	4,323,278,362
5 Year % of Change	14.38%	14.67%	14.16%

Major Taxpayers

The following is a list of the ten largest taxpayers in the District, along with the 2021 Assessed Valuation for each. Property taxes are current for these taxpayers. This table is useful in assessing the concentration risk of the tax base. The ten largest taxpayers' assessed valuation is 6.18% of the total assessed valuation.

Table 8

Name	Business	2021	% of AV
El Paso Electric	Electric Utility	\$89,607,833	1.79%
Union Pacific	Railroad	62,554,648	1.25%
Public Service Company of NM	Electric Utility	47,326,486	0.95%
BNSF Railway	Railroad	33,845,906	0.68%
Las Cruces Medical Center LLC	Healthcare	20,401,880	0.41%
El Paso Natural Gas	Pipeline	13,342,227	0.27%
Memorial Medical Center	Healthcare	11,986,798	0.24%
Comcast	Cable	10,748,146	0.21%
Las Cruces Hospital Building LLC	Healthcare	10,422,512	0.21%
My Way Holdings LLC	Casino	9,084,115	0.18%
Total		\$309,320,551	6.18%

Source: Dona Ana Assessor's Office

Tax Rates

Article VIII, Section 2, of the New Mexico Constitution limits the total ad valorem taxes for operational purposes levied by all overlapping governmental units within the District to \$20.00 per \$1,000 of assessed value. This limitation does not apply to levies for public debt and levies for additional taxes if authorized at an election by a majority of the qualified voters of the jurisdiction voting on the question. The following table summarizes the tax situation on residential property for 2021 Fiscal Year and the previous four years. At the election on February 3, 2015, voters approved increasing the operating mill levy from 1.00 to 1.25. Voters also approved reducing the debt service mill levy from 1.00 to 0.75. The District

expects no change in the level of its taxes in the foreseeable future but is unable to predict what overlapping entities might do. A high level of taxation may impact the District's ability to repay bonds.

Table 9

Within 20 Mill Limit for General Purposes					
	2021	2020	2019	2018	2017
State of New Mexico	\$0.000	\$0.000	\$0.000	\$0.000	\$0.000
Dona Ana County	9.114	9.222	9.253	9.137	9.055
Dona Ana Community College	1.230	1.245	1.250	1.250	1.250
City of Las Cruces	4.774	4.805	4.841	4.776	4.732
Las Cruces Schools	0.339	0.342	0.344	0.340	0.337
Total	\$15.457	\$15.614	\$15.688	\$15.503	\$15.374

Over 20 Mill Limit - Interest, Principal, Judgment, etc.					
	2021	2020	2019	2018	2017
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Dona Ana County	0.096	0.099	0.098	0.108	0.108
Dona Ana Community College (DS)	0.750	0.750	0.750	0.750	0.350
City of Las Cruces	4.002	3.994	4.007	3.994	1.970
Las Cruces Schools	9.593	9.604	9.605	9.600	9.581
Total	\$15.801	\$15.807	\$15.820	\$15.812	\$13.369

Total Levy					
	2021	2020	2019	2018	2017
State of New Mexico	\$1.360	\$1.360	\$1.360	\$1.360	\$1.360
Dona Ana County	9.210	9.321	9.351	9.245	9.163
Dona Ana Community College	1.980	1.995	2.000	2.000	1.600
City of Las Cruces	8.776	8.799	8.848	8.770	6.702
Las Cruces Schools	9.932	9.946	9.949	9.940	9.918
Total Residential in Las Cruces	\$31.258	\$31.421	\$31.508	\$31.315	\$28.743
Total Non-Residential in Las Cruces	\$34.573	\$34.554	\$34.540	\$34.546	\$32.147

Source: New Mexico Department of Finance & Administration

Taxation

The following table summarizes the historical tax levies imposed by the District on property within the District since the 2017 tax year.

Table 10

Tax Year	Operational		Debt	Total	
	Residential	Non-Residential	Service	Residential	Non-Residential
2021	\$1.230	\$1.250	\$0.750	\$1.995	\$2.000
2020	1.245	1.250	0.750	1.995	2.000
2019	1.250	1.250	0.750	2.000	2.000
2018	1.250	1.250	0.750	2.000	2.000
2017	1.250	1.250	0.350	1.600	1.600

Source: New Mexico Department of Finance & Administration

Yield Control Limitation

State law limits property tax increases from the prior property tax year. Specifically, no taxing entity may set a rate or impose a tax (excluding oil and gas production ad valorem and oil and gas production equipment ad valorem taxes) or assessment that will produce revenues that exceed the prior year's tax revenues from residential and non-residential property multiplied by a "growth control factor." The growth control factor is the percentage equal to the sum of (a) "percent change I" plus (b) the prior property tax year's total taxable property value plus "net new value", as defined by Statute, divided by such prior property tax year's total taxable property value, but if that percentage is less than 100%, then the growth control factor is (a) "percent change I" plus (b) 100%. "Percent change I" is based upon the annual implicit price deflator index for state and local government purchases of goods and services (as published in the United States Department of Commerce monthly publication entitled "Survey of Current Business," or any successor publication) and is a percent (not to exceed 5%) that is derived by dividing the increase in the prior calendar year (unless there was a decrease, in which case zero is used) by the index for such calendar year next preceding the prior calendar year. *The growth control factor applies to authorized operating levies and to any capital improvements levies, but does not apply to levies for paying principal and interest on public general obligation debt.*

Developments Limiting Residential Property Tax Increases

In an effort to limit large annual increases in residential property taxes in some areas of the State (particularly the Santa Fe and Taos areas, which have experienced large increases in residential property values), an amendment to the uniformity clause (Article VIII, Section 1) of the New Mexico Constitution was proposed during the 1997 Legislative Session. The amendment was submitted to voters of the State at the general election held on November 3, 1998, and was approved by a wide margin.

The amendment directs the Legislature to provide for valuation of residential property in a manner that limits annual increases in valuation. The limitation may be applied to classes of residential property taxpayers based on occupancy, age, or income. Further, the limitations may be authorized statewide or at the option of a local jurisdiction and may include conditions for applying the limitations.

Bills implementing the constitutional amendment were enacted in 2001 and were codified as Sections 7-36-21.2 NMSA 1978 and 7-36-21.3 NMSA 1978.

Section 7-36-21.2 NMSA 1978 establishes a statewide limitation on residential property valuation increases beginning in tax year 2001. Annual valuation increases are limited to 3% over the prior year's valuation or 6.1% over the valuation from two years prior. Subject to certain exceptions, these limitations do not apply to the following:

1. To property that is being valued for the first time;
2. To physical improvements made to the property in the preceding year; except for solar energy system installations made to the property during the year immediately prior to the tax year or omitted in a prior tax year;
3. Valuation of a residential property in any tax year in which:
 - (a) a change in ownership (as defined in NMSA 1978, Section 7-36.21.3) of the property occurred in the year immediately prior to the tax year for which the value of the property for property taxation purposes is being determined; or
 - (b) the use or zoning of the property has changed in the year prior to the tax year

4. To residential property that is subject to the valuation limitation in NMSA 1978, Section 7-36-21.3 Section 7-36-21.3 places a limitation on the increase in value for property taxation purposes for single-family dwellings owned and occupied by low-income owners who are 65 years of age or older or who are disabled. The statute fixes the valuation of the property to the valuation (a) for a person 65 years of age or older in the tax year in which the owner qualifies and files an application, or (b) for a person who is disabled in the tax year in which the owner qualified and files an application for the limitation. The NMSA 1978, Section 7-36-21.3 limitation does not apply to:
 - Property that is being valued for the first time;
 - A change in valuation resulting from physical improvements made to the property in the preceding year; or
 - A change in valuation resulting from a change in the zoning or permitted use of the property in the preceding year.

Amendments to State laws affecting residential property taxes are proposed from time to time and may be proposed in the future by the Legislature. Such amendments, if enacted, could result in an increase to the tax rate imposed on residential property tax within the District in order to pay the principal of and interest on general obligation bonds issued by the District, including the Bonds.

The constitutionality of the property tax limitation has been challenged in a number of venues. On March 28, 2012, the New Mexico Court of Appeals upheld the statutory valuation cap and its application under Section 7-36-21.2 NMSA 1978, which ruling was affirmed by the New Mexico Supreme Court in June, 2014.

Tax Collections on Locally Assessed and Centrally Assessed Property

General (*ad valorem*) taxes for all units of government are collected by the county treasurer and distributed monthly to the various political subdivisions to which they are due.

Property taxes are due in two installments. The first half installment is due on November 10 and becomes delinquent on December 10. The second half installment is due on April 10 and becomes delinquent on May 10.

Dona Ana County						
Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as a Percent of Net Levied	Current/Delinquent Tax Collections ⁽²⁾	Current/Delinquent Collections as a percent of Net Levied
2021	21/22	151,167,332	144,629,988	95.68%	144,629,988	95.68%
2020	20/21	147,328,049	141,840,720	96.28%	141,840,720	96.28%
2019	19/20	142,425,790	135,927,911	95.44%	137,452,601	96.51%
2018	18/19	136,535,994	129,331,545	94.72%	134,422,612	98.45%
2017	17/18	126,155,816	120,921,863	95.85%	125,247,269	99.28%

(1) As of June 30 of each year.

(2) As of May 2022.

Source: Dona Ana Treasurer's Office

OTERO COUNTY						
Tax Year	Fiscal Year	Net Taxes Charged to Treasurer	Current Tax Collections ⁽¹⁾	Current Collections as a Percent of Net Levied	Current/Delinquent Tax Collections ⁽²⁾	Current/Delinquent Collections as a percent of Net Levied
2021	21/22	32,216,912	30,250,842	93.90%	30,250,842	93.90%
2020	20/21	31,414,503	29,987,462	95.46%	30,797,934	98.04%
2019	19/20	30,960,891	29,099,978	93.99%	30,720,308	99.22%
2018	18/19	29,874,435	28,023,879	93.07%	29,478,778	98.68%
2017	17/18	27,772,423	26,145,459	94.14%	27,688,527	99.70%

(1) As of June 30 of each year.

(2) As of June 2022.

Source: Dona Ana Treasurer's Office

Interest on Delinquent Taxes

Pursuant to Section 7-38-49 NMSA 1978, if property taxes are not paid for any reason within thirty (30) days after the date they are due, interest on the unpaid taxes shall accrue from the thirtieth (30th) day after they are due until the date they are paid. Interest accrues at the rate of 1% per month or any fraction of a month. Interest shall accrue whether or not protests have been resolved. However, in the case of a timely protest, interest payable shall be computed on a principal amount equal to the unpaid taxes finally determined to be due upon resolution of the protest. Interest shall not be imposed on interest or on any penalty.

Penalty for Delinquent Taxes

Pursuant to Section 7-38-50 NMSA 1978, if property taxes become delinquent, a penalty of 1% of the delinquent tax for each month, or any portion of a month, they remain unpaid shall be imposed, but the total penalty shall not exceed 5% of the delinquent taxes. The minimum penalty imposed is \$5.00. A county can suspend application of the minimum penalty requirement for any tax year.

If property taxes become delinquent because of an intent to defraud by the property owner, 50% of the property tax due or fifty dollars (\$50.00), whichever is greater, shall be added as a penalty.

Remedies Available for Non-Payment of Taxes

Pursuant to Section 7-38-47 NMSA 1978, property taxes are the personal obligation of the person owning the property on the date on which the property was subject to valuation for property taxation purposes. A personal judgment may be rendered against the taxpayer for payment of taxes that are delinquent, together with any penalty and interest on the

delinquent taxes. The sale or transfer of property after its valuation date does not relieve the former owner of personal liability for the property taxes imposed for that tax year.

Taxes on real property are a lien against the real property from January 1 of the tax year for which the taxes are imposed. Pursuant to Section 7-38-65 NMSA 1978, delinquent taxes on real property may be collected by selling the real property on which taxes are delinquent.

Pursuant to Section 7-38-53 NMSA 1978, delinquent property taxes on personal property may be collected by asserting a claim for delinquent taxes against the owner's personal property.

Protest

Pursuant to Section 7-38-39 NMSA 1978, after receiving his or her property tax bill and after making payment prior to the delinquency date of all property taxes due in accordance with the bill, a property owner may protest the value or classification determined for his or her property for property taxation purposes, the allocation of value of his or her property to a particular governmental unit, the application to his or her property of an administrative fee adopted pursuant to Section 7-38-36.1 NMSA 1978 or a denial of a claim for an exemption by filing a claim for refund in the district court. Pursuant to Section 7-38-41 NMSA 1978, the portion of any property taxes paid to the County Treasurer that is not admitted to be due and is the subject of a claim for refund will be deposited in a "property tax suspense fund." Moneys in the property tax suspense fund may not be used for the payment of debt service on the Bonds.

New Mexico State University – Doña Ana Community College District

General

Doña Ana County borders Texas and Mexico and has a rich and colorful history ranging from 16th century Spanish exploration to the landing of the space shuttle. The District draws a substantial amount of its enrollment from the City of Las Cruces (the "City"). The City is the second largest city in the State and is the commercial, service, and cultural center of southern New Mexico.

Doña Ana Community College was established in 1971 at the request of the Las Cruces, Gadsden, and Hatch Valley School Boards to provide vocational and technical education opportunities to the citizens of Doña Ana County.

Doña Ana Community College (DACC), a two-year college with three campuses located in the city of Las Cruces and three located in the southern part of Dona Ana County. DACC is part of the New Mexico State University system ("NMSU" or the "University"), is the 2nd largest community college in terms of enrollment in the state of New Mexico. DACC offers 45 associate degrees, transferable general education courses, and college preparation courses. In addition, DACC has 58 certificates in 26 programs of study. DACC also offers a wide range of non-credit opportunities for community members including Adult Education courses (GED and ESL), community education, and contract training and other support services for area business and industry. DACC endorses an open-door admissions concept that, to the limit of its physical and financial resources, admits all who wish to attend.

Governing Board and Administration

Doña Ana Community College (DACC) is a branch of the University and is governed by an operating agreement between the Board of Regents of the University and the DACC Governing Board. The DACC Governing Board is comprised of the members of each of the local school boards of Doña Ana County (Gadsden Independent School District, Hatch Valley Public School District, and Las Cruces Public School District). This representative advisory board meets at least twice annually with the administrative staff of DACC. The Board of Regents sets tuition and personnel policies, determines curricula and degrees, and handles all records, funds, receipts, and disbursements for the community college. The Operating Agreement explains the functions and duties of the DACC Advisory Board. They are as follows:

- Enter into a written agreement with the Regents, subject to biennial review, and the commentary of the New Mexico Higher Education Department
- Act in an advisory capacity to the Regents in all matters pertaining to the conduct of DACC
- Approve the annual operating budget of DACC for recommendation to the Regents

- Certify to the Doña Ana County Commissioners the tax levy
- Conduct the election for tax levies for DACC

The Governing Board of the College is as follows:

Las Cruces School Board	Gadsden School Board	Hatch Valley School Board
Ray Jaramillo	Laura Salazar Flores	Greg Mitchell
Teresa Tenorio	Daniel Castillo	Elva Garay
Pamela Cort	Claudia Rodriguez	Christopher Montez
Robert Wofford	Armando Cano	Lupe Castillo
Carol Cooper	Arlean Murillo	Merlinda Hinojos

The President of the Doña Ana Community College serves at the discretion of the New Mexico State University Board of Regents. The University employs all other staff members.

The current members of the administration are:

Dr. Monica Torres, President

Dr. Mónica Torres has worked in higher education for more than 35 years. She is currently President of Doña Ana Community College (DACC). In this role, she works with faculty, staff, and community partners to provide meaningful educational opportunities for the citizens of Doña Ana County. Prior to this, she served as the Vice President for Academic Affairs at Doña Ana Community College.

As the academic affairs officer at DACC, Torres oversaw the planning, development, and implementation of educational programs. She worked collaboratively with deans, division directors, department chairs, and program directors to meet the needs of a diverse community of learners at the community college and in the community at large.

Before moving to DACC, Torres served as an assistant professor, associate professor, and department head in the Department of English at NMSU. There, she taught classes, advised graduate students, and engaged in scholarly inquiry. As department head, she oversaw the curricular, teaching, and administrative functions of the department.

Torres has bachelor's and master's degrees in English from NMSU. She earned a Ph.D. from the University of New Mexico in American Studies with an emphasis in Cultural Studies. She is published in academic journals and continues to pursue scholarly interests in cultural studies and higher education.

Dr. Xeturah Woodley, Vice President for Academic Affairs

Dr. Xeturah Woodley joined DACC as the VP for Academic Affairs in April 2022. She earned her Ph.D. in Curriculum and Instruction from NMSU, a master's degree in Social Sciences and a bachelor's degree in African American Studies and Psychology from the University of Colorado. Dr. Woodley has more than 21 years of experience, 12 plus years in higher education teaching and 9 plus years as an academic administrator at community colleges in New Mexico, Colorado, and North Carolina.

Kelly Brooks, Vice President for Business and Finance

Bachelor of Accounting, NMSU Las Cruces, New Mexico. Ms. Brooks officially joined DACC in April 2015, as Vice President for Business and Finance, where she serves as Chief Financial Officer of DACC. Prior to April 2015, Ms. Brooks was on loan to DACC from NMSU, where she served as Executive Director of Facilities Administration. In that position, Ms. Brooks oversaw business and administrative affairs for facilities and services at NMSU.

History of the NMSU Doña Ana Campus

In 1965, Doña Ana County was designated as an appropriate site for an area vocational-technical school by the New Mexico Public Education Department. In 1968, it was recommended that New Mexico State University become

responsible for offering post-secondary vocational-technical education in Doña Ana County. As the most cost-effective means of implementing the program, in 1971 the Boards of Education of Las Cruces, Gadsden, and Hatch Valley requested that this be done through a branch community college located on the campus of the University. A request to establish the college was forwarded to and approved by the Board of Educational Finance and the New Mexico Public Education Department in 1971. The NMSU Board of Regents approved the request in 1972. On November 1, 1972, the Boards of Education of the Las Cruces Public School District, the Gadsden Independent School District and the Hatch Valley Public School District, as a combined board, adopted a resolution for a mill levy to fund the community college under the Branch Community College Act, Sections 21-14-1 *et seq.*, NMSA 1978.

The Building Program

In March 2019, the Advisory Board adopted the updated 2019-2026 Facilities Master Plan (the “Plan”) for DACC.

Voters subsequently approved a \$16 million General Obligation Bond (GOB) election in November, 2019. The proceeds of the Series 2021 Bonds and the Series 2024 bonds provide funds for the following:

- Area security and safety upgrades at all campuses. Examples include exterior and interior lighting, sidewalk repairs, ADA door repairs and replacements, grounds and fencing repairs, etc.
- Infrastructure improvement at all campuses - Examples include building system repairs and replacements, exterior building repairs such as stucco, and utility system repairs and replacements, etc.
- Classroom and facility renovations and upgrades at all campuses. A mini classroom renovation master plan was conducted to prioritize identified projects. Examples include lab renovations and equipment, classroom carpeting, painting, lighting, furniture, etc.
- Technology / equipment acquisition at all campuses - As part of the 2019-2026 Master Plan an IT Master Plan was also commissioned and conducted by Bridgers & Paxton to identify and prioritize ongoing acquisitions and to address current and future demands for up to date equipment and technology infrastructure needs, network, and wireless connectivity at each campus.
- Construction of a new a new Creative Media Building and expansion/renovation of space at the Gadsden Campus to support growth of high-paying, high-demand careers in creative media and integrated technologies.

Capital Improvements Plan

The pandemic has negatively impacted enrollment in 2020 and 2021. DACC plans to capture some of this enrollment loss with returning to full class sizes and program cohorts especially in hands on courses and lab science classes. DACC also anticipates potential growth in enrollment, post-pandemic, in response to service area growth, workforce needs and demand for new programs.

DACC utilizes a “cycling” approach to capital financing. The capital program is based on bond issues on a regular four-year cycle. This approach allows for steady revenue expectations to support the long-range master plan.

DACC completed the 2019-2026 Master Plan in 2019 to address the current bond cycle. This bond issuance will allow projects identified in this plan to commence and will provide the capital funding stream to address capital projects through 2026. The plan identified projects totaling \$16 million in funding for the next six years and also includes longer range plans for potential projects in the next capital cycle.

DACC is already beginning the process to undertake the master planning process for the next bonding cycle. DACC utilizes a planning process that is inclusive by involving DACC administration, staff, students, as well as the community. It is data driven and utilizes DACC strategic planning, enrollment and workforce projections, facility condition assessments and utilization analysis to prioritize capital spending needs and leverage the funding available from the State to meet institutional capital needs.

DACC will continue to provide services through a combination of a central campus and satellite facilities. The Espina Campus adjacent to NMSU will continue to provide services with a focus on technical studies and health and public services programs. Satellite facility development will respond to service area growth and demographics. East Mesa Center has become the primary DACC campus and currently offers most of the business and information systems and

general studies programs. Projects are planned for the Gadsden Center serving residents of the Anthony area and southern parts of Doña Ana County. Additionally, DACC continues to provide services at the Chaparral Center as well as the Sunland Park Center to serve the needs of these growing border areas. DACC also continues to provide services in the northern part of Dona Ana County utilizing classrooms at Hatch Valley High School. The Workforce Center will continue to focus on workforce development and customized training.

Capital needs will be met through a combination of issuance of local general obligation bonds and requested state matching funds. The local tax rate of one mill, first established through the 1995 general obligation bond election, continued until the general obligation bond election held on February 3, 2015. The February 3, 2015 election reduced the local debt service tax rate to three-quarters (.75) mill and increased the operating mill levy from 1.0 to 1.25 mill. The debt service tax rate will generate an estimated \$32 million of local funding from 2019-2026 to support various programs. The plan is based on a target of about 33% state funding over the course of implementation.

Insurance

The University is covered by the State's self-funded insurance program. The District is covered for insurance purposes as a unit of the University. The insurance program is administered by the State of New Mexico General Services Department, Risk Management Division, Santa Fe, New Mexico.

The coverages include comprehensive property, workers' compensation and liability coverage for all state agencies and institutions of higher learning at set limits per legislative action. The University is considered a state agency for insurance purposes and is specifically named in the Insurance Act.

In addition, a program created by State statute commonly known as the New Mexico Tort Claims Act, Sections 41-4-1 *et seq.*, NMSA 1978, as amended (the "Insurance Act") sets the limits of tort liability for judgment actions against the University and other state agencies.

District Property

The District has about 531,933 gross square feet (gsf) of building space at six different locations. The Espina Campus is the oldest DACC campus, located on 15.5 acres on the southwest edge of NMSU's campus in Las Cruces, and has approximately 233,274 gsf. Currently, the Espina Campus is planned to capacity. The Sunland Park Center (Border Area Satellite), is located on 17.3 acres in Sunland Park, New Mexico, with 36,602 gsf (a portion was completed in 1996 with additions completed in the fall of 2014). The Gadsden Center is located on 20 acres in Anthony, New Mexico, with 42,212 gsf with the addition of a new science building as part of the phase 3 expansion project completed in 2020. The original main building was completed in 2000. The East Mesa Campus opened in 2003 and now serves as DACC's primary campus. This facility occupies a 60-acre parcel on the Las Cruces' East Mesa. With the completion of additional phases at the East Mesa Center, the location now has about 201,475 gsf. The District acquired the Workforce Development Center from NMSU in 2000, which now includes 33,000 gsf. In 2012, DACC opened an additional satellite campus, the Chaparral Center. Chaparral contains about 7,928 gsf. DACC continues to have the lowest square footage per student FTE of any community college in the state and is reflective of the high utilization of its existing facilities.

Enrollment

The District's enrollment for the current and previous five fiscal years is as follows:

Table 12

Degree and Certificate Programs (Credit Enrollment)						
	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023 *
Fall Headcount	7,951	7,922	8,172	7,105	6,534	6,500
Annualized FTE	4,801	4,734	4,790	4,248	3,855	3,886

*Enrollment for the 2022-2023 school year is estimated and subject to change.

Non-Credit Annual Headcount Enrollment

	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Adult Basic Education Classes	1,636	1,507	1,204	1,213	622
Community Education Classes	743	155	197	88	114
Customized Training	478	294	234	205	127
Small Business Development Center	411	324	424	474	230
EMT, Statewide and Region II Conferences	230	353	310	193	70
Duplicated Noncredit Enrollment	3,498	2,633	2,369	2,173	1,163

The following table provides additional detail on the District's student population.

Gender	2017-18	2018-19	2019-20	2020-21	% chg
Did Not Respond	0	0	1	22	2100.0%
Female	6,044	6,025	6,238	5,554	-11.0%
Male	4,482	4,522	4,504	3,622	-19.6%
Total	10,526	10,547	10,743	9,198	-14.4%

ETHNICITY	2017-18	2018-19	2019-20	2020-21	% chg
American Indian Alaskan Native	143	162	155	126	-18.7%
Asian, Hawaiian, and 2 or more	259	249	257	233	-9.3%
Black or African American	250	232	245	173	-29.4%
Hispanic	7,699	7,754	7,990	6,831	-14.5%
Unknown	209	216	226	184	-18.6%
White	1,966	1,934	1,870	1,651	-11.7%
Total	10,526	10,547	10,743	9,198	-14.4%

AGE	2017-18	2018-19	2019-20	2020-21	% chg
0-17	1,206	1,101	1,182	1,074	-9.1%
18-21	4,477	4,829	4,923	4,194	-14.8%
22-24	1,472	1,336	1,388	1,124	-19.0%
25-34	1,996	1,979	1,968	1,813	-7.9%
35-49	987	935	946	797	-15.8%
50+	388	367	336	195	-42.0%
Unknown	0	0	0	1	#DIV/0!
Total	10,526	10,547	10,743	9,198	-14.4%

Accreditation

Starting in 2008, the District is independently accredited by the Higher Learning Commission of the Northern Central Association of Colleges and Schools. This association is responsible for evaluating all areas of education including instruction, student support services, administration, curriculum, and other educational aspects as they pertain to delivery of quality services.

The Higher Learning Commission (HLC) is an independent corporation that was founded in 1895 as one of six regional institutional accreditors in the United States. HLC accredits degree-granting post-secondary educational institutions in the North Central region. The District's accreditation was re-affirmed in 2014. DACC completed a Comprehensive Evaluation and Federal Compliance review on 4/30/2018 as an institution on the Standard Pathway. DACC's next reaffirmation of accreditation visit will be March 25 & 26, 2024. Additionally, DACC completed a multi-location visit at the Espina and Alta

Vista Early College High School locations in March 2022. The favorable report from the review determined DACC needed no further review or monitoring.

Finances of the Educational Program

The District does not prepare its own financial statements but is included in the financial, accounting and budgeting processes of the University.

The operating revenues for the District are derived from appropriations made to the District by the State and/or local government; sales and services of auxiliary operations; tuition and fees; self-funded activities; federal, state and local government grants and contracts; private gifts, grants and contracts; and other miscellaneous sources.

Budget Process

The University operates on an annual budget with a fiscal year beginning on July 1. However, the budget and resource allocation process is a multi-year activity that assures that funding from all sources is continuously consistent with long-range policies, programmatic goals, and specific campus roles and objectives of the University. The budget process is based on criteria established by the New Mexico Higher Education Department (the "Department") for the purpose of ensuring consistency in the development and reporting of budget information among State institutions of higher education.

In general, the University prepares the following types of budgets: (a) unrestricted current funds budgets, (b) restricted current funds budgets, and (c) capital construction budgets supported by State capital construction appropriations and local funds derived from the sale of general obligation bonds. Current funds represent those resources of the University that are expendable for current operating purposes. These funds are divided into two subgroups, unrestricted and restricted. While unrestricted current funds can be expended for any University purpose, the expenditure of restricted current funds is limited by the donor or grantor to specific purposes, programs, departments or colleges. Unrestricted current funds budgets are funded by State appropriations, local tax levy, tuition, sales, and other sources. Restricted current funds budgets are funded by federal, private and state grants and contracts, and other sources. The State appropriated operating budgets include appropriations for instruction and related support, certain public service activities, libraries, and other items. Non-appropriated operating activities include sponsored programs paid for by federal, state and private contracts and grants, student financial assistance, certain self-funding activities, and auxiliary enterprises.

Accounting Policies

The District accounts for its financial resources through the University in accordance with the principles of fund accounting for colleges and universities. Under these principles, University resources are recorded and maintained through the use of separate accounts, known as funds, to assure observance of any donor or grantor restrictions imposed upon the use of these resources. For reporting purposes, funds which have similar objectives and characteristics are combined into separately balanced fund groups. The fund groups that the University uses to reflect its financial position are current funds, student loan funds, endowment funds, plant funds, and agency funds.

The Department is required by statute to conduct periodic special audits of the institutions of higher education. These audits may include verification of enrollments, fund balances, compliance with legislation, comparison of expenditures to budgets and other areas to be determined by the Department. The Department is required to consider the audit findings in making its annual recommendations to the executive and legislative branches for higher education funding. Many of the areas included in special audits are reviewed annually by the Department during its annual operating budget approval process.

Budget Comparisons

Financial information for DACC as collectively reported to the New Mexico State University but not included in the audited financials. Below is a budget comparison of current funds for Doña Ana Community College for the past 5 years.

Table 13

Fiscal Year Ended 2020-2021

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actuals</u>
Revenues			
Unrestricted	44,185,220	40,382,352	38,188,871
Restricted	22,783,754	27,021,188	21,804,021
Total	66,968,974	67,403,540	59,992,892
Expenses			
Unrestricted	43,207,838	41,882,838	38,824,843
Restricted	22,783,754	27,021,188	21,804,021
Total	65,991,592	68,904,026	60,628,864
Changes in Net Assets			
Unrestricted	957,882	(1,630,187)	3,675,128
Restricted	-	-	-
Total	957,882	(1,630,187)	3,675,128

Fiscal Year Ended 2019-2020⁽¹⁾

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actuals</u>
Revenues			
Unrestricted	42,083,048	42,095,784	41,806,214
Restricted	20,961,515	24,418,424	19,438,217
Total	63,044,563	66,514,208	61,244,431
Expenses			
Unrestricted	42,186,430	46,166,240	41,768,585
Restricted	20,961,515	24,418,424	19,438,217
Total	63,147,945	70,584,664	61,206,802
Changes in Net Assets			
Unrestricted	(103,382)	(4,070,456)	37,629
Restricted	-	-	-
Total	(103,382)	(4,070,456)	37,629

(1) Unaudited

Fiscal Year Ended 2018-2019

	Original Budget	Revised Budget	Actuals
Revenues			
Unrestricted	39,786,465	40,553,678	40,897,692
Restricted	21,696,794	18,590,833	17,306,712
Total	<u>61,483,259</u>	<u>59,144,511</u>	<u>58,204,404</u>
Expenses			
Unrestricted	39,876,652	41,986,530	39,809,494
Restricted	21,696,794	18,590,833	17,306,712
Total	<u>61,573,446</u>	<u>60,577,363</u>	<u>57,116,206</u>
Changes in Net Assets			
Unrestricted	(90,187)	(1,432,852)	1,088,198
Restricted	-	-	-
Total	<u>(90,187)</u>	<u>(1,432,852)</u>	<u>1,088,198</u>

Fiscal Year Ended 2017-2018

	Original Budget	Revised Budget	Actuals
Revenues			
Unrestricted	38,659,736	38,781,935	39,214,182
Restricted	20,498,083	19,825,629	17,369,539
Total	<u>59,157,819</u>	<u>58,607,564</u>	<u>56,583,721</u>
Expenses			
Unrestricted	38,705,338	41,774,322	38,940,690
Restricted	20,498,083	19,825,629	17,369,539
Total	<u>59,203,421</u>	<u>61,599,951</u>	<u>56,310,229</u>
Changes in Net Assets			
Unrestricted	(45,602)	(2,992,387)	273,492
Restricted	-	-	-
Total	<u>(45,602)</u>	<u>(2,992,387)</u>	<u>273,492</u>

Fiscal Year Ended 2016-2017

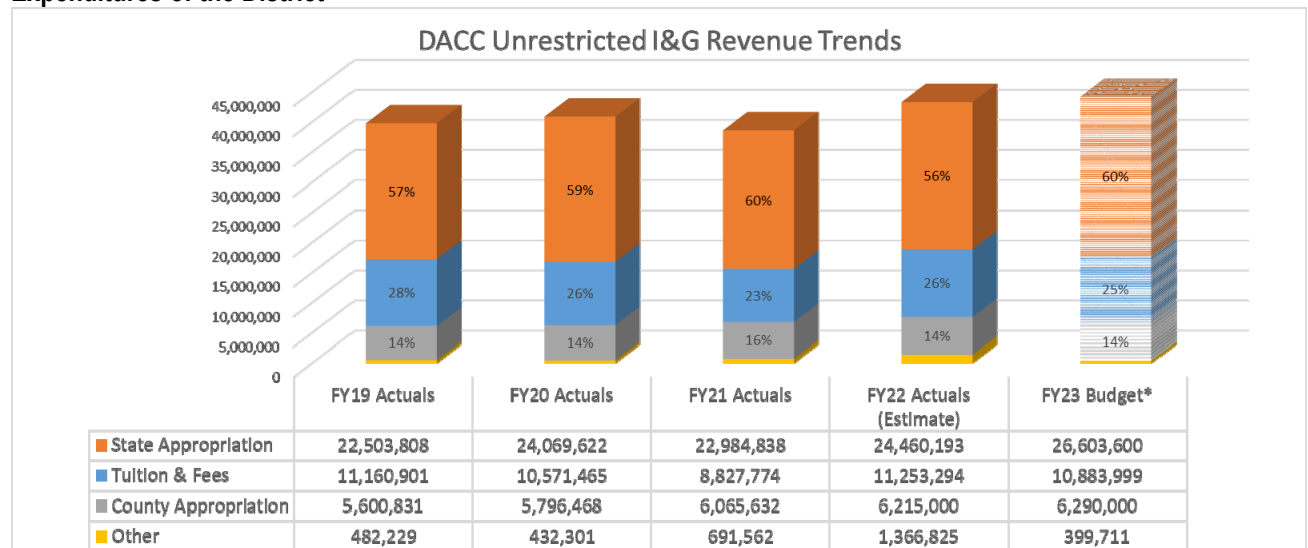
	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Actuals</u>
Revenues			
Unrestricted	39,762,774	38,839,770	38,784,297
Restricted	23,162,430	19,532,123	18,472,062
Total	<u>62,925,204</u>	<u>58,371,893</u>	<u>57,256,359</u>
Expenses			
Unrestricted	39,809,453	40,567,304	38,449,548
Restricted	23,162,430	19,532,123	18,472,062
Total	<u>62,971,883</u>	<u>60,099,427</u>	<u>56,921,610</u>
Changes in Net Assets			
Unrestricted	(46,679)	(1,727,534)	334,749
Restricted	-	-	-
Total	<u>(46,679)</u>	<u>(1,727,534)</u>	<u>334,749</u>

Primary Sources of Revenue for the District

Financial information for DACC is collectively reported with the University. Below is four-year history of the primary sources of revenue for the District and estimated revenues for fiscal year 2022:

Table 14

Expenditures of the District



(1) Unaudited

(2) FY23 – Reflects amounts budgeted for fiscal year 2022-2023

Table 15

	FY19	FY20	FY21	FY22 (Estimated)	FY23 Budget*
Instruction	20,188,699	20,990,584	19,981,796	22,993,132	24,835,786
Academic Support	4,208,969	4,695,600	4,321,925	5,040,431	5,449,762
Student Services	2,627,962	2,788,392	2,493,128	3,317,164	3,772,744
Institutional Support	5,190,465	5,360,579	5,304,066	5,727,743	5,829,885
Operation & Maintenance	2,891,147	2,967,743	2,672,438	3,109,457	3,369,942
Instruction & General	35,107,242	36,802,898	34,773,353	40,187,927	43,258,119
Student Soc & Cultural	364,151	242,940	126,352	323,821	387,637
Public Service	264,554	211,070	238,557	330,945	121,696
Internal Service	(68,371)	7,315	3,311	(8,515)	(69,015)
Student Aid	392,030	432,186	385,340	485,243	435,243
Auxiliaries	505,863	434,109	97,630	264,968	251,025
Subtotal Current Funds	\$36,565,469	\$38,130,518	\$35,624,543	\$41,584,389	\$44,384,705
Capital Outlay	1,543,056	7,971,517	4,911,106	9,048,012	15,145,107
Renewal & Replacement	359,967	552,973	985,281	2,933,962	2,871,781
Total Expenditures	\$38,468,492	\$46,655,008	\$41,520,930	\$53,566,363	\$62,401,593

(1) Unaudited

(2) FY23 – Reflects amounts budgeted for fiscal year 2022-2023

District Fund Balance History

Fiscal Year Ending June 30	Current Funds	Capital Outlay	Renewal & Replacement	Total Investment in Plant	Endowments
2021	\$ 7,972,311	\$ 18,088,390	\$ 9,040,245	\$ 106,433,828	\$ 337,577
2020	8,765,321	10,818,920	7,653,667	98,372,437	340,449
2019	8,727,692	14,876,594	6,310,922	97,825,778	339,685
2018	7,639,494	7,853,647	5,027,134	95,808,595	339,203
2017	7,366,002	8,083,952	3,587,421	90,075,728	335,798
2016	7,031,253	11,610,282	2,252,463	89,526,300	335,481
2015	6,979,163	2,458,851	772,211	87,441,206	333,319
2014	5,975,239	3,049,544	679,619	87,034,459	327,779
2013	5,144,596	7,134,235	578,561	83,133,167	321,280
2012	5,989,306	10,420,533	774,381	78,435,625	319,678

FY2021 Audited Financial Statements

Dona Ana Branch College is a component unit of New Mexico State University and its financials are part of the New Mexico State University audit. New Mexico State University anticipates that its fiscal year 2021 audited financial statements will be sent to the New Mexico State Auditor in early to mid-March and is expected to be in-line with the unaudited information in the POS. How long the New Mexico State Auditor review takes cannot be determined. Once the audited financial statements have been reviewed and been released by the State Auditor, the final Audit is approved by the Board of Regents of New Mexico State University at which time the audit is released and is available to the public. Dona Ana Branch College and New Mexico State University cannot guarantee when the audited financials will become available.

Employees

The District employs 316 full-time employees, 134 part-time employees, and more than 75 student employees.

Employee Retirement Plans

The University offers three retirement plans. All regular employees (full-time or part-time) are required to participate in one of the first two plans described below. Student employees do not participate in these plans.

A. Educational Retirement Act

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

Funding Policy: The University is required to contribute 13.9% of the gross covered salary. Employees earning more than \$20,000 (on a full-time annualized basis) must contribute 10.7% of the employee's gross salary. Employees earning \$20,000 or less (on a full-time annualized basis) contribute 7.9% of gross salary. The contribution requirements of plan members and the University are established in Chapter 22, Article 11 NMSA 1978. The requirements may be amended by acts of the New Mexico legislature. The University's contributions to the ERB for the years ended June 30, 2019, 2018 and 2017 were \$24,766,759, \$24,574,007, and \$25,880,341, respectively, which were equal to the amount of the required contribution for each year.

Return to Work Program: Effective January 1, 2002, the ERB implemented a retiree Return-to Work (RTW) program. The University is required to make regular (13.9%) employer contributions on eligible retiree wages. The University's contributions to the ERB for RTW program participants for the years ended June 30, 2019, 2018 and 2017, were \$214,381, \$230,807, and \$209,946, respectively, which were equal to the amount of the required contributions for each year.

Pension Plan Statistics: An actuarial investigation and valuation of the ERB was last conducted and reported as of June 30, 2019. The ERB has over 163,000 members as of June 30, 2021, including active, retired, inactive vested, and inactive non-vested members.

Table 16

Fiscal Year Ending June 30	Employer Contributions	Employee Contributions	Net Assets Held in Trust
2012	253,845,277	289,852,094	9,606,304,017
2013	299,657,530	248,785,187	10,358,058,861
2014	362,462,537	268,693,991	11,442,171,449
2015	395,129,621	294,560,840	11,642,543,051
2016	396,988,557	293,847,970	11,532,837,951
2017	395,843,795	292,809,008	12,509,355,910
2018	388,723,983	287,323,804	12,970,300,855
2019	406,549,056	303,442,092	16,544,691,114
2020	451,556,144	329,724,869	13,019,196,862
2021	452,872,287	330,066,887	16,361,524,358

Source: New Mexico Educational Retirement Board, Financial Report

The market value of the Educational Retirement Fund (the "Fund") as of June 30, 2021 was \$16.4 billion. The actuarial value of assets was \$14.6 billion as of June 30, 2021, and the unfunded accrued actuarial liability ("UAAL") was \$8.7 billion. The ERB continues to monitor both its investment returns and general market conditions and may change its assumed rate of return as market conditions and experience warrant. The plan fiduciary net position as a percentage of the total pension liability was 69.77%.

Governmental Accounting Standards Board Statement No. 68 addresses accounting and financial reporting for pensions that are provided to employees of state and local government employers through pension plans that are administered through trusts and also establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. According to Statement No. 68, the University, as a contributor to ERB, is required to recognize its proportionate share of the collective net pension liability, pension expense, and deferred inflows or outflows of resources of the cost-sharing, multi-employer plan with ERB. For Fiscal Year 2021, the University's proportionate share of the collective net pension liability was \$1,587,712,720.

In July 2012, the ERB adopted goals of achieving 95%, plus or minus 5% funded ratio by the year 2042. To achieve this goal, the New Mexico Legislature amended the Educational Retirement Act in the 2013 legislative session (Senate Bill 115; Chapter 61, Laws 2013). The amendments increased employee contributions for members whose salary exceeds \$20,000 per year to 10.7% in Fiscal Year 2017 (ERB members who make less than \$20,000 contribute 7.9% of their gross salary). The legislation also kept in place scheduled increases in employer contribution rates, created a new tier membership for persons who become members of the ERB Fund on or after July 1, 2013, created certain actuarial limitations on benefits of new tier members, placed limitations on future cost of living adjustments ("COLA") for current and future retirees which are tied to the future funded ratios of the Fund, and made certain other clarifying and technical changes.

In December 2013, the New Mexico Supreme Court, *Barlett v. Cameron*, 316 P.3d 889 (N.M. 2013), rejected the claims of certain retired teachers, professors and other public education employees challenging the state constitutionality of Senate Bill 115 to the extent that it reduces the future amounts that all education retirees might receive as annual COLA. The Court held that Article XX, Section 22 of the New Mexico Constitution did not grant the retirees a right to an annual COLA based on the formula in effect on the date of their retirement for the entirety of their retirement. The Court held that in the absence of any contrary indication from the New Mexico Legislature, any future COLA to a retirement benefit is merely a year-to-year expectation that, until paid, does not create a property right under the New Mexico Constitution. Once paid, the COLA, by statute, becomes part of the retirement benefit, and a property right subject to those constitutional protections.

B. Alternative Retirement Program ("ARP")

Plan Description: Certain faculty and professional staff hired on or after July 1, 1991, may elect to participate in an alternative defined-contribution retirement plan in lieu of participation in the ERB. The two carriers approved by the ERB are the Teachers Insurance and Annuity Association/College Retirement Equities Fund and the Variable Annuity Life Insurance Company. Employees are allowed to transfer between carriers once each year.

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

Contribution Required: Total payroll expenses covered by ARP for the years ended June 30, 2017, 2016, and 2015 were \$29,449,905, \$27,853,706, and \$27,883,938, respectively. Employees earning less than \$20,000 under this plan contribute 7.9% of their gross salaries and employees earning more than \$20,000 must contribute 10.7% of their gross salary. The University is required to contribute 10.9% to the carrier and 3% to the ERB as an administrative fee. The 3% fee does not provide retirement benefits. Benefits are determined strictly by contributions made and earnings on contributions.

Vesting is immediate and benefits are distributed only as an annuity. The University's contribution for years ended June 30, 2021, 2020, and 2019 were \$3,827,195, \$3,638,320, and \$3,304,119, respectively, for employees participating in the ARP. Additionally, \$1,140,648, \$1,084,144, and \$909,248 were paid as an administrative fee to the ERB for years ended June 30, 2021, 2020, and 2019, respectively; and employees participating in the ARP made contributions totaling \$3,756,969, \$3,571,562, and \$3,246,491 for the same periods.

C. Federal Retirement Program

Plan Description: Certain employees of the University working under the auspices of the United States Department of Agriculture (through various University sponsored extension programs) are covered under the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), established with the passage of Public Law 99-

335. Both are defined benefit retirement plans. FERS is a three-tiered retirement plan (covering substantially all Federal employees hired subsequent to December 31, 1986) combining Social Security benefits with a basic benefit plan and a thrift savings plan. Employees hired prior to 1984 do not participate in Social Security, but have the ability to transfer to FERS at their own discretion. The CSRS and FERS are administered by the U.S. Office of Personnel Management, Retirement Operations Center, P.O. Box 45, Boyers, Pennsylvania 16017.

Contributions Required: Employees covered by CSRS and FERS are considered federal employees, and as such, are obligated to contribute according to the guidelines of the federal government. For the year ended June 30, 2021 there was 0 employees enrolled under CSRS and 2 employees under FERS.

The University contributes 7.0% and employees contribute 7.0% under CSRS. The University contributed 13.70% for the fiscal years ended June 30, 2021, 2020 and 2019 and employees contributed 0.8% for the fiscal years ended June 30, 2021, 2020 and 2019 under FERS. For the fiscal years ended June 30, 2021, 2020, and 2019, the University contributed \$35,403, \$127,192, and \$127,192, respectively; employees contributed \$1,770, \$16,078, and \$16,078, respectively, under both plans.

Other Post-employment Benefits: New Mexico State University is a single employer that offers employees and their eligible dependents retiree benefits. This is an unfunded OPEB plan operating on a pay as you go basis. The authority to establish and amend the benefit provisions rests with the Board of Regents. Retirees, who have had 10 consecutive years of health insurance coverage with the University at the time of retirement, are offered the opportunity to participate in a fully-insured PPO medical plan, including prescription drugs. Medicare retirees (for retirees 65 years of age and over) are offered the opportunity to participate in a Medicare carve-out medical plan, including prescription drugs. Eligible retired employees may select a Life Insurance benefit up to \$10,000. All premiums for life insurance are paid by the retiree. The University currently pays 60% of the monthly medical and prescription premium for retirees and their eligible dependents until the retiree reaches age 70, at which time the University reduces their contribution to 30%. As of June 30, 2021 and 2020, 1,438 and 1,401 retirees met the eligibility requirements for health insurance, respectively.

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

Funding Policy: The University does not use a trust fund to administer the financing and payment of benefits. The retired employees that elect to participate in post-employment benefits are required to contribute in the form of monthly premiums based on current rates established under the medical and life plans.

Tax Matters

In the opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Bond Counsel, to be delivered at the time of original issuance of the Bonds, under existing laws, regulations rulings and judicial decisions, and assuming compliance with covenants described herein, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference under Section 57 of the Code (as defined below) for purposes of the federal alternative minimum tax imposed on individuals. Bond Counsel is also of the opinion, based on existing laws of the State of New Mexico as enacted and construed, that interest on the Bonds is exempt from all taxation by the State of New Mexico or any political subdivision thereof.

The Internal Revenue Code of 1986, as amended (the "Code"), imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Bonds. The District has made various representations and warranties with respect to, and has covenanted in the Bond Resolution and other documents, instruments and certificates to comply with the applicable provisions of the Code to assure that interest on the Bonds will not become includible in gross income. Failure to comply with these covenants or the inaccuracy of these representations and warranties may result in interest on the Bonds being included in gross income from the date of issue of the Bonds. The opinion of Bond Counsel assumes compliance with the covenants and the accuracy of such representations and warranties.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Before purchasing

any of the Bonds, potential purchasers should consult their tax advisors as to the tax consequences of purchasing or owning the Bonds.

The opinions expressed by Bond Counsel are based upon existing law as of the date of issuance and delivery of the Bonds, and Bond Counsel expresses no opinion as of any date subsequent thereto or with respect to any pending legislation.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted, it would apply to Bonds issued prior to enactment. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

Original Issue Premium

Certain maturities of the Bonds were offered at a premium ("original issue premium") over their principal amount. For federal income tax purposes, original issue premium is amortizable periodically over the term of a Bond through reductions in the holders' tax basis in the Bond for determining taxable gain or loss from sale or from redemption prior to maturity. Amortizable premium is accounted for as reducing the tax-exempt interest on the Bond rather than creating a deductible expense or loss. Holders of Bonds offered at an original issue premium should consult their tax advisor for an explanation of the amortization rules.

Internal Revenue Service Audit Program

The Internal Revenue Service (the "Service") has an ongoing program auditing tax-exempt obligations to determine whether, in view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service will treat the District as the taxpayer and the Bond owners may have no right to participate in such procedure. None of the initial purchasers of the Bonds, the Municipal Advisor, nor Bond Counsel is obligated to defend the tax-exempt status of the Bonds. The District has covenanted in the Bond Resolution not to take action that would cause the interest on the Bonds to lose its exclusion from gross income except to the extent described above for the owners thereof for federal income tax purposes. None of the District, the Municipal Advisor, nor Bond Counsel is responsible to pay for or reimburse a Bond owner for the costs associated with or in respect to any audit or litigation relating to the Bonds.

CONTINUING DISCLOSURE UNDERTAKING

The District will enter into an undertaking (the "Undertaking"), in the form attached as Exhibit E, for the benefit of the holders of the Bonds to provide (i) certain financial information by no later than March 31st of each year, beginning March 31, 2023 until the Bonds are no longer outstanding, and (ii) operating data, and to provide notice of certain events, pursuant to the requirements of section (b)(5)(i) of Rule 15c2-12 of the Securities and Exchange Commission (17 C.F.R. § 240.15c2-12) (the "Rule"). A failure by the District to provide any information required thereunder shall not constitute an Event of Default under the Bond Resolution. The District will update and provide this information no later than March 31 of each year, commencing March 31, 2023, for the fiscal year ending on the preceding June 30.

If the District changes its fiscal year, it may change the date by which it must provide its annual financial information to a date no later than nine months after the end of its new fiscal year.

Event Notices

The District shall notify the Municipal Securities Rulemaking Board ("MSRB"), in an electronic format prescribed by the MSRB, in a timely manner, not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: 1) principal and interest payment delinquencies; 2) non-payment related defaults, if material within the meaning of the federal securities laws; 3) unscheduled draws on debt service reserves reflecting financial difficulties; 4) unscheduled draws on credit enhancements reflecting financial difficulties; 5) substitution of credit or liquidity providers, or their failure to perform; 6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7) modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws; 8) bond calls, if material within the meaning of the federal securities laws; 9) defeasances; 10) release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws; 11) rating changes; 12) bankruptcy, insolvency, receivership, or similar event of the District; 13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; 14) appointment of a successor or additional trustee or the change of name of a trustee, if material with the meaning of the federal securities laws; 15) the incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) a default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Limitations and Amendments

The District may amend its undertaking from time to time without consent of the Bondholders, if the District delivers to MSRB’s Electronic Municipal Market Access system (“EMMA”), an opinion of nationally recognized bond counsel to the effect that such amendment, and giving effect hereto, will not adversely affect compliance of the Undertaking and the District with the Rule (except that no opinion of counsel shall be required with respect to a change in the date by which the annual financial and operating information must be reported resulting from a change in the District’s fiscal year). The Undertaking will terminate upon the legal defeasance, prior redemption, or payment in full of all of the Bonds. In addition, the Undertaking, or any provision thereof, will be null and void in the event the District delivers to EMMA an opinion of nationally recognized bond counsel to the effect that those portions of the Rule that require the Undertaking, or any such provision, are invalid, have been repealed retroactively, or otherwise do not apply to the Bonds.

Any failure of the District to provide the annual financial information or any material event notice does not constitute an Event of Default with respect to the Bonds, and an action seeking to compel performance of the Undertaking shall be the sole remedy in the event the District fails to comply with the Undertaking.

Compliance with Prior Undertakings

The College has made continuing disclosure agreements in accordance with SEC Rule 15c2-12 for the past five years and is in material compliance with such agreements.

Litigation

At the time of the original delivery of the Bonds, the District will deliver a no-litigation certificate to the effect that no litigation or administrative action or proceeding is pending or, to the knowledge of the appropriate officials, threatened, restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Bonds, the effectiveness of the Bond Resolution, the levying or collecting of taxes to pay the principal of and interest on the Bonds, or contesting or questioning the validity of the Bonds, or the proceedings and authority under which the Bonds have been authorized and are to be issued, sold, executed, or delivered.

Rating

Moody’s Investors Service has given the Bond a rating of “Aa2”. The rating reflects only the views of such rating agency and an explanation of the significance of the ratings may be obtained only from the rating agency. There is no assurance that the rating will be obtained or will continue for any given period of time after received or that the rating will be revised downward or withdrawn entirely by the rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have effect on the market price of the Bonds.

The Municipal Advisor

RBC Capital Markets, LLC, is employed as Municipal Advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor's fee for services, rendered with respect to the sale of the Bonds, is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification of the accuracy, completeness, or fairness of the information in this Official Statement.

Legal Matters

The opinion of Modrall, Sperling, Roehl, Harris & Sisk, P.A., Albuquerque, New Mexico, Bond Counsel, approving the legality of the Bonds and relating to the tax-exempt status of the Bonds will be furnished to the successful bidder at no cost to the successful bidder. The written approval of the New Mexico Attorney General as to form and legality of the Bonds will be supplied. A draft of the opinion of Bond Counsel is attached hereto as Exhibit D.

Additional Matters

All summaries of the statutes, resolutions, opinions, contracts, agreements, financial and statistical data, and other related reports described in this Official Statement are subject to the actual provisions of such documents. The summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are either publicly available or available for inspection during normal business hours, at the offices of the District located at 2800 Sonoma Ranch Blvd., Las Cruces, New Mexico 88011, or at the offices of RBC Capital Markets, LLC, 6301 Uptown Boulevard, NE, Suite 110, Albuquerque, New Mexico 87110.

A Last Word

Anything in this Official Statement involving matters of opinion or estimates—whether labeled as such or not—are just that and are not representations of fact. They might not prove true. Neither this Official Statement nor any other written or oral information is to be construed as a contract with the registered owners of the Bonds.

The District has duly authorized the execution and delivery of this Official Statement.

GOVERNING BOARD OF DOÑA ANA COMMUNITY COLLEGE DISTRICT

By: /s/ Laura Salazar Flores
President

By: /s/ Merlinda Hinojos
Secretary

EXHIBIT A

ECONOMIC AND DEMOGRAPHIC INFORMATION RELATING TO THE DISTRICT

The Economy

The economy of the Las Cruces MSA (Metropolitan Statistical Area) is diversified with the major employers being government, primarily White Sands Missile Range, New Mexico State University, City/County governments and the District, which accounted for 18,149 jobs as of the first quarter of 2020. The remaining non-agricultural jobs are in manufacturing (2,764), retail trade (7,224), construction (3,841), transportation/warehousing/utilities (2,251), information (635), finance (1,519) and all other services (32,294).¹

Growth in the economy is demonstrated in the growth of gross receipts from retail trade, assessed valuation, building permits, housing prices, and median household income.

Industry

A combination of a well-educated labor force, favorable tax rates, and a high quality of living has attracted industry to Las Cruces. The blend of industries contributing to the diversification of the City's economy include the following: White Sands Missile Range (U.S. Army, private industry testing facility), Las Cruces Medical Center (hospital), NASA LBJ Test Facility (rocket testing), Honeywell Technology Solutions (aerospace services), Wal-Mart (retail), Tresco, Inc. (sheltered employment), ADC Telecommunications (telephone equipment manufacturer), IBP Prepared Foods (meat processor), NMSU Physical Science Laboratory (aerospace contractor), Frontier Airlines (Reservation Center), REA Magnet Wire (Wire Processing), Multi-Plastics (Component Parts), Taylor Metro (Scales & Measurement), Calculux (Electronics), Smart Corp (Computerized & Home Systems), Aldershot (Wholesale Nursery), Foamex, Inc. (Packaging), Young Pecan (Food Processing), and Las Cruces Machine (Machine Parts).

Tourism

The tourism industry has an impact on the Las Cruces economy making up 12% of nonagricultural wage and salary employment in Doña Ana County. In 2019, leisure and hospitality receipts totaled \$440.2M, 5% of total reported gross receipts.² A number of recreation sites in the Las Cruces area, including Leasburg Dam State Park, Fort Selden State Monument, Aguirre Springs, and Dripping Springs, attract visitors to their facilities. The Las Cruces Farmers & Crafts Market, held each Wednesday and Saturday morning, is rated as one of the top ten open-air markets in the United States. The New Mexico Farm & Ranch Heritage Museum, along with the University Art Gallery, the New Mexico State University Museum, the Las Cruces Museum of Natural History, and the Branigan Cultural Center give area visitors a glimpse into the life and culture of contemporary and historical New Mexico. The White Sands Missile Range, located in nearby Alamogordo, is the birthplace of the atomic age. It was established in 1945 and is operated by the United States Army. The Range is a major test facility for testing capabilities needed by the U. S. Army, Navy and Air Force, and by NASA. White Sands Space Harbor serves as an alternate landing site for NASA's space shuttle, and shuttle pilots train at the Range. White Sands is the home of Trinity Site, where the first atomic bomb was detonated, and is open to the public on the first Saturday in April and October.

New Mexico State University

New Mexico State University (the "University"), the main campus of which is situated in Las Cruces, was originally founded in 1888, and in 1889 was established as a land grant college. The University had a Fall 2021 enrollment of 21,694 students (including four branch campuses). 34 doctoral programs, 62 master's degree programs, and 95 bachelor's degree programs are available in the University's seven colleges (Agricultural, , Consumer and Environmental Sciences; Arts and Sciences; Business; Engineering; Extended Learning; Health, Education, and Social Transformation Honors and the Graduate School.)

¹ New Mexico Department of Workforce Solutions, Quarterly Census of Employment and Wages program.

² Mesilla Valley Economic Development Alliance

The University's main campus encompasses approximately 3,500 acres and consists of more than 200 academic, research, and auxiliary buildings, and over 400 housing buildings. The University employs approximately 4,000 area residents, not including student employees. The University's largest single research operation is the Physical Science Laboratory. Research for engineering, space technology, and farm production and related industries is also conducted by various University departments. In fiscal year 2021, the University's research expenditures exceeded \$110 million. The University is classified as a Doctoral/Research institution as rated by the Carnegie Foundation. The University anchors the southern end of New Mexico's Rio Grande Research Corridor. The statewide Water Resources Research Institute situated at the University studies the State's water supply and demands, conservation and use, as well as ecological and other aspects thereof.

Agriculture

Many private and commercial farms are located in Doña Ana County spanning over 528,270³ acres of farmland and totaling over 2,400⁴ employees in agriculture and forestry. Principal crops include cotton, pecans, alfalfa, onions, lettuce, chile, barley, nursery stock, and feed grains. Water for the various agricultural operations is provided by surface water diverted from the Rio Grande River and approximately 900 irrigation wells. The area's growing season averages about 200 days each year. The livestock, dairy cattle, Stahmann Farms, and the poultry industry also provide a significant portion of agricultural income. Several chile processing plants are located in the area with seasonal employment growing to near 1,000.

Transportation

Historically a crossroads of the Southwest, Las Cruces is serviced by Interstate Highways I-10 (east-west) and I-25 (north-south). Five major U.S. highways and seven State highways also serve the City. More than 20 interstate, regional, and local motor carriers serve Las Cruces; four of them operate terminals in the area.

Commuter air service and corporate and general aviation services are available at the City's international airport. Major scheduled airline service is provided by El Paso International Airport, approximately 50 miles from Las Cruces.

Daily rail service, with piggyback and container service, is provided by the Santa Fe and Southern Pacific railroads.

Population

The following chart sets forth historical population data for the City of Las Cruces, Town of Mesilla, Doña Ana County and the State.

Table 17

Year	City of Las Cruces	Doña Ana County	State of New Mexico
1960	29,367	59,948	951,023
1970	37,857	69,773	1,017,055
1980	45,086	96,340	1,303,143
1990	62,648	136,523	1,515,069
2000	70,464	174,682	1,819,046
2010	97,618	209,233	2,059,179
2020	111,385	219,561	2,117,522
2022 ⁽¹⁾	108,591	224,886	2,126,179
2027 ⁽²⁾	112,672	232,146	2,165,731

Source: U.S. Census Bureau: State and County QuickFacts.

1) Estimates. Source: Environics Analytics, June 2022

2) Projected. Source: Environics Analytics, June 2022

³ Mesilla Valley Economic Development Alliance

⁴ New Mexico Department of Workforce Solutions, Quarterly Census of Employment and Wages program.

Age Distribution

The following table sets forth a comparative age distribution profile for the City of Las Cruces, the State of New Mexico, and the United States.

Table 18

Age Group	Percent of Population		
	Las Cruces MSA	New Mexico	United States
0 - 17	24.14%	22.31%	22.00%
18 - 24	13.31%	9.42%	9.28%
25 - 34	14.01%	13.22%	13.48%
35 - 44	11.30%	12.45%	12.82%
45 - 54	9.95%	11.08%	12.18%
55 and Older	27.30%	31.52%	30.23%

Source: Spotlight, June 2022

Effective Buying Income

The following table reflects the percentage of households by Effective Buying Income (“EBI”) and a five-year comparison of the estimated median household income. EBI is personal income less personal tax and non-tax payments. Personal income includes wages and salaries, other labor income, proprietors’ income, rental income, dividends, personal interest income, and transfer payments. Deductions are made for federal, state, and local taxes, non-tax payments such as fines and penalties, and personal contributions for social security insurance. The following chart depicts the median household EBI level for the Las Cruces MSA, the State of New Mexico, and the United States.

Table 19

Effective Buying Income Group	Las Cruces MSA	New Mexico	United States
Under \$25,000	31.58%	23.08%	16.38%
\$25,000 - \$34,999	10.90%	10.17%	7.70%
\$35,000 - \$49,999	12.56%	12.92%	11.36%
\$50,000 - \$74,999	16.53%	16.79%	16.21%
\$75,000 and over	28.43%	37.03%	48.36%
2018 Est. Median Household Income	\$40,551	\$48,044	\$60,133
2019 Est. Median Household Income	43,267	49,654	62,279
2020 Est. Median Household Income	39,705	49,385	65,228
2021 Est. Median Household Income	38,109	49,658	67,086
2022 Est. Median Household Income	43,534	55,028	72,191

Source: Environics Analytics, June 2022

Taxable Gross Receipts

The following table shows the total reported retail trade gross receipts tax generated in the City of Las Cruces and the State of New Mexico for the past ten years. For the purposes of these tables, gross receipts means the total amount of money received from selling goods and services, leasing property, and performing services. Gross receipts includes, among other things, restaurants, food sales, and other services, such as legal services.

Table 20

City of Las Cruces			State of New Mexico	
Fiscal Year	Retail Trade	Total	Retail Trade	Total
2022 ⁽¹⁾	\$878,615,667	\$2,522,778,117	\$13,488,686,862	\$58,326,288,226
2021	1,127,400,243	3,277,017,066	17,858,042,289	73,760,062,595
2020	969,449,932	3,125,267,879	16,409,852,459	80,200,008,306
2019	892,876,181	2,806,375,582	14,755,752,012	71,045,964,010
2018	852,247,674	2,736,949,602	13,067,571,766	57,971,834,977

Source: New Mexico Taxation & Revenue Department

(1) Data as of third quarter of 2022

Employment

The following table, derived from information supplied by the New Mexico Department of Workforce Solutions, presents information on employment within the Las Cruces MSA, the State, and the United States, for the periods indicated. The annual unemployment figures indicate average rates for the entire year and do not reflect monthly or seasonal trends.

Table 21

Year ⁽¹⁾	Las Cruces MSA		State of New Mexico		United States
	Force	Unemployed	Force	Unemployed	Unemployed
2022 ⁽²⁾	97,986	4.80%	939,778	4.40%	3.30%
2021	98,170	6.60%	943,356	6.80%	5.30%
2020	96,941	8.00%	935,706	8.10%	8.10%
2019	98,941	5.80%	963,804	4.90%	3.70%
2018	97,423	5.60%	950,366	4.90%	3.90%
2017	96,802	6.70%	948,581	6.10%	4.40%
2016	96,370	7.20%	944,245	6.70%	4.90%
2015	94,974	7.40%	938,300	6.60%	5.30%
2014	94,455	7.20%	931,950	6.60%	6.20%
2013	94,284	7.50%	929,410	6.90%	7.40%

1) - Numbers are annual averages.

2) - Data for the month of April 2022; numbers are preliminary

Source: NMDWS, Local Area Unemployment Statistics program in conjunction with U.S. Bureau of Labor Statistics.

Major Employers

The following entities are the largest employers located in Doña Ana County:

Table 22

2021 Major Employers of Dona Ana County	
1,000 - 4,999 Employees	
	City of Las Cruces
	Gadsden ISD
	Las Cruces ISD
	Memorial Medical Center
	New Mexico State University
	Walmart
	White Sands Missile Range
500-999 Employees	
	Addus Health Care
	Dona Ana Branch Community College
	Dona Ana County
	Keystone Consolidated Industries
	Mountain View Regional Medical Center
	Peak Behavioral Health Svc Inc
	Physical Science Lab
	Quintana Learning Center
	Sunland Park Racetrack/Casino

Source: Mesilla Valley Economic Development Authority, June 2022

EXHIBIT B

**NEW MEXICO STATE UNIVERSITY
AUDITED FINANCIAL STATEMENTS -
JUNE 30, 2021**



BE BOLD. Shape the Future.
New Mexico State University



FINANCIAL STATEMENTS and SCHEDULES

2021 | 2020

NMSU does not discriminate on the basis of age, ancestry, color, disability, gender identity, genetic information, national origin, race religion, retaliation, serious medical condition, sex (including pregnancy), sexual orientation, spousal affiliation, or protected veteran status in its programs and activities, including employment, admissions and educational programs and activities. Inquiries may be directed to the Executive Director of the Office of Institutional Equity, Title IX and Section 504 Coordinator, O'Loughlin House, 1130 E. University Avenue, Las Cruces, NM 88003; 575-646-3536; equity@nmsu.edu.

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Chancellor

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*Senior Vice President for
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System Strategic Chief Financial Officer

Roy Collins
Chief Legal Affairs Officer

Principal Financial Officials

Ross Justus
Associate Controller

Carolina Muñoz
*Manager of Accounting
and Financial Reporting*

October 13, 2021

It is my pleasure to share the annual financial report of New Mexico State University (NMSU) for the fiscal years (FYs) ended June 30, 2021 and 2020.

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

The plan points to the mission of the New Mexico State University system to serve the diverse needs of the state through comprehensive programs of education, research, and extension and outreach services. As the state's land-grant and space-grant university, and as a Hispanic-Serving Institution, NMSU fosters learning, inquiry, diversity and inclusion, social mobility, and service to the broader community.

The COVID-19 pandemic continues to play a role in the decision of many students on whether or not to attend college. Overall enrollment is down slightly this fall for the NMSU System. Of note, this decline seems to have disproportionately impacted our most socioeconomically vulnerable students, especially those at our branch campuses. This is an area we will work to address going forward. A bright spot has been enrollment growth of over ten percent the past two years in NMSU-O, our online campus.

Considerable efforts have been put forth to navigate our university system's response to the pandemic. Our students attended their classes in-person, online or through a hybrid model. This required an unprecedented transformation in the way we deliver our classes, conduct vital research and serve the people of our state. Faculty members went to great lengths to deliver their courses in new and innovative ways to ensure a quality education. Many support staff worked to provide the technology, facilities, sanitizing and equipment needed to make this effort a success. We also monitored COVID-19 infections and maintained health and safety protocols. These efforts will continue as we move forward in this unprecedented educational environment.

The outlook for state appropriations has become promising. Consensus projections are indicating stronger than expected revenue for the state of New Mexico. Based on these projections recurring revenue could increase by as much as \$1.4 billion for fiscal year 2023, or 18.7 percent growth from the 2022 fiscal year recurring budget.

Additional funding assistance related to the pandemic has been provided by the federal government. The NMSU system has been awarded \$96.5 million in HEERF federal stimulus funding to help support our students and help cover expenses related to the COVID-19 pandemic. About half of the \$35.8 million spent to date has been used for emergency financial aid grants to students. The additional institutional HEERF funds are to defray expenses due to the coronavirus including significant changes in the delivery of instruction, carrying out student support activities, meeting IT capacity needs, covering any lost revenue, and following COVID safe protocols.

Aggie pride and spirit continues to be apparent at our beautiful campuses as we enhance the learning experiences of students through enhanced technology and facilities. Construction is underway at our campuses across the state. The Agricultural Modernization and Educational Facilities projects are the largest of these efforts on the main campus, and other work set for Alamogordo, Carlsbad, DACC, Grants and other NMSU locations around New Mexico will better position NMSU for the future. Work is already underway on our new solar electric generation and battery storage facility at Arrowhead Research Park. This exciting collaboration with El Paso Electric will produce clean energy for our campus and the surrounding community. Later this year, a new roundabout entrance for the university as part of the much larger I-25/ University Avenue project, will bring added safety, convenience and beauty to that end of campus.

Our mission to serve the diverse needs of the state through comprehensive programs of education, research, extension and outreach, and public service will not change. We will continue to enhance student success and our ability to maintain

excellence in research, scholarship and creative activity. Our strategic plan will guide us as we make structural improvements based on benchmarking of best practices and performance data relative to each of our functional units.

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

Sincerely,

A handwritten signature in blue ink that reads "Dan E. Arvizu". The signature is fluid and cursive, with the first name "Dan" being the most prominent.

Dan E. Arvizu, Ph.D.
Chancellor

Report of Independent Auditors

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of New Mexico State University (the University), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 from material misstatement.

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

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

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, fiduciary activities, and the discretely presented component unit of New Mexico State University, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of the University as of and for the year ended June 30, 2020, were audited by other auditors whose report dated March 19, 2021, expressed an unmodified opinion on those statements.

Emphasis of Matters***Reporting Entity***

As discussed in Note 2, the financial statements of the University are intended to present the financial position and the changes in financial position of only that portion of the governmental activities, each major fund, the aggregate remaining fund information, and the budgetary comparisons for the general fund and major special revenue fund of the State of New Mexico that is attributable to the transactions of the University. The financial statements do not present fairly the financial position of the State of New Mexico as of June 30, 2021, and the changes in financial position 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.

Adoption of New Accounting Guidance

As discussed in Note 2 to the financial statements, in fiscal year 2020, the University adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87 (Leases). Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis, the Schedule of Changes in Net other Post-Employment Benefits Liability and Related Ratios in accordance with GASB Statement 75 (schedule 5), and the Schedule of Proportionate Share of Net Pension Liability and Employer Contributions (schedule 6), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

The accompanying Combining Statements of Net Position (schedule 1), Combining Statements of Revenues , Expenses, and Changes in Net Position (schedule 2), Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards (schedule 7) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements of Net Position (schedule 1), Combining Statements of Revenues, Expenses, and Changes in Net Position (schedule 2), Budgetary Comparison Schedules (schedule 3), Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution (schedule 4), and Schedule of Expenditures of Federal Awards (schedule 7) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Mess Adams LLP

Albuquerque, New Mexico
October 29, 2021

Management's Discussion and Analysis For the Years Ended June 30, 2021 and 2020 (Unaudited)

Overview of Financial Statements and Financial Analysis

Management's Discussion and Analysis is designed to provide an easily readable analysis of New Mexico State University's (the University) financial activities for the fiscal years ended June 30, 2021 and 2020. This overview is based on facts, decisions and conditions known as of the date of the independent auditors' report. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. Please read this analysis in conjunction with the University's financial statements and accompanying notes to the financial statements. Separately issued component unit financial statements are available as detailed in Note 11.

Using This Annual Report

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

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

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

The final two statements presented are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These statements present balances and activities held by the University for the benefit of student and departmental groups, as well as deposits from local taxing authorities.

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

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

For the years ended June 30, 2021, 2020 and 2019, the University's financial position was as follows:
(In thousands)

Condensed Net Position	June 30, 2021	As restated June 30, 2020	June 30, 2019
ASSETS			
Current assets	191,192	167,050	114,812
Capital assets, net	484,626	499,866	506,752
Non-current assets	191,438	181,720	211,129
TOTAL ASSETS	867,256	848,636	832,693
DEFERRED OUTFLOWS OF RESOURCES	600,614	123,558	197,892
LIABILITIES			
Current liabilities	73,271	63,406	60,319
Net pension liability	1,257,205	487,324	792,236
Other post-employment benefit liability	165,976	160,555	139,913
Other non-current liabilities	130,905	140,048	160,437
TOTAL LIABILITIES	1,627,357	851,333	1,152,905
DEFERRED INFLOWS OF RESOURCES	50,934	76,426	36,206
NET POSITION			
Net investment in capital assets	371,207	377,483	383,627
Restricted	87,136	85,389	73,209
Unrestricted	(668,764)	(418,417)	(615,362)
TOTAL NET POSITION	\$ (210,421)	\$ 44,455	\$ (158,526)
Condensed Revenues, Expenses and Changes in Net Position			
Operating revenues:			
Student tuition and fees (net)	\$ 71,592	\$ 68,451	\$ 65,361
Federal appropriations, grants and contracts	91,596	88,589	86,468
Other operating revenues	59,552	60,373	58,010
TOTAL OPERATING REVENUES	222,740	217,413	209,839
EXPENSES			
Operating expenses:			
Instruction	250,869	78,534	176,922
Research	138,463	56,164	98,695
Other operating expenses	429,855	227,312	330,550
TOTAL OPERATING EXPENSES	819,187	362,010	606,167
Net operating loss	(596,447)	(144,597)	(396,328)
Non-operating revenues and expenses:	324,218	312,395	294,054
Income (loss) before other revenues	(272,229)	167,798	(102,274)
Other revenues	17,353	35,183	35,714
Increase (decrease) in net position	(254,876)	202,981	(66,560)
NET POSITION			
Beginning of year	44,455	(158,526)	(91,966)
End of year	\$ (210,421)	\$ 44,455	\$ (158,526)

*2019 statements do not present changes from GASB 87 balances implemented.

General Overview for 2021 and 2020

In fiscal year 2021, total assets of the institution increased by \$19 million primarily related to increases in cash and short-term investments. This was offset by decreases in net capital assets. Cash and cash equivalents increased by \$11 million and investments increased by \$31 million due to decreased outflows to suppliers, increased non-operating revenue from HEERF, and decreased outflows for capital assets. The lower investment in capital assets contributed to the decreased in net capital assets of \$15 million. Deferred outflows increased by \$477 million and total liabilities increased by \$776 million due to the results of the most recent valuation of the pension liability.

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

- Increase in the pension liability of \$770 million, and the related increase in deferred outflows of \$477 million and decrease of deferred inflows of \$24 million. These items are attributable to the adjustments made to the pension liability due to the latest actuarial valuation performed.
- Increases in investments of \$31 million and increases in cash and cash equivalents of \$11 million due to the low interest rates and shift from long term investments to short term investments, decreased supply and travel spending, and funds received for capital projects that have not yet been completed.
- Decrease in net capital assets of \$15 million due to new purchase and construction activities being lower than the annual depreciation recognized. Investments in capital assets were slightly delayed due to changes experienced with the pandemic.

Primary components that contributed to the \$255 million net decrease in net position from the prior year include:

- Non-cash expense of \$266 million related to adjustments to pension balances.
- A decrease in state appropriations of \$7 million.
- HEERF funds of \$19 million received during the year.

The Statement of Cash Flows shows a net increase in cash. The majority of the increase was from lower outflows for operating activities, particularly payments for travel and payments to suppliers. Additionally, there was an increase in cash received for tuition and grants and contracts received. The largest source of cash from non-capital financing activities was from state appropriations. Less cash was used for capital activities while more cash was used for investing activities during the year.

General Overview for 2020 and 2019

Excluding the impact of GASB 87 on 2020, total assets of the institution decreased by \$3 million primarily related to decreases in net capital assets and student loan receivable. Cash and cash equivalents increased by \$77 million while investments decreased \$72 million. Deferred outflows decreased by \$74 million, due to the amortization of prior changes in assumptions related to the pension liability. Total liabilities decreased by \$302 million and deferred inflows increased by \$22 million. Implementation of GASB 87 increased fiscal year 2020 total assets by \$18.7 million, total liabilities by \$.9 million, deferred inflows of resources by \$18 million and decreased net assets by \$.2 million.

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

- Decreases in the pension liability of \$305 million, and the related changes in deferred outflows and deferred inflows. These items are related to the adjustments made to the pension liability due to changes in legislation that increased contributions to the fund.
- Decreases in investments of \$72 million offset by an increase in cash and cash equivalents of \$77 million due to the drop in interest rates and shift from long term investments to short term investments for a better return on investment. Many of the University investments were called and could not be replaced at the same interest rate.
- Increase in the other post-employment benefit liability of \$21 million, and the related change in deferred outflows and deferred inflows. These items are related to the adjustments made to the OPEB as required by GASB 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).
- Decrease in other long-term liabilities of \$21 million related to refunding of revenue bonds.

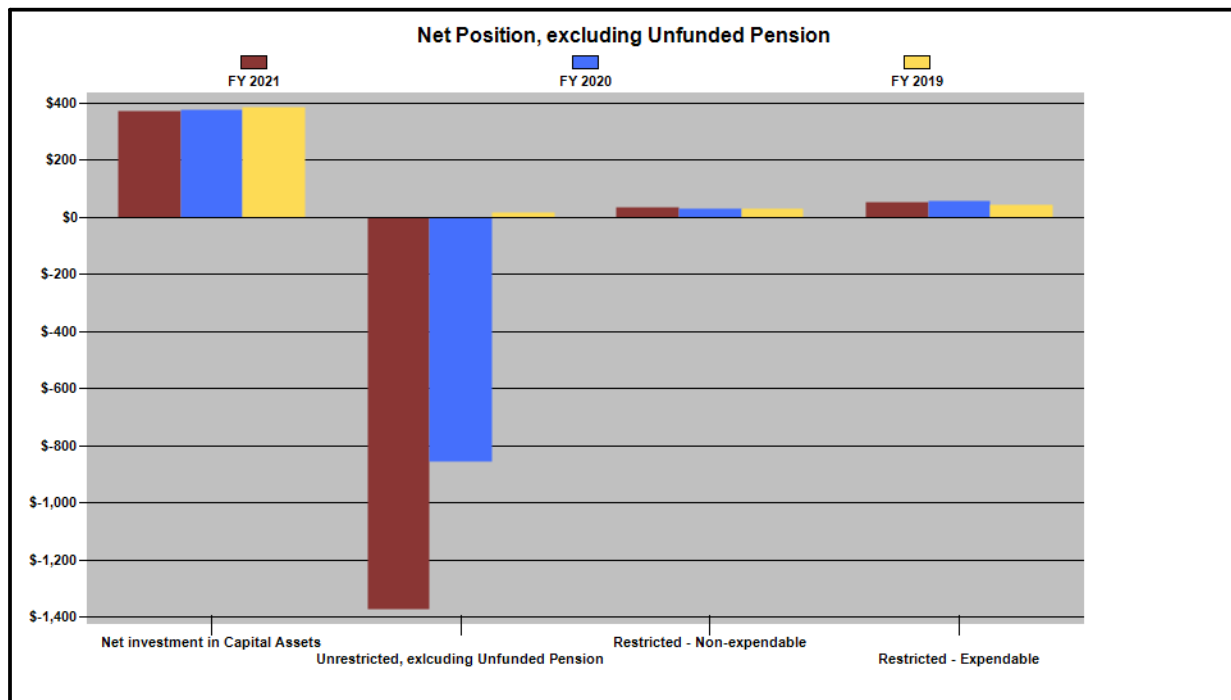
The operations discussed below contributed to the decrease in net position. Additional information related to these changes is discussed in more detail later in this section.

Primary components that added to the \$203 million net decrease in net position from the prior year include:

- A decrease in operating expense of \$244 million after the allocation of pension expense.
- An increase in state appropriations of \$12 million.
- An increase in federal appropriations, grants and contracts of \$2 million.
- An increase in other non-operating revenue of \$6 million.
- The increase were offset in part by the following:
 - An decrease in investment income of \$3.5 million.

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

The following graph illustrates the comparison of net position (in millions) by category for fiscal years 2021, 2020 and 2019. The effect of the implementation of GASB 68 related to the net unfunded pension liability has been excluded from the graph to provide a clearer picture of the unrestricted net position.



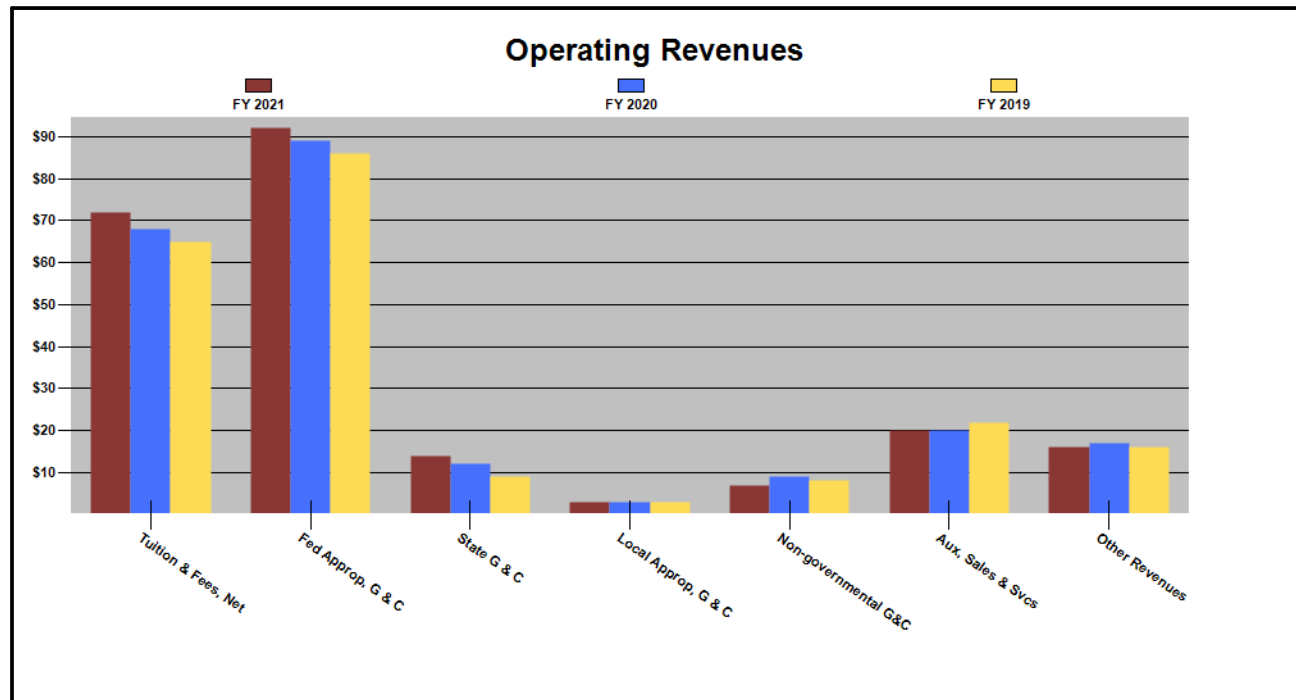
Operating Revenues for 2021 and 2020

Net operating revenues increased by \$5 million in fiscal year 2021 compared to 2020. Tuition and fees contributed a \$3 million increase and federal and state grants and contracts contributed \$3 million and \$2 million increases, respectively. Non-government grants and contracts decreased \$2 million and sales and services experienced a \$1 million decrease.

Operating Revenues for 2020 and 2019

Net operating revenues increased by \$8 million in fiscal year 2020 compared to 2019. A main contributor to the increase was related to federal appropriations, grants and contracts one of the larger operating revenue sources, which increased by approximately \$2 million from prior year, followed by student tuition and fees net of scholarship allowances of \$3 million and state grants and contracts of \$2.5 million.

The following graph illustrates a comparison of operating revenues (in millions) by type for fiscal years 2021, 2020 and 2019.



Operating Expenses for 2021 and 2020

Operating expenses increased by \$457 million in fiscal year 2021 from the prior year. This was due to the non-cash increase to operating expenses of \$266 million in 2021 and a non-cash decrease of \$169 million in 2020 for a total change of \$435 million from the pension liability adjustments. Other items impacting the change in operating expenses were as follows:

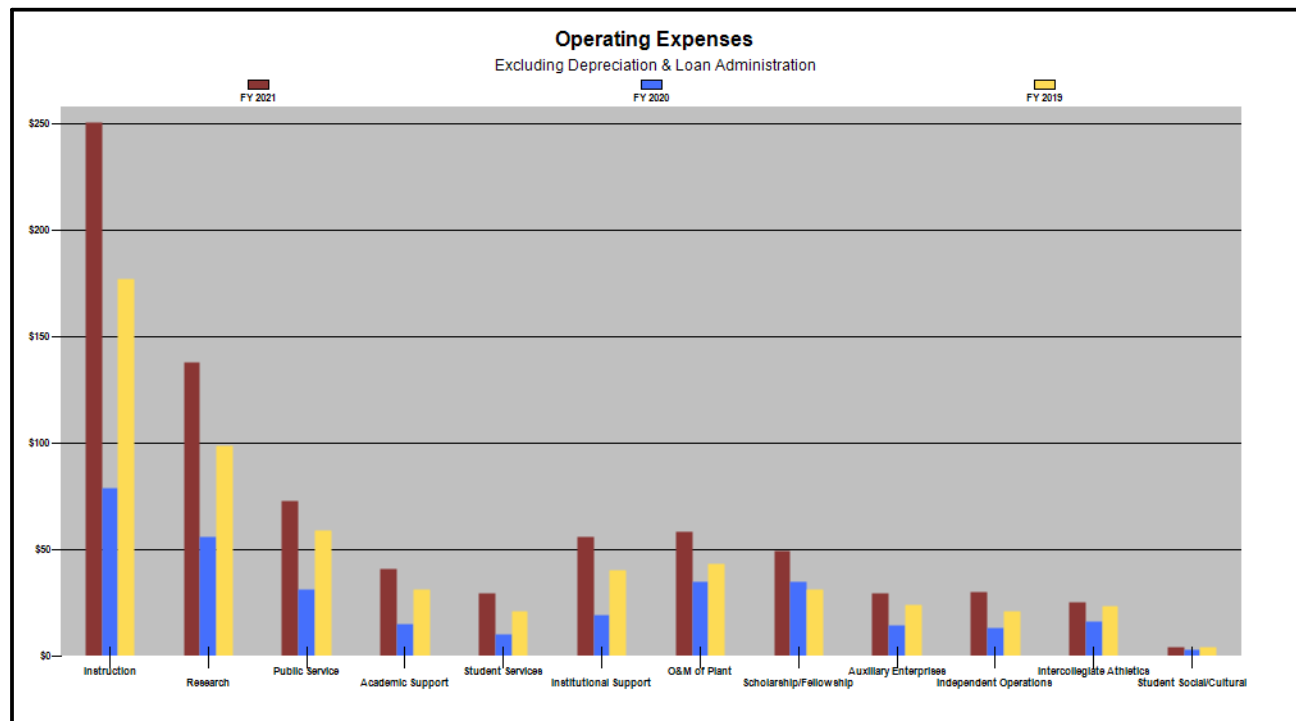
- An increase in scholarships and fellowships of \$11 million due to increased student payments from HEERF funds.
- An increase in professional fees of \$3 million.
- Decreases in travel of \$7 million and a decrease in supplies and services of \$8 million due to changes in employee activities from pandemic.

Operating Expenses for 2020 and 2019

Operating expenses decreased by \$244 million in fiscal year 2020 from the prior year. The decrease in pension expense \$286 million over the prior year is a significant change in overall operating expenses. Although pension expense is allocated to the various expense functions based on salary expense, for purposes of this analysis, it has been removed in order to analyze the remaining expenses. After removing the pension expense allocation for both years, operating expenses increased by \$42 million. The largest dollar changes in operating expense, excluding pension expense, were as follows:

- An increase in instruction expense of \$10 million, primarily related to salary and fringe expense.
- An increase in scholarships and fellowships of \$6.2 million, partially due to CARES Act payments made to students.
- An increase in research expense of \$4.7 million.
- An increase in operation and maintenance of \$3.9 million.

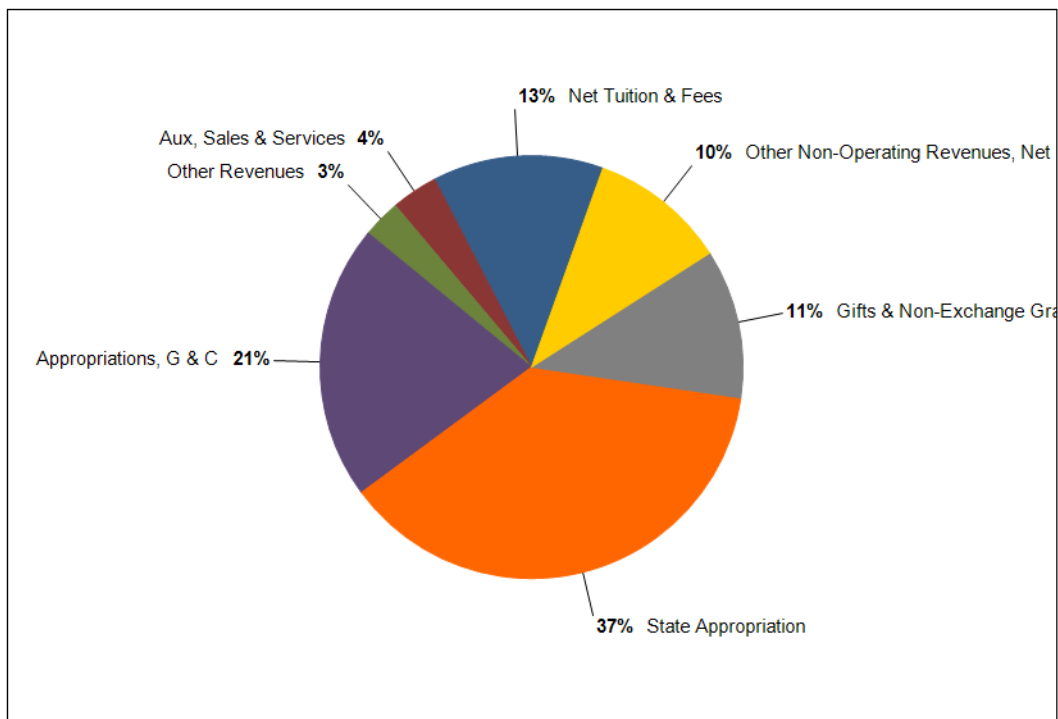
The following graph illustrates a comparison of operating expense (in millions) by function, excluding depreciation and loan administration but including the impact of pension and OPEB adjustments, for fiscal years 2021, 2020 and 2019.



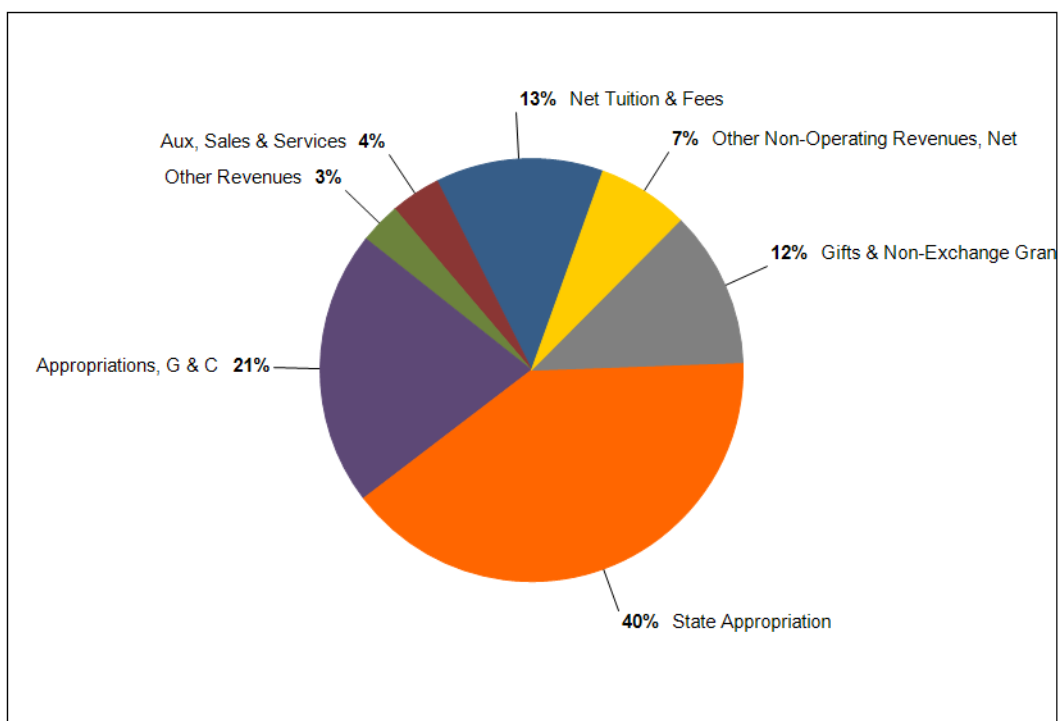
The Statement of Revenues, Expenses, and Changes in Net Position reflects a net loss before other revenues of \$272 million in fiscal year 2021 and a net income before other revenues of \$168 million in fiscal year 2020 and a net loss \$102 million in fiscal year 2019.

The following graphs reflect the University's sources of revenue available to meet current operating costs for fiscal years 2021, 2020 and 2019.

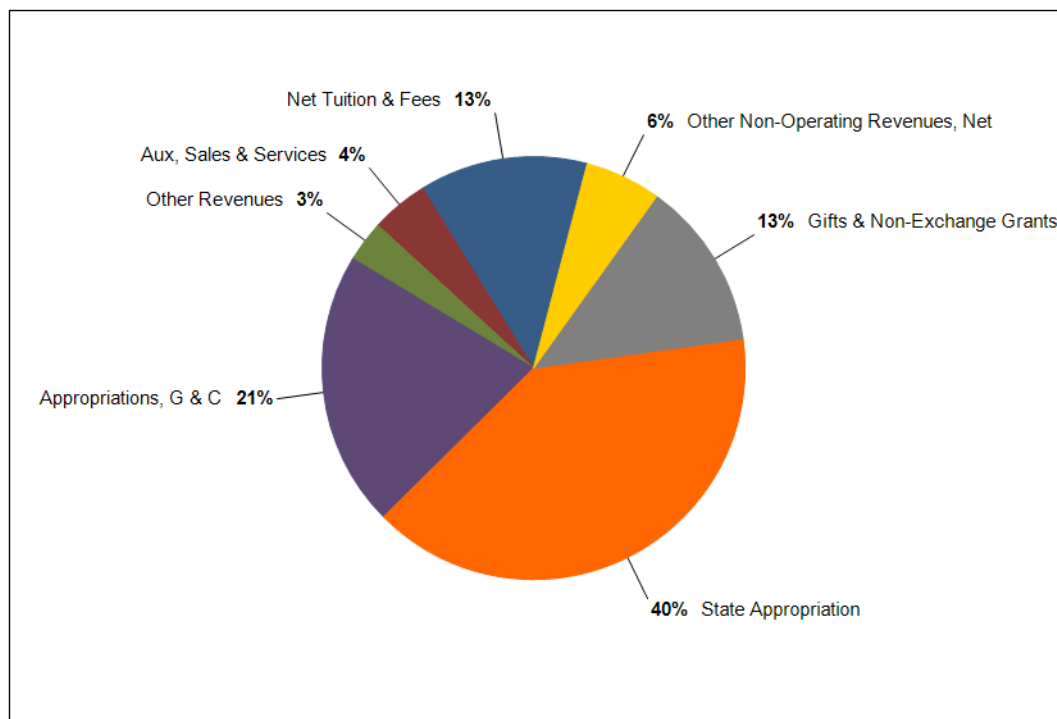
2021 Revenues



2020 Revenues



2019 Revenues



Capital Asset and Debt Administration

During fiscal year 2021, net capital assets decreased by \$15 million due to lower levels of construction and renovation activities. Projects that increased capital assets included current period expenditures for NMDA of \$1.5 million, the Agriculture modernization facility of \$1 million, the DACC Gadsden expansion of \$2 million, and DACC roof renovations of \$1 million. In addition to construction costs, there were increases in capital assets related to capital equipment purchases of \$4.8 million and capital library purchases of \$2.8 million, which were offset by total depreciation and amortization expense of \$34.2 million. Debt from bonds decreased by \$9 million in fiscal year 2021.

During fiscal year 2020, net capital assets decreased (1.5%), due to lower levels of construction and renovation activities. Projects that increased capital assets included current period expenditures for the new art building, Devasthali Hall of \$4 million, the DACC Gadsden Expansion of \$4 million, and the new housing facility, Juniper Hall of \$3 million. In addition to construction costs, there were increases in capital assets related to capital equipment purchases of \$5.8 million and capital library purchases of \$3.6 million, which were offset by total depreciation expense of \$34.7 million. Debt from bonds decreased by \$22.5 million and contracts decreased by \$294,557 in 2020.

Budget Comparison

In comparing the total original budgeted revenue to the revised budgeted revenue for fiscal year 2021, there was a net increase of approximately \$57.4 million, and an increase of approximately \$65.7 million in revised budgeted expenditures. Revenue budgets changed significantly due to the impact of the COVID-19 pandemic. The significant increases to the revenue budget were: federal government sources of \$55 million, state grants and contracts of \$4.9 million, local government appropriations of \$4.8 million, and other sources of \$21.6 million. The increases were offset by significant revenue budget decreases in: state government appropriations of \$19.9 million, sales and services of \$5 million, and tuition and fees of \$3.4 million.

The increase in federal government revenue sources is due in part to federal HEERF funding awards totaling \$28.8 million, which includes \$11 million for student emergency financial aid grants and \$17.7 million for institutional costs associated with significant changes due to the coronavirus. The budgeted increase in local appropriations is a result of an increase in local tax levies, primarily in Carlsbad. The increase in projected revenues for other sources was a result of projected increases in indirect cost recovery and also to provide budget expenditure authority in several areas including research, public service, auxiliary enterprises, athletics, and independent operations. Decreases in state government appropriations were a result of a legislated reduction in funding in response to an anticipated economic downturn due to the pandemic. Declines in revenue projections for tuition and fees as well as sales and services were due to projected decreases as a result of the pandemic.

Expenditure budgets increased more than usual for instruction (\$26.6 million) as well as student aid grants and stipends (\$21.8 million) to allow for expenditure authority contingencies in anticipation of the federal HEERF funding. In addition, the research budget was increased by \$8.2 million to allow for expenditure authority and capital outlay expenditures increased \$2.6 million based on scheduled projects. Actual revenues earned in fiscal year 2021 were lower than the revised budget by \$85.9 million and actual expenditures were lower than the revised budget by \$125.6 million.

The main contributors to the revenue budget variance were: federal grants and contracts revenue of \$49 million, other sources for \$21 million, and capital outlay revenue of \$17 million, offset by sales and services.

The main contributors to the expense budget variance were in instruction \$37.9 million, research \$13.6 million, public service \$9.9 million, student aid \$16.3 million, and capital outlay \$20.6 million, (62% of the variance). Because the University budgets capital projects in their entirety, multi-year projects may result in mismatches of budget to actual revenues and expenses in any one year. In addition, the University budgeted the HEERF available funding in its entirety within instruction and student aid in order to provide spending authority.

Total expenditures were less than revenues, resulting in an increase in the overall fund balance of \$17.7 million. The current funds contributed \$7.6 million, renewal and replacement contributed \$5.9 million, and capital outlay contributed \$4.2 million.

Factors Impacting Future Periods

Subsequent to the economic decline the state endured in 2021, due to the COVID-19 pandemic, the state provided an overall increase in appropriates for the fiscal year 2022. Among the highlights: a 2.7% increase (about \$5.4 million) in recurring funding for the NMSU System in the general appropriations act, a 1.5% average compensation increase for NMSU employees, more than \$33 million in new financial aid for students, and a restoration of federal funding that was swapped out during the previous session.

The NMSU system experienced a 3 percent decline in enrollment for fall 2021. The University main campus enrollment dropped 2.3% while changes in enrollment at branch community college campuses varied significantly. A bright spot was enrollment growth of about ten percent in NMSU-O, our online campus. Though tuition and fee revenue will decrease from this result, the state revenue picture now and in the future is promising.

The outlook for state appropriations is promising. In August 2021, the New Mexico Legislative Finance Committee General Fund Recurring Revenue Outlook indicated a stronger than expected revenue projections for the state of New Mexico. The state is projecting recurring revenues fiscal year 2022 at approximately \$8.109 billion, up \$632.8 million from the February 2021 estimate, and FY23 recurring revenues are estimated at \$8.842 billion. This would result in an increase in recurring revenues estimated at \$1.392 billion for FY23, or 18.7% growth from the FY22 recurring budget.

The NMSU system has received \$96.5 million in HEERF federal stimulus funding to help support our students and help cover expenses related to the COVID-19 pandemic. A minimum of \$39.1 million is

being used for emergency financial aid grants to students with at least \$24.6 remaining to be spent for fiscal year 2022. The additional institutional and MSI HEERF funds to be spent approximate \$36.1 million. These funds will be spent to defray expenses due to the coronavirus including significant changes in the delivery of instruction, carrying out student support activities, meeting IT capacity needs, covering any lost revenue, and following COVID safe protocols.

The Carlsbad campus will become a stand-alone community college in fiscal year 2022 based on 2021 legislative approval.

New Mexico State University
Statements of Net Position - Proprietary Funds
As of June 30, 2021

	University	Discrete Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 86,256,680	\$ 28,290,420
Restricted cash and cash equivalents	8,979,547	-
Cash and cash equivalents held in trust by component unit for NMSU	2,717,427	2,717,427
Short-term investments	40,117,743	414,516
Accounts receivable, net	47,433,610	5,817,793
Due from component unit	1,534,251	-
Inventories	2,640,265	-
Prepaid expenses and other assets	458,059	3,049,094
Long-term receivable - current portion	1,054,659	-
Total current assets	191,192,241	40,289,250
Non-current assets		
Unrestricted cash and cash equivalents	59,353,535	2,585,836
Restricted cash and cash equivalents	33,962,158	-
Investments held by others	-	162,644
Investments held in trust by component unit for NMSU	51,851,418	51,851,418
Other long-term investments	24,526,077	260,427,368
Long-term receivable	21,741,551	-
Capital assets, net	484,626,352	31,911
Total non-current assets	676,061,091	315,059,177
Total assets	867,253,332	355,348,427
DEFERRED OUTFLOWS OF RESOURCES	600,613,732	-
LIABILITIES		
Current liabilities		
Accounts payable	13,271,214	439,062
Due to NMSU	-	1,534,251
Other accrued liabilities	17,158,652	-
Accrued interest payable	1,223,652	-
Held in trust for NMSU	-	2,717,427
Unearned revenue	23,391,222	366,402
Long-term liabilities - current portion	18,225,958	210,215
Total current liabilities	73,270,698	5,267,357
Non-current liabilities		
Accrued benefit reserves	659,630	-
Held in trust for NMSU	-	51,851,418
Other long-term liabilities	130,245,609	2,071,021
Net pension liability	1,257,204,608	-
Other post-employment benefit liability	165,975,793	-
Total non-current liabilities	1,554,085,640	53,922,439
Total liabilities	1,627,356,338	59,189,796
DEFERRED INFLOWS OF RESOURCES	50,933,563	-
NET POSITION		
Net investment in capital assets	371,206,501	31,911
Restricted for:		
Donor	-	280,791,049
Non-expendable:		
Endowments	35,997,474	-
Expendable:		
Endowments	1,171,317	-
General activities	6,535,854	-
Federal student loans	8,661,704	-
Capital projects	31,043,550	-
Related entity activities	3,725,143	-
Unrestricted	(668,764,380)	15,335,671
Total net position	\$ (210,422,837)	\$ 296,158,631

New Mexico State University
Statements of Net Position - Proprietary Funds
As of June 30, 2020, as restated

	University	Discrete Component Unit
ASSETS		
Current assets		
Cash and cash equivalents	\$ 77,759,008	\$ 27,680,094
Restricted cash and cash equivalents	8,714,140	-
Cash and cash equivalents held in trust by component unit for NMSU	5,847,476	5,847,476
Cash and cash equivalents held in trust by others	-	-
Short-term investments	15,764,162	300,964
Accounts receivable, net	51,188,601	11,291,316
Due from component unit	1,554,371	-
Inventories	3,273,358	-
Prepaid expenses	1,721,668	585,143
Long-term receivable - current portion	1,227,273	-
Total current assets	167,050,057	45,704,993
Non-current assets		
Unrestricted cash and cash equivalents	51,811,151	4,566,822
Restricted cash and cash equivalents	35,767,380	-
Investments held by others	-	3,115,445
Investments held in trust by component unit for NMSU	39,853,338	39,853,338
Other long-term investments	29,989,525	133,190,747
Long-term receivable	23,196,344	-
Capital assets, net	499,866,326	49,585
Total non-current assets	680,484,064	180,775,937
Total assets	847,534,121	226,480,930
DEFERRED OUTFLOWS OF RESOURCES	123,557,926	-
LIABILITIES		
Current liabilities		
Accounts payable	12,274,431	1,770,446
Due to NMSU	-	1,554,371
Other accrued liabilities	17,008,281	-
Accrued interest payable	1,313,101	-
Held in trust for NMSU	-	5,847,476
Unearned revenue	14,664,114	464,575
Long-term liabilities - current portion	17,846,415	242,242
Total current liabilities	63,106,342	9,879,110
Non-current liabilities		
Accrued benefit reserves	659,630	-
Held in trust for NMSU	-	39,853,338
Other long-term liabilities	139,689,206	2,407,444
Net pension liability	487,324,359	-
Other post-employment benefit liability	160,555,023	-
Total non-current liabilities	788,228,218	42,260,782
Total liabilities	851,334,560	52,139,892
DEFERRED INFLOWS OF RESOURCES	75,302,108	-
NET POSITION		
Net investment in capital assets	377,482,678	49,585
Restricted for:		
Donor	-	162,499,035
Non-expendable:		
Endowments	28,902,450	-
Expendable:		
Endowments	1,979,513	-
General activities	6,548,114	-
Federal student loans	10,131,040	-
Capital projects	34,588,036	-
Related entity activities	3,238,926	-
Unrestricted	(418,415,378)	11,792,418
Total net position	\$ 44,455,379	\$ 174,341,038

New Mexico State University

Statements of Revenues, Expenses and Changes in Net Position - Proprietary Funds For the Year Ended June 30, 2021

	University	Discrete Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (gross)	\$ 118,261,471	\$ -
Less: scholarship allowances	(46,669,518)	-
Student tuition and fees (net)	71,591,953	-
Federal appropriations, grants and contracts	91,596,098	-
State grants and contracts	14,189,325	-
Local appropriations, grants and contracts	2,745,202	-
Non-governmental grants, contracts and gifts	6,712,096	16,906,918
Sales and services	5,169,867	-
Auxiliary enterprises (net of scholarship allowances)	14,389,685	-
Other operating revenues	16,345,711	-
Total operating revenues	222,739,937	16,906,918
EXPENSES		
Operating expenses:		
Instruction	250,869,068	-
Research	138,463,482	-
Public service	72,528,063	-
Academic support	41,339,322	-
Student services	29,427,148	-
Institutional support	55,658,721	-
Operation and maintenance of plant	58,377,469	-
Scholarships and fellowships	49,150,395	-
Auxiliary enterprises	28,635,656	-
Independent operations	30,153,164	-
Intercollegiate athletics	25,450,453	-
Student social and cultural	3,861,756	-
Loan administration (net)	1,071,777	-
Depreciation	34,201,108	17,673
Other operating expenses	-	15,349,366
Total operating expenses	819,187,582	15,367,039
Net operating income (loss)	(596,447,645)	1,539,879
Non-operating revenues (expenses):		
State appropriations	205,099,182	-
Federal Pell grants	38,749,599	-
State lottery scholarship	14,992,738	-
Local tax levy revenue	22,209,029	-
Gifts and non-exchange grants	8,234,619	-
Investment income	12,080,739	121,240,517
Land lease and permanent fund revenue	3,765,317	-
Building fees	4,222,488	-
Loss on disposal of plant	(70,934)	-
Additions to quasi endowments	53,045	-
Interest and other expenses on capital asset-related debt	(3,898,429)	-
Other non-operating revenues (expenses)	18,780,564	(962,803)
Net non-operating revenues	324,217,957	120,277,714
Income before other revenues	(272,229,688)	121,817,593
Capital appropriations	14,815,082	-
Capital grants, gifts, and other income	1,848,041	-
Additions to permanent endowments	688,349	-
Increase (decrease) in net position	(254,878,216)	121,817,593
NET POSITION		
Beginning of year	44,455,379	174,341,038
End of year	\$ (210,422,837)	\$ 296,158,631

New Mexico State University

Statements of Revenues, Expenses and Changes in Net Position - Proprietary Funds For the Year Ended June 30, 2020, as restated

	University	Discrete Component Unit
REVENUES		
Operating revenues:		
Student tuition and fees (gross)	\$ 115,994,019	\$ -
Less: scholarship allowances	(47,542,989)	-
Student tuition and fees (net)	68,451,030	-
Federal appropriations, grants and contracts	88,589,399	-
State grants and contracts	11,947,929	-
Local appropriations, grants and contracts	2,819,166	-
Non-governmental grants, contracts and gifts	8,556,640	14,647,989
Sales and services	6,639,775	-
Auxiliary enterprises (net of scholarship allowances)	13,646,408	-
Other operating revenues	16,763,269	-
Total operating revenues	217,413,616	14,647,989
EXPENSES		
Operating expenses:		
Instruction	78,534,441	-
Research	56,164,075	-
Public service	31,113,580	-
Academic support	14,852,601	-
Student services	10,411,755	-
Institutional support	18,659,483	-
Operation and maintenance of plant	34,720,990	-
Scholarships and fellowships	34,668,003	-
Auxiliary enterprises	13,790,426	-
Independent operations	13,185,507	-
Intercollegiate athletics	16,237,171	-
Student social and cultural	2,579,152	-
Loan administration (net)	2,009,009	-
Depreciation	35,087,794	26,962
Other operating expenses	-	15,061,319
Total operating expenses	362,013,987	15,088,281
Net operating loss	(144,600,371)	(440,292)
Non-operating revenues (expenses):		
State appropriations	212,257,252	-
Federal Pell grants	41,979,051	-
State lottery scholarship	14,150,345	-
Local tax levy revenue	20,825,560	-
Gifts and non-exchange grants	7,209,179	-
Investment income (loss)	4,767,715	4,332,861
Land lease and permanent fund revenue	4,370,598	-
Building fees	4,401,547	-
Loss on disposal of plant	(106,532)	-
Gain on sale of land	148,880	-
Additions to quasi endowments	82,323	-
Interest and other expenses on capital asset-related debt	(4,685,137)	-
Other non-operating expenses	6,997,942	1,089,191
Net non-operating revenues (expenses)	312,398,723	5,422,052
Loss before other revenues	167,798,352	4,981,760
Capital appropriations	30,976,801	-
Capital grants, gifts, and other income	2,203,248	-
Additions to permanent endowments	2,002,530	-
Increase (decrease) in net position	202,980,931	4,981,760
NET POSITION		
Beginning of year	(158,525,552)	169,359,278
End of year	\$ 44,455,379	\$ 174,341,038

New Mexico State University
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2021

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees and other student payments received	\$ 74,451,336
Grants and contracts received	121,913,556
Payments to suppliers	(94,610,961)
Payments for travel	(3,423,194)
Payments to employees and for employee benefits	(353,734,102)
Disbursement of net aid to students	(53,888,775)
Receipts from sales, services, and auxiliary enterprises	22,511,433
Other operating revenues	16,365,831
Net cash used by operating activities	(270,414,876)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	205,099,182
Gifts and grants for other than capital purposes	61,976,956
Tax levy revenue	22,209,029
Private gifts for endowment	(4,829,832)
Other non-operating revenues	18,780,570
Net cash provided by non-capital financing activities	303,235,905
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt and leases	323,147
Capital gifts, grants and contracts	16,716,168
Purchases/construction/renovation of capital assets	(19,032,068)
Principal paid on capital debt and leases	(10,168,715)
Interest and fees paid on capital debt and leases	(3,987,883)
Building fees received from students	4,222,488
Net cash used by capital and related financing activities	(11,926,863)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	65,764,181
Proceeds held in trust by NMSU Foundation	(3,130,049)
Interest on investments	12,836,189
Purchase of investments	(84,994,295)
Net cash provided by investing activities	(9,523,974)
Net increase in cash and cash equivalents	11,370,192
Cash and cash equivalents - beginning of year	179,899,155
Cash and cash equivalents - end of year	\$ 191,269,347
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (596,447,645)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	34,201,108
Change in assets and liabilities:	
Decrease in accounts receivable	3,775,111
Decrease in prepaid expenses	1,263,609
Decrease in inventory	633,093
Decrease in loans receivable	1,647,517
Increase in accounts payable and other accrued liabilities	1,485,667
Increase in unearned revenue	8,727,108
Increase in net pension/OPEB liability and related deferred inflows/outflows of resources	274,299,556
Net cash used by operating activities	\$ (270,414,876)

New Mexico State University
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2020, as restated

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees and other student payments received	\$ 68,138,095
Grants and contracts received	108,452,840
Payments to suppliers	(123,960,734)
Payments for travel	(10,222,758)
Payments to employees and for employee benefits	(335,616,438)
Disbursement of net aid to students	(42,741,453)
Receipts from sales, services, and auxiliary enterprises	27,287,498
Other operating revenues	17,359,595
Net cash used by operating activities	(291,303,355)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	212,257,252
Gifts and grants for other than capital purposes	63,338,575
Tax levy revenue	20,825,560
Private gifts for endowment	6,530,014
Other non-operating expense	6,874,657
Net cash provided by non-capital financing activities	309,826,058
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt and leases	28,095,614
Proceeds from sale of capital assets	150,000
Capital gifts, grants and contracts	33,262,372
Purchases/construction/renovation of capital assets	(26,177,915)
Principal paid on capital debt and leases	(50,900,326)
Interest and fees paid on capital debt and leases	(6,259,343)
Building fees received from students	4,401,547
Net cash used by capital and related financing activities	(17,428,051)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	131,569,798
Proceeds held in trust by NMSU Foundation	534,185
Interest on investments	6,451,557
Purchase of investments	(62,256,148)
Net cash provided by investing activities	76,299,392
Net increase in cash and cash equivalents	77,394,044
Cash and cash equivalents - beginning of year	102,505,111
Cash and cash equivalents - end of year	\$ 179,899,155
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (144,600,371)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	35,087,794
Change in assets and liabilities:	
Increase in accounts receivable	(551,925)
Decrease in prepaid expenses	708,485
Increase in inventory	(738,234)
Decrease in loans receivable	1,504,045
Increase in accounts payable and other accrued liabilities	1,177,002
Increase in unearned revenue	4,376,337
Decrease in net pension liability and related deferred inflows and outflows of resources	(188,266,488)
Net cash used by operating activities	\$ (291,303,355)

New Mexico State University

Statement of Fiduciary Net Position

As of June 30, 2021 and 2020

	Custodial Funds 2021	Custodial Funds 2020
ASSETS		
Cash and cash equivalents	\$ 7,058,708	\$ 5,685,384
Accounts receivable	45,113	26,497
Total assets	<u>7,103,821</u>	<u>5,711,881</u>
LIABILITIES		
Accounts payable	8,071	45,045
Unearned revenue	-	3,038
Total liabilities	<u>8,071</u>	<u>48,083</u>
NET POSITION		
Restricted for:		
Individuals, organizations, and other governments	<u>7,095,750</u>	<u>5,663,798</u>
Total net position	<u>\$ 7,095,750</u>	<u>\$ 5,663,798</u>

New Mexico State University
Statement of Changes in Fiduciary Net Position
For the Years Ended June 30, 2021 and 2020

	Custodial Funds 2021	Custodial Funds 2020
ADDITIONS		
Tax remittance from other governments	\$ 4,740,241	4,560,102
Miscellaneous	302,741	472,571
Total additions	<u>5,042,982</u>	<u>5,032,673</u>
DEDUCTIONS		
Debt payments for other governments	3,311,364	4,118,570
Other expense	299,666	419,574
Total deductions	<u>3,611,030</u>	<u>4,538,144</u>
Net increase in fiduciary net position	1,431,952	494,529
NET POSITION		
Beginning of year	5,663,798	5,169,269
End of year	<u>\$ 7,095,750</u>	<u>\$ 5,663,798</u>

Note 1 – Organization

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

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

GASB Statement 84, *Fiduciary Activities*, was adopted in fiscal year 2020 and requires that funds held for the benefit of others be separately reported as fiduciary funds. The University holds funds for the benefit of student and departmental groups, as well as deposits from local taxing authorities. All holdings are considered custodial funds. Certain external deposits are excluded from the fiduciary fund statements as they were short-term in nature.

Implementation of GASB 84 impacted the previously reported University balances as well as the current year balances. A reconciliation of the original balances with the fiduciary adjustments are shown below:

Line Item	2020		
	Original Amount	Fiduciary Adjustment	Revised Amount
Assets			
Restricted cash and cash equivalents	\$ 14,399,524	\$ 5,685,384	\$ 8,714,140
Accounts receivable	\$ 51,215,098	\$ 26,497	\$ 51,188,601
Liabilities			
Accounts payable	\$ 12,319,476	\$ 45,045	\$ 12,274,431
Unearned revenue	\$ 14,667,152	\$ 3,038	\$ 14,664,114
Fiduciary net position (Fiduciary Statement Only)	\$ -	\$ 5,663,798	\$ 5,663,798

GASB Statement 87, *Leases*, was adopted in fiscal year 2021 and requires recognition of lease assets and liabilities for non-cancellable agreements greater than one year in duration. The University has entered into lease agreements as both the lessor and lessee, and as such has recognized the corresponding receivables, payables, intangible assets, and deferred outflows required under this statement. Implementation of GASB 87 impacted previously reported fiscal year 2020 balances. A reconciliation of the previous balances with the GASB 87 adjustments are shown below:

Line Item	2020		
	Original Amount	Lease Adjustment	Revised Amount
Assets			
Long-term receivable	\$ 7,480,556	\$ 16,943,061	\$ 24,423,617
Capital assets, net	\$ 499,188,132	\$ 678,194	\$ 499,866,326
Liabilities			
Long-term liabilities	\$ 156,684,138	\$ 851,483	\$ 157,535,621
Deferred inflows of resources	\$ 58,359,047	\$ 16,943,061	\$ 75,302,108
Net Position	\$ 44,628,668	\$ (173,289)	\$ 44,455,379
Expenses			
Instruction	\$ 78,630,132	\$ (95,691)	\$ 78,534,441
Operation and maintenance of plant	\$ 34,744,133	\$ (23,143)	\$ 34,720,990
Depreciation	\$ 34,791,220	\$ 296,574	\$ 35,087,794
Loss of disposal	\$ 110,983	\$ (4,451)	\$ 106,532
Net increase to expense		\$ 173,289	

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

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

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

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

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

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

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

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

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

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

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

Long-term receivables. Long-term receivables primary categories are: 1) Perkins student loans; 2) Finance building sale; and, 3) Receivable from leases.

	2021	2020
Perkins student loans	\$ 5,499,866	\$ 6,555,556
Finance building sale	925,000	925,000
Lease receivable	16,371,344	18,067,411
Long-term receivable	<u>\$ 22,796,210</u>	<u>\$ 25,547,967</u>

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

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

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

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

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

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

As an institute of higher education in existence for over 100 years, New Mexico State University has acquired significant collections of art, rare books, historical treasures and other special collections. The purpose of these collections is for public exhibition, education or research in furtherance of public service rather than financial gain. They are protected and preserved, and subject to the Regents' policies regarding accessioning and de-accessioning. However, because of their invaluable and irreplaceable nature, these collections have not been capitalized and are therefore not presented in the accompanying Statement of Net Position.

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

Current Liabilities. Current liabilities include accounts payable, other accrued liabilities and accrued interest payable. Other accrued liabilities include accrued current payroll and fringe benefits and current portion of unclaimed property. The benefits included consist of the employee and employer portions of taxes, insurance, retirement and other compensation related withholdings. Also included in current liabilities is the current portion of long-term debt and unearned revenue. Unearned revenue represents revenue collected but not earned as of June 30, 2021 and 2020. This amount is primarily composed of revenue for grants and contracts, prepaid student tuition and fees and special events. The University did not have any outstanding short-term debt for the years ended June 30, 2021 and 2020.

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

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

Annual and Sick Leave Policies.

Annual leave: Regular full-time exempt and non-exempt employees will earn annual leave at a rate of 21 working days per year. Leave is prorated for regular employees working at least half-time. University policy allows employees to accumulate a maximum of 30 unused annual leave days. Up to 240 hours accumulated annual leave may be carried forward each July 1st, and may be paid upon termination of employment for regular employees only. Due to the COVID-19 pandemic, employees may carry forward up to 280 hours of annual leave after June 30, 2020. This annual leave balance can be used throughout fiscal year 2021, July 1, 2020 to June 30, 2021. This is 40 hours over the standard amount that can be carried forward. This is a temporary exception and will not alter the set payout maximum of 240 hours. The maximum annual leave balance will return to 240 hours at the end of June 2021. Accumulated annual leave is paid upon termination for regular employees only. Effective June 30, 2017, leave accrued in excess of 30 working days at the close of business on June 30 of each year shall be forfeited.

Sick leave: Regular full-time exempt and non-exempt employees earn sick leave at a rate of 12 working days per year. Employees may carry forward up to 100 days (800 hours) of sick leave. Prior to July 1, 2016, employees were paid for earned sick leave over 600 hours (not to exceed 200 hours) upon termination. Effective July 1, 2016, the sick leave payout benefit upon termination was discontinued; however, employees with sick leave balances of greater than 600 hours on that date will receive a grandfathered benefit. Upon termination, they will be paid for the number hours over 600 (not to exceed 200 hours) that they had on July 1, 2016 or the number that they have upon termination, whichever is less. The sick leave payment is made at a rate of 50 percent of the employee's straight-time hourly salary.

Faculty care leave: The University provides regular nine-month faculty with a paid leave benefit that can be used for any qualifying event under the federal Family and Medical Leave Act (FMLA). This benefit is referred to as "Faculty Care Leave". All regular nine-month faculty are eligible to participate in the benefit. No payment will be provided for accrued Faculty Care Leave balances upon separation from the University nor upon death.

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

Net investment in capital assets – Represents the University's total capital assets, net of accumulated depreciation, outstanding debt obligations related to those capital assets and debt related deferred inflows and outflows. Debt that has been incurred but not yet expended for capital assets is not included as a component of net investment in capital assets.

Restricted net position, non-expendable – Consists of endowment and similar type assets for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income.

Restricted net position, expendable – Includes resources which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted net position – Represents all other resources, including those derived from student tuition and fees, state appropriations, sales and services, unexpended plant, renewal and replacement and quasi endowments. These resources are used for transactions relating to the educational and general operations of the University and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff. Unrestricted net position of the Discrete Component Unit represents resources that may be used at the discretion of the governing board of the Discrete Component Unit to meet current expenses for any purpose.

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

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

Income Taxes. The income generated by the University as an instrumentality of the State of New Mexico is generally excluded from federal income taxes under section 115(a) of the Internal Revenue Code. However, the University is subject to taxation on income derived from business activities not substantially related to the University's exempt function (unrelated business income under Internal

Revenue Code Section 511); such income is taxed at the normal corporate rate. Contributions to the University are deductible by donors as provided under Section 170 of the Internal Revenue Code.

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

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

Operating revenues: Operating revenues of the University include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; (3) certain federal, state and local grants and contracts and federal appropriations; and (4) non-governmental grants, contracts and gifts. Operating revenues of the Discrete Component Unit consist of gifts, grants, and fundraising activities in support of Foundation and University programs.

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

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

Operating expenses: Operating expenses include activities such as (1) employee salaries, benefits, and related expenses; (2) scholarships and fellowships, net of scholarship discounts and allowances; (3) utilities, supplies, and other services; (4) professional fees; and (5) depreciation expenses related to property, plant, and equipment.

Non-operating expenses: Non-operating expenses include activities such as interest on capital asset-related debt and other expenses that are defined as non-operating expenses by GASB 9 and GASB 34.

Scholarship Discounts and Allowances. Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statements of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and/or third parties making payments on the student's behalf. To the extent that revenues such as federal Pell grants and state lottery scholarships are used to satisfy tuition and fees and other student charges, the University has recorded scholarship discount and allowance as a contra-revenue. A pro rata share of the discounts and allowances are allocated to Auxiliary Enterprises.

Budgetary Process. Operating budgets are submitted annually for approval to the Board of Regents, the New Mexico Higher Education Department (HED), and the New Mexico Department of Finance and Administration - State Budget Division (DFA). These state agencies develop consolidated funding recommendations for all higher education institutions which are considered for appropriation during the annual legislative sessions. In accordance with House Bill 2, in general, unexpended state

appropriations to the University do not revert at the end of each fiscal year. All state appropriations are accounted for separately in the accounting system.

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

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

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

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

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

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

	2021	2020
Deferred Outflows of Resources		
Related to net pension liability	\$ 581,951,694	\$ 96,853,438
Related to net OPEB liability	17,290,742	25,118,426
Net loss on defeasance	1,371,296	1,586,062
Total deferred outflows of resources	<u>600,613,732</u>	<u>123,557,926</u>
Deferred Inflows of Resources		
Related to net pension liability	\$ 26,819,944	\$ 45,947,193
Related to net OPEB liability	7,722,602	12,377,396
Related to leases	16,371,344	16,943,061
Unamortized bond premiums	19,673	34,458
Total deferred inflows of resources	<u>\$ 50,933,563</u>	<u>\$ 75,302,108</u>

Reclassifications. Certain amounts in the 2020 financial statements and notes thereto have been reclassified to conform to 2021 financial statement presentation.

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

Note 3 - Cash and Investments

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

The Foundation (see Note 11) invests endowment and similar funds for the benefit of the University under the terms of a revocable agreement. These assets are invested in the Pool and as of June 30, 2021 and 2020, the University owned 271,325 and 281,427 shares which represented 23.12% and 23.99% of the total shares in the pool, respectively. The fair value per share as of June 30, 2021 and 2020 was \$195.89 and \$149.58, respectively.

Cash. The University's deposits are in demand and time deposit accounts at local financial institutions. The University requires a minimum of 50 percent collateralization of all uninsured funds deposited with a financial institution, with the exception of overnight repurchase agreements, which require 102 percent collateralization. All collateral is held in third-party safekeeping in the name of the University. The majority of the total deposits were invested in interest bearing accounts at June 30, 2021 and 2020.

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

Investments. The Senior Vice President for Administration and Finance, the Controller, the Associate Controller, and the Banking, Investment and Tax Manager are authorized to purchase and to sell investments of the University. Investments are required to be made in a prudent manner so as to ensure an acceptable yield with a minimum risk within the guidelines of the University's investment policy, which requires investment in securities or other financial instruments which are not contrary to Section 6-10-10 and 46-9A-1 through 46-9A-10 NMSA 1978, existing bond covenants, or other externally placed restrictions. At June 30, 2021 and 2020, all investments are either held in the name of the University by its agent, or held by the University. Investments that will mature in less than one year are considered short-term. The investments not held by the Foundation consisted of U.S. agency securities, U.S. treasury notes, municipal securities, brokered negotiable certificates of deposit with an original maturity of two to five years, and corporate stocks and bonds at June 30, 2021 and 2020. The Foundation's short-term investments in marketable securities consisted entirely of U.S. Government and Agency securities at June 30, 2021 and 2020.

Endowment investments were \$51,851,418 and \$39,853,338 at June 30, 2021 and 2020, respectively, and represent longer term investments in debt and equity securities, including, but not limited to, pooled or common trust funds holding such types of securities, subject to any specific limitation set forth in the applicable gift instrument.

At June 30, 2021 and 2020, the investments of the University and its Discrete Component Unit consisted of the following:

	2021 Fair Value	2020 Fair Value
University		
U.S. Agency Securities	\$ 6,076,340	\$ 6,171,372
U.S. Treasury Securities	41,223,439	6,380,058
Certificates of Deposit	-	6,558,966
Domestic Equity Securities and Corporate Bonds	17,344,041	26,643,291
Pooled Investments Held by Others		
Corporate Stocks and Bonds	36,590,929	26,142,965
U.S. Government and Agency Securities	386,243	249,493
Mortgage Backed Securities	1,209,081	1,104,054
Limited Partnerships - Alternative	12,619,562	11,318,659
Real Estate Holdings	1,045,603	1,038,167
Total Investments	<u>\$ 116,495,238</u>	<u>\$ 85,607,025</u>
Foundation		
Corporate Stocks and Bonds	\$ 132,142,709	\$ 89,750,753
U.S. Government and Agency Securities	2,079,124	776,876
Certificates of Deposit	105,264	104,170
Other Time Deposits	309,252	196,794
Mortgage Backed Securities	4,754,375	3,498,088
Limited Partnerships - Alternative	41,963,319	35,862,078
Other Investments	79,487,841	3,302,952
Total Investments	<u>\$ 260,841,884</u>	<u>\$ 133,491,711</u>

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

Beneficial Interest. The New Mexico Land Grant Permanent Fund (LGPF) was originally established pursuant to the Enabling Act for New Mexico passed by the U.S. Congress on June 20, 1910 (which encompassed the Ferguson Act of 1898) and was made the law of New Mexico by its reference in the New Mexico Constitution. The Enabling Act (and its acceptance in the New Mexico Constitution) set forth certain parcels of land granted by the United States in trust to the State for the purposes of establishing a permanent fund which could only be used for the purposes set out in the Enabling Act, namely, the funding of schools and state institutions throughout New Mexico. Highly restrictive criteria governing permitted uses of the assets of the LGPF are specifically prescribed in the New Mexico Constitution. The beneficiaries of the LGPF are also specifically prescribed in the New Mexico Constitution and in state statute. The University is one of the specific entities identified that has a beneficial interest in the LGPF. However, with the adoption of the State's new policy on July 1, 2016, the University's beneficial interest in the LGPF will now be presented within a special revenue fund in the State ACFR and will no longer be presented in the educational institution enterprise fund.

As an entity with a beneficial interest, the University receives monthly distributions of income from the LGPF as required by law. The University's beneficial interest and income received from this beneficial interest as of and for the years ending June 30, 2021 and 2020 are as follows:

	2021	2020
Balance of the University's beneficial interest as of June 30	\$85,049,056	\$70,031,543
Income received from the University's beneficial interest in the LGPF for the period ending June 30	\$ 3,041,633	\$ 2,979,812

Assets held by the Foundation for the University. The following is a schedule of the makeup of pooled cash and investments held by the Discrete Component Unit for the University at June 30, 2021 and 2020.

	2021	2020
Equities	60 %	77 %
Fixed income	2 %	3 %
Cash and cash equivalents	11 %	18 %
Investments not securities	27 %	2 %
	<u>100 %</u>	<u>100 %</u>

Collateralization of Deposits. At June 30, 2021 and 2020, the recorded values of the University's cash and time deposits with financial institutions were \$57,216,596 and \$48,212,856, respectively. Bank balances, which differ from the reported values due to reconciling items, are categorized and presented in the following table:

	2021	2020
University and Fiduciary Fund		
Amount insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 534,629	\$ 551,093
Amount collateralized with securities held by the pledging financial institution	63,818,563	51,885,989
Uncollateralized	<u>47,248</u>	<u>60,725</u>
Total cash and time deposit bank balances	64,400,440	52,497,807
Reconciling Items:		
Add: cash equivalents	138,394,032	131,524,207
Add: cash equivalents held by others	2,717,427	5,847,476
Less: other reconciling items	<u>(7,183,844)</u>	<u>(4,284,951)</u>
Total reported cash balance	<u>\$198,328,055</u>	<u>\$185,584,539</u>
Foundation		
Amount insured by the FDIC	\$ 500,000	\$ 500,000
Amount in excess of FDIC, Lloyd's of London and Security Investor Protection Corporation (SIPC)	27,876,256	29,246,916
Amount at Merrill Lynch insured by SIPC, Lloyd's of London and the FDIC	<u>2,500,000</u>	<u>2,500,000</u>
Total reported cash balance	<u>\$ 30,876,256</u>	<u>\$ 32,246,916</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2021:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
Fiduciary Fund Accounts				
First National Bank of Alamogordo				
Operational	Debt Service	\$ 595,955	\$ -	\$ 595,955
Wells Fargo Bank of New Mexico				
Operational	Debt Service	6,110,793	-	6,110,793
Operational	Cash Management	351,960	-	351,960
Total Cash and Cash Equivalents - Fiduciary Funds		<u>\$ 7,058,708</u>	<u>\$ -</u>	<u>\$ 7,058,708</u>
Wells Fargo Bank of New Mexico				
Operational	Checking	-	(2,164,077)	(2,164,077)
Operational	Student ACH	-	8,346	8,346
Operational	General	-	(4,688,964)	(4,688,964)
Operational	Payroll	-	(452,053)	(452,053)
Operational	Credit Card	-	110,983	110,983
Operational	Deposit	-	15	15
Operational	Money Market (WFS)	123,410,531	-	123,410,531
Operational	Cash Management	57,259,855	-	57,259,855
Operational	Money Market (Trust)	2,007,591	-	2,007,591
Wells Fargo Advisors				
Operational	Money Market	301	-	301
Western Commerce Bank of Carlsbad				
Operational	Deposit	3,500	1,905	5,405
Cash on Hand				
Cash on hand	Cash	47,248	-	47,248
Citizen's Bank of Las Cruces				
Certificate of deposit	Time Deposit	31,129	-	31,129
Federated Investment Manager				
Dividend reinvestment	Money Market	12,975,610	-	12,975,610
New Mexico State University Foundation, Inc.				
NMSU endowments	Cash	2,717,427	-	2,717,427
Total Cash and Cash Equivalents - University		<u>\$ 198,453,192</u>	<u>\$ (7,183,845)</u>	<u>\$ 191,269,347</u>
Total Cash and Cash Equivalents		<u>\$ 205,511,900</u>	<u>\$ (7,183,845)</u>	<u>\$ 198,328,055</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2020:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
Fiduciary Fund Accounts				
First National Bank of Alamogordo				
Operational	Debt Service	\$ 539,140	\$ -	\$ 539,140
Wells Fargo Bank of New Mexico				
Operational	Debt Service	4,740,356	-	4,740,356
Operational	Cash Management	405,888	-	405,888
Total Cash and Cash Equivalents - Fiduciary Funds		<u>\$ 5,685,384</u>	<u>\$ -</u>	<u>\$ 5,685,384</u>
Wells Fargo Bank of New Mexico				
Operational	Checking	-	(4,203,791)	(4,203,791)
Operational	Student ACH	-	29,452	29,452
Operational	General	-	49,150	49,150
Operational	Payroll	-	(305,207)	(305,207)
Operational	Credit Card	-	93,631	93,631
Operational	Money Market (WFS)	121,397,836	-	121,397,836
Operational	Cash Management	46,761,331	-	46,761,331
Operational	Money Market (Trust)	2,014,882	-	2,014,882
Western Commerce Bank of Carlsbad				
Operational	Deposit	19,972	467	20,439
Cash on Hand				
Cash on hand	Cash	-	51,347	51,347
Citizen's Bank of Las Cruces				
Certificate of deposit	Time Deposit	31,121	-	31,121
Federated Investment Manager				
Dividend reinvestment	Money Market	8,111,488	-	8,111,488
New Mexico State University Foundation, Inc.				
NMSU endowments	Cash	5,847,476	-	5,847,476
Total Cash and Cash Equivalents- University		<u>\$ 184,184,106</u>	<u>\$ (4,284,951)</u>	<u>\$ 179,899,155</u>
Total Cash and Cash Equivalents		<u>\$ 189,869,490</u>	<u>\$ (4,284,951)</u>	<u>\$ 185,584,539</u>

The following table provides information on the the University's investments, including reconciling items, at June 30, 2021.

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
FHN Financial				
Domestic corporate bonds	Investment	2,066,672	-	2,066,672
Wells Fargo Advisors				
Domestic equity securities	Investment	251,928	-	251,928
Raymond James				
U.S. agency securities	Investment	4,062,848	-	4,062,848
Raymond James				
Domestic corporate bonds	Investment	14,489,636	-	14,489,636
Wells Fargo Securities				
U.S. agency securities	Investment	2,013,492	-	2,013,492
Wells Fargo Trust				
U.S. treasury securities	Investment	41,223,439	-	41,223,439
Sandia Motorsports Park, Inc.				
Domestic equity securities	Investment	32,427	-	32,427
Principal Funds				
Domestic equity securities	Investment	390,769	-	390,769
Franklin Templeton				
Domestic equity securities	Investment	39,081	-	39,081
Innovation				
Domestic equity securities	Investment	73,528	-	73,528
New Mexico State University Foundation, Inc.				
NMSU endowments	Investment	51,851,418	-	51,851,418
Total Investments		<u>\$ 116,495,238</u>	<u>\$ -</u>	<u>\$ 116,495,238</u>

The following table provide information on the the University's investments, including reconciling items, at June 30, 2020.

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
FHN Financial				
Domestic corporate bonds	Investment	4,144,950	-	4,144,950
FHN Financial				
Certificate of deposit	Investment	4,794,264	-	4,794,264
FTN Financial				
U.S. treasury notes	Investment	-	-	-
Wells Fargo Advisors				
Domestic equity securities	Investment	227,234	-	227,234
Raymond James				
U.S. agency securities	Investment	4,131,556	-	4,131,556
Raymond James				
Domestic corporate bonds	Investment	19,837,945	-	19,837,945
Wells Fargo Securities				
Certificate of deposit	Investment	1,764,702	-	1,764,702
Wells Fargo Securities				
U.S. agency securities	Investment	2,039,816	-	2,039,816
Wells Fargo Trust				
U.S. treasury securities	Investment	6,364,922	-	6,364,922
Wells Fargo Trust				
Domestic corporate bonds	Investment	2,013,622	-	2,013,622
Sandia Motorsports Park, Inc.				
Domestic equity securities	Investment	32,427	-	32,427
Eberhardt Memorial				
Domestic equity securities	Investment	2,464	-	2,464
Principal Funds				
Domestic equity securities	Investment	278,919	-	278,919
Franklin Templeton				
Domestic equity securities	Investment	32,202	-	32,202
Legacy Treasury Direct				
U.S. treasury Securities	Investment	15,136	-	15,136
Innovation				
Domestic equity securities	Investment	73,528	-	73,528
New Mexico State University Foundation, Inc.				
NMSU endowments	Investment	39,853,338	-	39,853,338
Total Investments		<u>\$ 85,607,025</u>	<u>\$ -</u>	<u>\$ 85,607,025</u>

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2021, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
Wells Fargo Bank of New Mexico				
Operations	Checking	\$ 1,345,692	\$ 10,382	\$ 1,356,074
Program	ACH	310,503	-	310,503
Program	Wire	1,880,742	(18,644)	1,862,098
Program	Checking	1,570,581	-	1,570,581
Program	Transfer	101,043	-	101,043
Citizens Bank of Las Cruces				
Program	Money Market	1,057,063	-	1,057,063
Merrill Lynch				
Operations	Checking	2,215,882	(48,000)	2,167,882
Program	Money Market	18,271,588	(36,095)	18,235,493
Program-Cash Gift Annuity	Checking & Money Market	19,268	(7,625)	11,643
Program-NMSU Business College	Money Market	13,739	-	13,739
OWH II LLC	Money Market	2,545,567	-	2,545,567
OWH II LLC- Account 2	Money Market	124,024	-	124,024
Short Term	Money Market	106,026	-	106,026
Less Cash Allocated to NMSU for AHIT (Program)	Held in Trust	(1,171,317)	-	(1,171,317)
Investment cash - Merrill Lynch Managers:				
Private Equity	Money Market	564,657	-	564,657
WCMA	Money Market	841,037	-	841,037
Cambiar Intl Value	Money Market	827,723	-	827,723
Earnest SCV	Money Market	309,169	-	309,169
Tag - Emerging	Money Market	221,648	-	221,648
Eagle SCG	Money Market	134,305	-	134,305
Short Term Investment Fund	Money Market	95,250	-	95,250
Eagle LCV	Money Market	238,397	-	238,397
Armstrong	Money Market	77,347	-	77,347
Western	Money Market	51,885	-	51,885
Title V	Money Market	20,261	-	20,261
Cohen and Steers	Money Market	47,125	-	47,125
ALT Investments	Money Market	397	-	397
Santa Barbara	Money Market	222,667	-	222,667
Loomis - TMA	Money Market	480,079	-	480,079
Less Cash Allocated to NMSU for AHIT	Held in Trust	(1,546,110)	-	(1,546,110)
Total Cash and Cash Equivalents		\$ 30,976,238	\$ (99,982)	\$ 30,876,256
Corporate Stocks and Bonds	Investment	\$ 76,809,695	-	\$ 76,809,695
U.S. Government and Agency Securities	Investment	2,079,124	-	2,079,124
Mortgage Backed Securities	Investment	3,653,694	-	3,653,694
Mortgage Backed Securities - Foreign	Investment	1,100,681	-	1,100,681
Limited Partnerships - Alternative	Investment	41,963,319	-	41,963,319
Mutual Funds	Investment	55,333,014	-	55,333,014
Non-marketable Equity Investment	Investment	75,990,000	-	75,990,000
Real Estate Holdings				
Real Estate Holdings	Investment	3,476,898	-	3,476,898
Short-term Investments	Investment	414,516	-	414,516
Accrued Investment Interest	Investment	20,943	-	20,943
Total Investments		\$ 260,841,884	\$ -	\$ 260,841,884

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2020, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
Wells Fargo Bank of New Mexico				
Operations	Checking	\$ 1,346,916	\$ (1,162)	\$ 1,345,754
Program	ACH	2,336,149	-	2,336,149
Program	Wire	228,082	-	228,082
Program	Checking	4,130,229	(951)	4,129,278
Program	Transfer	2,678,117	-	2,678,117
Citizens Bank of Las Cruces				
Program	Money Market	1,048,133	-	1,048,133
Merrill Lynch				
Operations	Checking	1,605,694	-	1,605,694
Program	Money Market	12,946,551	-	12,946,551
Program-Cash Gift Annuity	Checking & Money Market	70,010	(31,859)	38,151
Program-NMSU Business College	Money Market	11,039	-	11,039
OWH II LLC	Money Market	3,292,658	-	3,292,658
Less Cash Allocated to NMSU for AHIT (Program)	Held in Trust	(1,979,513)	-	(1,979,513)
Investment cash - Merrill Lynch				
Managers:				
Tortoise MLP	Money Market	690	-	690
Private Equity	Money Market	69,875	-	69,875
WCMA	Money Market	567,810	-	567,810
Cambiar Intl Value	Money Market	1,217,239	-	1,217,239
Earnest SCV	Money Market	49,014	-	49,014
Tag - Emerging	Money Market	228,733	-	228,733
Eagle SCG	Money Market	222,602	-	222,602
Invesco	Money Market	8,506	-	8,506
Short Term Investment Fund	Money Market	732,320	-	732,320
Eagle LCV	Money Market	1,058,143	-	1,058,143
Armstrong	Money Market	3,347,168	-	3,347,168
Western	Money Market	104,714	-	104,714
Title V	Money Market	27,678	-	27,678
Cohen and Steers	Money Market	62,648	-	62,648
ALT Investments	Money Market	434,601	-	434,601
Santa Barbara	Money Market	185,597	-	185,597
Loomis - TMA	Money Market	117,448	-	117,448
Less Cash Allocated to NMSU for AHIT	Held in Trust	(3,867,963)	-	(3,867,963)
Total Cash and Cash Equivalents		\$ 32,280,888	\$ (33,972)	\$ 32,246,916
Corporate Stocks and Bonds	Investment	\$ 51,802,752	-	\$ 51,802,752
U.S. Government and Agency Securities	Investment	776,876	-	776,876
Mortgage Backed Securities	Investment	2,746,071	-	2,746,071
Mortgage Backed Securities - Foreign	Investment	752,017	-	752,017
Limited Partnerships - Alternative	Investment	35,862,078	-	35,862,078
Mutual Funds	Investment	37,948,001	-	37,948,001
Real Estate Holdings				
Real Estate Holdings	Investment	3,289,333	-	3,289,333
Short-term Investments	Investment	300,964	-	300,964
Accrued Investment Interest	Investment	13,619	-	13,619
Total Investments		\$ 133,491,711	\$ -	\$ 133,491,711

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

A summary of the investments at June 30, 2021, and their exposure to interest rate risk based on the length of the investment follows:

	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
University					
U.S. agency securities	\$ 6,076,340	\$ 6,076,340	\$ -	\$ -	\$ -
Domestic corporate bonds	16,556,308	4,041,908	12,514,400	-	-
U.S. treasury securities	41,223,439	29,999,495	11,223,944	-	-
Pooled Investments					
Mortgage-backed securities	1,209,081	-	1,209,081	-	-
Domestic corporate bonds	226,244	-	20,190	177,321	28,733
US government and agency securities	382,444	-	194,998	39,907	147,539
	<u>65,673,856</u>	<u>\$ 40,117,743</u>	<u>\$ 25,162,613</u>	<u>\$ 217,228</u>	<u>\$ 176,272</u>
Items not subject to interest rate risk:					
Equity securities	787,733				
Pooled Investments					
Accrued interest	3,799				
Corporate stocks	36,364,685				
Limited partnerships - Alternative	12,619,562				
Real estate holdings (Investments not securities)	1,045,603				
Total Investments	<u>\$116,495,238</u>				
Foundation					
U.S. government and agency securities	\$ 2,079,124	\$ -	\$ 1,455,817	\$ 132,703	\$ 490,604
Certificates of deposit	105,264	105,264	-	-	-
Other time deposits	309,252	309,252	-	-	-
Corporate bonds	1,618,849	-	933,662	589,638	95,549
Mortgage-backed securities	4,754,375	-	4,754,375	-	-
		<u>\$ 414,516</u>	<u>\$ 7,143,854</u>	<u>\$ 722,341</u>	<u>\$ 586,153</u>
Items not subject to interest rate risk:					
Corporate stocks	130,523,860				
Limited partnerships - Alternative	41,963,319				
Other investments	79,487,841				
Total Investments	<u>\$260,841,884</u>				

A summary of the investments at June 30, 2020, and their exposure to interest rate risk based on the length of the investment follows:

	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
University					
U.S. agency securities	\$ 6,171,372	\$ -	\$ 6,171,372	\$ -	\$ -
Domestic corporate bonds	25,996,516	9,190,060	16,806,456	-	-
U.S. treasury securities	6,380,058	15,136	6,364,922	-	-
Certificates of deposit	6,558,966	6,558,966	-	-	-
Pooled Investments					
Mortgage-backed securities	1,104,054	-	1,104,054	-	-
Domestic corporate bonds	252,954	-	33,420	162,518	57,016
US government and agency securities	245,195	-	42,655	49,031	153,509
	<u>46,709,115</u>	<u>\$ 15,764,162</u>	<u>\$ 30,522,879</u>	<u>\$ 211,549</u>	<u>\$ 210,525</u>
Items not subject to interest rate risk:					
Equity securities	646,774				
Pooled Investments					
Accrued interest	4,298				
Corporate stocks	25,890,012				
Limited partnerships - Alternative	11,318,659				
Real estate holdings (Investments not securities)	1,038,167				
Total Investments	<u>\$ 85,607,025</u>				
Foundation					
U.S. government and agency securities	\$ 776,876	\$ -	\$ 135,147	\$ 155,351	\$ 486,378
Certificates of deposit	104,170	104,170	-	-	-
Other time deposits	196,794	196,794	-	-	-
Corporate bonds	801,452	-	105,886	514,914	180,652
Mortgage-backed securities	3,498,088	-	3,498,088	-	-
		<u>\$ 300,964</u>	<u>\$ 3,739,121</u>	<u>\$ 670,265</u>	<u>\$ 667,030</u>
Items not subject to interest rate risk:					
Corporate stocks	88,949,301				
Limited partnerships - Alternative	35,862,078				
Other investments	3,302,952				
Total Investments	<u>\$133,491,711</u>				

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

A summary of the investments at June 30, 2021, and their exposure to credit risk follows:

	Rating	Fair Value
University		
U.S. agency securities	S&P/Moody's - AA+/Aaa	\$ 6,076,340
U.S. treasury securities	Not rated	41,223,439
Corporate bonds	S&P/Moody's - AA+/Aaa	16,556,308
Domestic equity securities	Not rated	787,733
Pooled Investments		
U.S. government and agency securities	Aaa	386,243
Mortgage-backed securities	Not rated	1,209,081
Domestic equity securities	Not rated	31,914,089
Corporate bonds	A1 to BAA1	226,244
Foreign equity securities	Not rated	4,450,596
Limited partnerships - Alternative	Not rated	12,619,562
Real estate holdings (investments not securities)	Not rated	1,045,603
Total Investments		<u>\$ 116,495,238</u>
Foundation		
U.S. government and agency securities	Moody's---Aaa	\$ 2,079,124
Certificates of deposit	Federally insured	105,264
Other time deposits	Not rated	309,252
Corporate bonds	A1 to BAA1	1,618,849
Domestic equity securities	Not rated	60,391,460
Mutual funds	Not rated	55,333,014
Foreign equity securities	Not rated	14,799,386
Mortgage-backed securities	Not rated	4,754,375
Limited partnerships - Alternative	Not rated	41,963,319
Other investments (investments not securities)	Not rated	79,487,841
Total Investments		<u>\$ 260,841,884</u>

A summary of the investments at June 30, 2020, and their exposure to credit risk follows:

	Rating	Fair Value
University		
U.S. agency securities	S&P/Moody's - AA+/Aaa	\$ 6,171,374
Certificates of deposits	Federally insured	6,484,000
Certificates of deposits	Subject to custodial credit risk	74,966
U.S. treasury securities	Not rated	6,380,058
Corporate bonds	S&P/Moody's - AA+/Aaa	25,996,516
Domestic equity securities	Not rated	646,775
Pooled Investments		
U.S. government and agency securities	Aaa	249,493
Mortgage-backed securities	Not rated	1,104,054
Domestic equity securities	Not rated	22,539,130
Corporate bonds	A1 to BAA1	252,954
Foreign equity securities	Not rated	3,350,879
Limited partnerships - Alternative	Not rated	11,318,659
Real estate holdings (investments not securities)	Not rated	1,038,167
Total Investments		<u><u>\$ 85,607,025</u></u>
Foundation		
U.S. government and agency securities	Moody's---Aaa	\$ 776,876
Certificates of deposit	Federally insured	104,170
Other time deposits	Not rated	196,794
Corporate bonds	A1 to BAA1	801,452
Domestic equity securities	Not rated	40,384,362
Mutual funds	Not rated	37,948,001
Foreign equity securities	Not rated	10,616,938
Mortgage-backed securities	Not rated	3,498,088
Limited partnerships - Alternative	Not rated	35,862,078
Real estate holdings (investments not securities)	Not rated	3,302,952
Total Investments		<u><u>\$ 133,491,711</u></u>

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

Custodial Credit Risk – Deposits. This is the risk that in the event of a bank failure, the University's deposits may not be returned. Neither the University, nor its discretely presented component unit, the Foundation, has a deposit policy for custodial credit risk. As of June 30, 2021 and 2020, total bank balances of the University were \$202,794,473 and \$184,022,014, respectively. None of these balances are subject to custodial credit risk.

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

Fair Value of Assets and Liabilities. GASB Statement No. 72 (*Fair Value Measurement and Application*) defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB 72 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1

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

Level 2

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

Level 3

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

Investments that do not have a readily determinable fair value are recorded using net asset value (NAV). NAV is generally provided by the investment managers but the Foundation considers the reasonableness of the NAV, based on market information, to arrive at the fair value estimate for each investment.

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

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

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

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

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

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

The following table presents the fair value measurements of University assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021.

2021	Balance as of June 30, 2021	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
U.S. treasury securities	\$ 41,223,439	\$ 41,223,439	\$ -	\$ -
Agency securities (GSEs)	6,076,340	-	6,076,340	-
Corporate bonds	16,556,308	-	16,556,308	-
Total Debt Securities	63,856,087	41,223,439	22,632,648	-
Equity Securities				
Common	678,208	678,208	-	-
Preferred	35,997	35,997	-	-
Nonredeemable securities	73,528	-	-	73,528
Total Equity Securities	787,733	714,205	-	73,528
Total Investments by Fair Value Level	64,643,820	\$ 41,937,644	\$ 22,632,648	\$ 73,528
Investments held by Foundation				
Corporate stocks and bonds	\$ 22,816,579	\$ 22,590,334	\$ 226,245	\$ -
Mutual funds	13,774,350	13,774,350	-	-
Mortgage backed securities	1,209,081	1,126,899	82,182	-
Government bonds	382,444	-	382,444	-
Real estate holdings	1,045,603	-	-	1,045,603
Total investments Held by Foundation by Fair Value Level	39,228,057	\$ 37,491,583	\$ 690,871	\$ 1,045,603
Investments Held by Foundation measured by NAV				
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Fund Investments				
Multi-strategy	\$ 8,439,189	\$ 275,528	Quarterly	90 Days
Equity long/short	2,473,911	3,968,558	None	None
Total Hedge Fund Investments	10,913,100	4,244,086		
Domestic Venture Capital Investments				
Venture capital	1,706,462	-		
Total Domestic Venture Capital Investments	1,706,462	-	None	None
Total Investments Held by Foundation measured by NAV	12,619,562	\$ 4,244,086		
Other Investments held by Foundation				
Accrued interest income	3,799			
Total Investments	\$ 116,495,238			

The following table presents the fair value measurements of University assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2020.

2020	Balance as of June 30, 2020	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Debt Securities				
U.S. treasury securities	\$ 6,380,058	\$ 6,380,058	\$ -	\$ -
Agency securities (GSEs)	6,171,372	-	6,171,372	-
Corporate bonds	25,996,517	-	25,996,517	-
Certificate of deposit (NCD)	6,558,966	-	6,558,966	-
Total Debt Securities	45,106,913	6,380,058	38,726,855	-
Equity Securities				
Common	501,760	501,760	-	-
Preferred	71,486	71,486	-	-
Nonredeemable securities	73,528	-	-	73,528
Total Equity Securities	646,774	573,246	-	73,528
Total Investments by Fair Value Level	45,753,687	\$ 6,953,304	\$ 38,726,855	\$ 73,528
Investments held by Foundation				
Corporate stocks and bonds	\$ 16,335,974	\$ 16,083,022	\$ 252,952	\$ -
Mutual funds	9,806,991	9,806,991	-	-
Mortgage backed securities	1,104,054	909,484	194,570	-
Government bonds	245,195	-	245,195	-
Real estate holdings	1,038,167	-	-	1,038,167
Total investments Held by Foundation by Fair Value Level	28,530,381	\$ 26,799,497	\$ 692,717	\$ 1,038,167
Investments Held by Foundation measured by NAV				
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Fund Investments				
Multi-strategy	\$ 8,065,058	\$ 417,402	Quarterly	90 Days
Equity long/short	1,713,657	4,630,749	None	None
Total Hedge Fund Investments	9,778,715	5,048,151		
Domestic Venture Capital Investments				
Venture capital	1,539,944	-		
Total Domestic Venture Capital Investments	1,539,944	-	None	None
Total Investments Held by Foundation measured by NAV	11,318,659	\$ 5,048,151		
Other Investments held by Foundation				
Accrued interest income	4,298			
Total Investments	\$ 85,607,025			

The following table presents the fair value measurements of Foundation assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021.

2021	Balance as of June 30, 2021	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Corporate Stocks and Bonds				
Foreign emerging markets	\$ 5,720,168	\$ 5,720,168	\$ -	\$ -
Large cap value	25,948,662	25,948,662	-	-
Large cap growth	22,330,729	22,330,729	-	-
Foreign developed markets	9,079,217	9,079,217	-	-
Small cap value	7,403,701	7,403,701	-	-
Small cap growth	4,704,453	4,704,453	-	-
Corporate bonds	752,324	-	752,324	-
Total Corporate Stocks and Bonds	75,939,254	75,186,930	752,324	-
Other Investments				
Mutual funds	57,744,720	57,744,720	-	-
Mortgage backed securities	2,919,829	2,646,551	273,278	-
Mortgage backed securities- foreign	1,100,681	1,100,681	-	-
Government bonds	1,271,724	-	1,271,724	-
Non-marketable securities	75,990,000	-	-	75,990,000
Real estate holdings	3,476,898	-	-	3,476,898
Total Other Investments	142,503,852	61,491,952	1,545,002	79,466,898
Total Investments by Fair Value Level	218,443,106	\$ 136,678,882	\$ 2,297,326	\$ 79,466,898
Investments Held by Foundation measured by NAV				
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Fund Investments				
Multi-strategy	\$ 28,062,494	\$ 916,204	Quarterly	90 Days
Equity long/short	8,226,396	13,196,484	None	None
Total Hedge Fund Investments	36,288,890	14,112,688		
Domestic Venture Capital Investments				
Venture capital	5,674,428	-		
Total Domestic Venture Capital Investments	5,674,428	-	None	None
Total Investments Held by Foundation measured by NAV	41,963,318	\$ 14,112,688		
Other Investments held by Foundation				
Accrued interest income and other short term investments	435,460			
Total Investments	\$ 260,841,884			

The following table presents the fair value measurements of Foundation assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2020.

2020	Balance as of June 30, 2020	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Corporate Stocks and Bonds				
Foreign emerging markets	\$ 3,958,284	\$ 3,958,284	\$ -	\$ -
Large cap value	16,417,570	16,417,570	-	-
Large cap growth	17,012,195	17,012,195	-	-
Foreign developed markets	6,658,654	6,658,654	-	-
Small cap value	3,112,432	3,112,432	-	-
Small cap growth	3,842,163	3,842,163	-	-
Corporate bonds	801,454	-	801,454	-
Total Corporate Stocks and Bonds	51,802,752	51,001,298	801,454	-
Other Investments				
Mutual funds	37,948,001	37,948,001	-	-
Mortgage backed securities	2,746,071	2,129,596	616,475	-
Mortgage backed securities- foreign	752,017	752,017	-	-
Government bonds	776,876	-	776,876	-
Real estate holdings	3,289,334	-	-	3,289,334
Total Other Investments	45,512,299	40,829,614	1,393,351	3,289,334
Total Investments by Fair Value Level	97,315,051	\$ 91,830,912	\$ 2,194,805	\$ 3,289,334
Investments Held by Foundation measured by NAV				
		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge Fund Investments				
Multi-strategy	\$ 25,553,360	\$ 1,322,497	Quarterly	90 Days
Equity long/short	5,429,559	14,672,080	None	None
Total Hedge Fund Investments	30,982,919	15,994,577		
Domestic Venture Capital Investments				
Venture capital	4,879,159	-		
Total Domestic Venture Capital Investments	4,879,159	-	None	None
Total Investments Held by Foundation measured by NAV	35,862,078	\$ 15,994,577		
Other Investments held by Foundation				
Accrued interest income and other short term investments	314,582			
Total Investments	\$ 133,491,711			

Note 4 – Accounts Receivable and Unearned Revenue

Accounts receivable consists of the following at June 30, 2021 and 2020:

	2021	2020
University		
Student tuition and fees	\$ 55,840,962	\$ 56,472,053
Federal, state, and private grants and contracts	29,140,384	32,551,086
Other	6,306,946	4,405,179
Due from Discrete Component Unit	1,534,251	1,554,371
Less: allowance for doubtful accounts	<u>(43,854,682)</u>	<u>(42,239,717)</u>
Net accounts receivable	<u>\$ 48,967,861</u>	<u>\$ 52,742,972</u>
Fiduciary Fund		
Net miscellaneous accounts receivable	<u>\$ 45,113</u>	<u>\$ 26,497</u>
Foundation		
Net miscellaneous accounts receivable	<u>\$ 5,817,793</u>	<u>\$ 11,291,316</u>

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

Unearned revenue consists of the following at June 30, 2021 and 2020:

	2021	2020
University		
Student tuition and fees	\$ 2,401,298	\$ 1,787,971
Federal, state, and private grants and contracts	7,963,290	4,703,157
Other	<u>13,026,634</u>	<u>8,172,986</u>
Total unearned revenue	<u>\$ 23,391,222</u>	<u>\$ 14,664,114</u>
Fiduciary Fund		
Unearned revenue	<u>\$ -</u>	<u>\$ 3,038</u>
Foundation		
Total unearned revenue	<u>\$ 366,402</u>	<u>\$ 464,575</u>

Note 5 – Capital Assets

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

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

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

Changes in capital asset balances for the year ended June 30, 2021, were as follows:

	Balance July 1 2020	Additions	Transfers	Retirements	Balance June 30 2021
University					
Capital assets not depreciated:					
Land and land improvements	\$ 12,443,083	\$ 287,859	\$ -	\$ -	\$ 12,730,942
Construction in progress	9,642,610	10,345,214	(11,600,193)	-	8,387,631
Total capital assets not being depreciated	<u>\$ 22,085,693</u>	<u>\$ 10,633,073</u>	<u>\$ (11,600,193)</u>	<u>\$ -</u>	<u>\$ 21,118,573</u>
Capital assets being depreciated:					
Buildings	\$ 831,921,238	\$ 315,780	\$ 10,628,510	\$ -	\$ 842,865,528
Infrastructure	87,109,187	-	971,683	-	88,080,870
Equipment	118,148,510	4,783,754	-	(1,092,622)	121,839,642
Software	13,280,370	163,887	-	-	13,444,257
Library books	95,717,191	2,812,427	-	(129,372)	98,400,246
Intangible right-to-use lease assets	1,847,690	323,147	-	-	2,170,837
Total other capital assets	<u>1,148,024,186</u>	<u>8,398,995</u>	<u>11,600,193</u>	<u>(1,221,994)</u>	<u>1,166,801,380</u>
Less accumulated depreciation for:					
Buildings	(432,350,438)	(21,857,192)	-	-	(454,207,630)
Infrastructure	(58,725,965)	(3,061,922)	-	-	(61,787,887)
Equipment	(94,095,026)	(5,263,538)	-	1,021,688	(98,336,876)
Software	(12,676,191)	(170,122)	-	-	(12,846,313)
Library books	(71,945,259)	(3,355,402)	-	129,372	(75,171,289)
Less accumulated amortization for intangible right-to-use lease assets	<u>(450,674)</u>	<u>(492,932)</u>	<u>-</u>	<u>-</u>	<u>(943,606)</u>
Total accumulated depreciation	<u>(670,243,553)</u>	<u>(34,201,108)</u>	<u>-</u>	<u>1,151,060</u>	<u>(703,293,601)</u>
Capital assets being depreciated, net	<u>\$ 477,780,633</u>	<u>\$ (25,802,113)</u>	<u>\$ 11,600,193</u>	<u>\$ (70,934)</u>	<u>\$ 463,507,779</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 22,085,693	\$ 10,633,073	\$ (11,600,193)	\$ -	\$ 21,118,573
Other capital assets, at cost	1,148,024,186	8,398,995	11,600,193	(1,221,994)	1,166,801,380
Total cost of capital assets	<u>1,170,109,879</u>	<u>19,032,068</u>	<u>-</u>	<u>(1,221,994)</u>	<u>1,187,919,953</u>
Less: accumulated depreciation	<u>(670,243,553)</u>	<u>(34,201,108)</u>	<u>-</u>	<u>1,151,060</u>	<u>(703,293,601)</u>
Capital assets, net	<u>\$ 499,866,326</u>	<u>\$ (15,169,040)</u>	<u>\$ -</u>	<u>\$ (70,934)</u>	<u>\$ 484,626,352</u>
Foundation					
Capital assets	\$ 755,733	\$ -	\$ -	\$ -	\$ 755,733
Less: accumulated depreciation	<u>(706,148)</u>	<u>(17,674)</u>	<u>-</u>	<u>-</u>	<u>(723,822)</u>
Capital assets, net	<u>\$ 49,585</u>	<u>\$ (17,674)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,911</u>

Changes in capital asset balances for the year ended June 30, 2020, were as follows:

	Balance July 1 2019	Additions	Transfers	Retirements	Balance June 30 2020
University					
Capital assets not depreciated:					
Land and land improvements	\$ 10,657,569	\$ 1,786,634	\$ -	\$ (1,120)	\$ 12,443,083
Construction in progress	39,540,446	15,980,150	(45,877,986)	-	9,642,610
Total capital assets not being depreciated	<u>\$ 50,198,015</u>	<u>\$ 17,766,784</u>	<u>\$ (45,877,986)</u>	<u>\$ (1,120)</u>	<u>\$ 22,085,693</u>
Capital assets being depreciated:					
Buildings	\$ 786,594,082	\$ 33,516	\$ 45,293,640	\$ -	\$ 831,921,238
Infrastructure	86,514,215	10,626	584,346	-	87,109,187
Equipment	114,408,837	5,770,079	-	(2,030,406)	118,148,510
Software	13,260,350	36,770	-	(16,750)	13,280,370
Library books	92,216,727	3,667,416	-	(166,952)	95,717,191
Intangible right-to-use lease assets	1,769,877	77,813	-	-	1,847,690
Total other capital assets	<u>1,094,764,088</u>	<u>9,596,220</u>	<u>45,877,986</u>	<u>(2,214,108)</u>	<u>1,148,024,186</u>
Less accumulated depreciation for:					
Buildings	(410,184,208)	(22,166,230)	-	-	(432,350,438)
Infrastructure	(55,675,241)	(3,050,724)	-	-	(58,725,965)
Equipment	(90,085,710)	(5,933,190)	-	1,923,874	(94,095,026)
Software	(12,486,201)	(206,740)	-	16,750	(12,676,191)
Library books	(68,831,975)	(3,280,236)	-	166,952	(71,945,259)
Less accumulated amortization for intangible right-to-use lease assets	-	(450,674)	-	-	(450,674)
Total accumulated depreciation	<u>(637,263,335)</u>	<u>(35,087,794)</u>	<u>-</u>	<u>2,107,576</u>	<u>(670,243,553)</u>
Capital assets being depreciated, net	<u>\$ 457,500,753</u>	<u>\$ (25,491,574)</u>	<u>\$ 45,877,986</u>	<u>\$ (106,532)</u>	<u>\$ 477,780,633</u>
Capital asset summary:					
Capital assets not being depreciated	\$ 50,198,015	\$ 17,766,784	\$ (45,877,986)	\$ (1,120)	\$ 22,085,693
Other capital assets, at cost	1,094,764,088	9,596,220	45,877,986	(2,214,108)	1,148,024,186
Total cost of capital assets	<u>1,144,962,103</u>	<u>27,363,004</u>	<u>-</u>	<u>(2,215,228)</u>	<u>1,170,109,879</u>
Less: accumulated depreciation	<u>(637,263,335)</u>	<u>(35,087,794)</u>	<u>-</u>	<u>2,107,576</u>	<u>(670,243,553)</u>
Capital assets, net	<u>\$ 507,698,768</u>	<u>\$ (7,724,790)</u>	<u>\$ -</u>	<u>\$ (107,652)</u>	<u>\$ 499,866,326</u>
Foundation					
Capital assets	\$ 755,733	\$ -	\$ -	\$ -	\$ 755,733
Less: accumulated depreciation	(679,187)	(26,961)	-	-	(706,148)
Capital assets, net	<u>\$ 76,546</u>	<u>\$ (26,961)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,585</u>

Note 6 – Long-Term Liabilities

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2021, follows:

		Balance July 1 2020	Additions	Reductions	Balance June 30 2021	Current Portion (due in 2022)	
University							
Bonds and contracts payable:							
Revenue bonds payable	\$	121,996,132	\$ -	\$ (8,643,242)	\$ 113,352,890	\$ 7,355,000	
Subordinate revenue note, notes from direct borrowing		10,340,000	-	(1,015,000)	9,325,000	1,015,000	
Contracts payable		1,397,016	323,147	(510,473)	1,209,690	402,731	
Total bonds and contracts		133,733,148	323,147	(10,168,715)	123,887,580	8,772,731	
Other liabilities:							
Accrued compensated absences		18,426,957	4,828,443	(4,579,264)	18,676,136	3,735,227	
Other post employment benefits		165,830,023	11,582,166	(5,718,396)	171,693,793	5,718,000	
Net pension liability		487,324,359	769,880,249	-	1,257,204,608	-	
Accrued benefit reserve		659,630	-	-	659,630	-	
Other		100,516	89,335	-	189,851	-	
Total other liabilities		672,341,485	786,380,193	(10,297,660)	1,448,424,018	9,453,227	
Total long-term liabilities	\$	806,074,633	\$ 786,703,340	\$ (20,466,375)	\$ 1,572,311,598	\$ 18,225,958	
		Balance July 1 2020	Additions	Reductions	Changes in Estimate	Balance July 1 2021	Current Portion (due in 2022)
Foundation							
Gift annuities payable	\$ 2,508,835	\$ -	\$ -	\$ (227,599)	\$ 2,281,236	\$ 210,215	
Payable under unitrusts	140,851	-	-	(140,850)	1	-	
Other long-term liabilities	\$ 2,649,686	\$ -	\$ -	\$ (368,449)	\$ 2,281,237	\$ 210,215	

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2020, follows:

	Balance July 1 2019	Additions	Reductions	Balance June 30 2020	Current Portion (due in 2021)	
University						
Bonds and contracts payable:						
Revenue bonds payable	\$ 143,561,287	\$ 28,040,944	\$ (49,606,099)	\$ 121,996,132	\$ 7,390,000	
Subordinate revenue note direct borrowing	11,285,000	-	(945,000)	10,340,000	1,015,000	
Contracts payable	1,769,877	77,813	(450,674)	1,397,016	481,023	
Total bonds and contracts	156,616,164	28,118,757	(51,001,773)	133,733,148	8,886,023	
Other liabilities:						
Accrued compensated absences	15,486,823	5,758,994	(2,818,860)	18,426,957	3,685,392	
Other post employment benefits	145,672,186	39,157,067	(18,999,230)	165,830,023	5,275,000	
Net pension liability	792,236,144	-	(304,911,785)	487,324,359	-	
Accrued benefit reserve	659,630	-	-	659,630	-	
Other	66,394	34,122	-	100,516	-	
Total other liabilities	954,121,177	44,950,183	(326,729,875)	672,341,485	8,960,392	
Total long-term liabilities	\$ 1,110,737,341	\$ 73,068,940	\$ (377,731,648)	\$ 806,074,633	\$ 17,846,415	
	Balance July 1 2019	Additions	Reductions	Changes in Estimate	Balance July 1 2020	Current Portion (due in 2021)
Foundation						
Gift annuities payable	\$2,216,254	\$ -	\$ -	\$ 292,581	\$ 2,508,835	\$ 211,175
Payable under unitrusts	141,785	-	-	(934)	140,851	31,067
Other long-term liabilities	\$2,358,039	\$ -	\$ -	\$ 291,647	\$ 2,649,686	\$ 242,242

Bonds Payable. The University issued the 2019 refunding bonds (Series 2019A and Series 2019B) on October 23, 2019. Proceeds of the Series 2019A Bonds were used to refund remaining outstanding unrefunded Series 2010B Bonds. Proceeds of the 2019B Bonds were used to refund the remaining 2010C Bonds. The University experienced an economic savings of \$1,607,109 and \$1,046,719 from the 2019A and 2019B Bonds, respectively.

On April 1, 2020 proceeds from the Series 2017C crossover refunding were used to refund a portion of Series 2010B Bonds. As of June 30, 2021, there are \$9,930,000 of outstanding bonds that have been defeased through an irrevocable trust. All other outstanding University revenue bonds as of June 30, 2020 were issued as parity bonds and are all tax exempt. All bonds are payable solely from, and secured by, a pledge of and a non-exclusive first lien on certain pledged revenues. The revenues pledged to meet these debt obligations are student tuition and fees, sales and services, other operating income, investment income, and building fees. The pledged revenues for fiscal years 2021 and 2020 are \$198,715,000 and \$194,069,000, respectively. Interest payments are made twice a year, on October 1 and April 1 while principal is paid annually on April 1. Allowable premiums, and discounts on bonds payable are recorded in total and amortized according to the bonds outstanding method, which approximates the effective interest method.

The bond interest expense incurred for the fiscal years 2020 and 2020 was \$3,600,064 and \$5,336,183, respectively, net of interest income.

Total University bonds issued and outstanding at June 30, 2021 and 2020 :

	Total Issued	2021	Outstanding 2020
Refunding and Improvement Revenue Bonds			
Bond Series 2010A, 2010B, 2010C, 2010D (1.89% - 5.27%) Final Maturity 2030	78,670,000	-	390,000
Refunding and Improvement Revenue Bonds			
Bond Series 2013A, 2013B, 2013C (2.00% - 5.00%) Final Maturity 2033	56,200,000	16,285,000	18,870,000
Refunding and Improvement Revenue Bonds			
Bond Series 2017A, 2017B, 2017C (1.75% - 5.00%) Final Maturity 2042	73,240,000	65,730,000	68,505,000
Refunding and Improvement Revenue Bonds			
Bond Series 2019A and 2019B (2.00% - 5.00%) Final Maturity 2040	24,985,000	23,225,000	24,865,000
Total Bonds Payable	233,095,000	105,240,000	112,630,000
Plus: Unamortized Net Premium	20,646,409	8,112,890	9,366,132
Bonds Payable, net	<u>\$ 253,741,409</u>	<u>\$ 113,352,890</u>	<u>\$ 121,996,132</u>

The maturity schedule for the University bonds payable at June 30, 2021, follows:

Year Ending June 30	Principal	Interest
2022	\$ 7,355,000	\$ 4,608,330
2023	7,290,000	4,277,086
2024	6,660,000	3,948,034
2025	6,940,000	3,649,426
2026	6,360,000	3,336,720
2027-2031	30,195,000	12,613,330
2032-2036	24,180,000	6,676,575
2037-2041	14,135,000	2,227,637
2042	2,125,000	106,250
Total	<u>\$ 105,240,000</u>	<u>\$ 41,443,388</u>

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

The interest expense incurred on the note was \$317,438 and \$346,450 for fiscal years ended June 30, 2021 and 2020, respectively.

The maturity schedule for the subordinate revenue note at June 30, 2021, follows:

Year Ending June 30	Principal	Interest
2022	\$ 1,090,000	\$ 286,278
2023	1,165,000	252,815
2024	1,240,000	217,049
2025	1,325,000	178,981
2026	1,410,000	138,304
2027-2028	3,095,000	143,983
Total	<u>\$ 9,325,000</u>	<u>\$ 1,217,410</u>

Lease Liability. The University acquires various types of equipment under lease agreements. All lease agreements contain a fiscal funding clause, which allows the lease agreements to be canceled if funding for future periods is not appropriated. University administration believes that the likelihood of this occurrence is remote. The following tables detail the carrying value of assets acquired under these arrangements, the net present value of minimum lease payments, future minimum lease payments and the portion of the lease payments representing interest at June 30, 2021.

Type of Property	Asset Carrying Value	Net Present Value of Minimum Lease Payments
Office equipment	\$ 354,924	\$ 277,409
Computer equipment	315,285	105,095
Real Estate	1,049,954	827,186
Total	<u>\$ 1,720,163</u>	<u>\$ 1,209,690</u>

Year Ending June 30	Principal	Interest	Minimum Payments
2022	\$ 402,731	\$ 13,534	\$ 416,265
2023	302,872	10,627	313,499
2024	211,190	7,647	218,837
2025	282,437	4,592	287,029
2026	10,460	1,459	11,919
Total	<u>\$ 1,209,690</u>	<u>\$ 37,859</u>	<u>\$ 1,247,549</u>

Note 7 – Health Insurance

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

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

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

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

Note 8 – Retirement Programs

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

A. Educational Retirement Act

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

Return to Work Program. Effective January 1, 2002, the ERB implemented a retiree Return-To-Work (RTW) program whereby the University is required to make regular employer contributions on eligible retiree wages. As of July 1, 2011, House Bill 129 was passed requiring returning retirees to contribute the employee portion. As of April 4, 2019, House Bill 360 was passed requiring all working retirees and the University to make regular employer contribution on eligible retiree wages.

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

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

	2021	2020	2019
Employee's earning \$24,000 or less in 2021 and 2020 and \$20,000 or less in 2019:			
University contribution	14.15%	14.15%	13.90%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning \$24,000 or less in 2021 and 2020 and \$20,000 or less in 2019:			
University contribution	14.15%	14.15%	13.90%
Employee contribution	10.70%	10.70%	10.70%
University's contribution to ERB	\$ 28,188,265	\$ 26,135,142	\$ 24,766,759
University's contribution to ERB for Return to Work Program	\$278,796	\$270,671	\$214,381

For members hired after June 30, 2019, the multiplier applied to the final average compensation will accrue to the following schedule:

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

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

The June 30, 2021 total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2019. The total ERB pension liability was rolled forward from the valuation date to the plan year June 30, 2020, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2020. At June 30, 2021 and 2020 the University reported liabilities of \$1,257,204,608 and \$487,324,359, respectively, for its proportionate share of the net pension liability. The proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2020. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2020, the University's proportion was 6.20355% which was a decrease of 0.22782% from its proportion measured as of June 30, 2019. At June 30, 2019, the University proportion was 6.43137% which was a decrease of 0.23093% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2021, the University recognized a pension expense of \$293,163,731. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,804,685	\$ 4,847,698
Changes of assumptions	503,772,630	-
Net difference between projected and actual earnings on pension plan investments	42,689,616	-
Changes in proportion and differences between University contributions and proportionate share of contributions	-	21,972,246
University contributions subsequent to the measurement date	27,684,763	-
Total	<u>\$ 581,951,694</u>	<u>\$ 26,819,944</u>

The \$27,684,763 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date of June 30, 2020 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

For the year ended June 30, 2020, the University recognized a negative adjustment to pension expense of \$168,722,484 due to changes in pension obligations. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,772,118
Changes of assumptions	68,665,173	-
Net difference between projected and actual earnings on pension plan investments	-	10,378,376
Changes in proportion and differences between University contributions and proportionate share of contributions	-	22,796,699
University contributions subsequent to the measurement date	28,188,265	-
Total	<u>\$ 96,853,438</u>	<u>\$ 45,947,193</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2022	\$ 204,649,267
2023	210,558,745
2024	99,179,365
2025	13,059,610
	<u>\$ 527,446,987</u>

Actuarial assumptions: As described above, the June 30, 2021 total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2019. The total ERB pension liability was rolled forward from the valuation date to the Plan year June 30, 2020 using generally accepted actuarial principles. Specifically, the liabilities measured as of June 30, 2020 incorporate the following assumptions:

All members with an annual salary of more than \$24,000 will contribute 10.70% during the fiscal year ended June 30, 2020 and thereafter.

Members hired after June 30, 2013 will have an actuarially reduced retirement benefit if they retire before age 55 and their COLA will be deferred until age 67.

COLAs for most retirees are reduced until ERB attains a 100% funded status.

These assumptions were adopted by ERB on April 21, 2017 in conjunction with the six-year experience study period June 30, 2016.

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

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

Inflation	2.50%
Salary Increases	Composition; 2.30% inflation, plus .75% productivity increase rate, plus step-rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.00%
Single Discount Rate	3.89%
Retirement Age	Experienced-based table rates based on age and service. Adopted by NMERB on April 21, 2020 in conjunction with the six- year experience study for the period ended June 30, 2019.
Mortality	<p>Healthy Males - RP-2000 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from year 2020.</p> <p>Healthy Females - GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.</p>
Cost-of-living increases	1.90% per year, compounded annually
Payroll growth	3.00% per year
Contribution accumulation	5.5% increase per year for all years prior to the valuation date
Disability Incidence	Approved rates applied to eligible members with at least 10 years of service
Actuarial Cost Method	Entry Age Normal

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

Changes of Benefit Terms and Assumptions: Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. House Bill 360 was signed into law on April 4, 2019 and modified several benefit provisions of the Plan. Key among those changes was an increase in employer contributions from 13.90% to 14.15% as noted previously in this footnote. Other changes were also adopted which positively benefited the unfunded status of the Plan. 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 7.25% to 7.00%, the assumed annual wage inflation rate from 3.75% to 3.25%, the payroll growth assumption from 3.50% to 3.00%, and the annual assumed COLA from 2.00% to 1.90%.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equities - Domestic	17%	
Equities - International	14%	
Fixed Income	24%	
Alternatives	44%	
Cash	1%	
Total	100%	7.00%

Discount rate: A single discount rate of 3.89% and 7.25% was used to measure the total ERB pension liability as of June 30, 2020 and June 30, 2019, respectively. For 2020, the single discount rate was based on an expected rate of return on pension plan investments of 7.00% a municipal bond rate of 2.45%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. For 2019, the single discount rate was based on the expected rate of return on pension investments of 7.25%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2046. As a result, the long term expected rate of return on Plan investments was applied to projected benefit payments through the 2046 fiscal year, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the University's proportionate shares of the net pension liability to changes in the discount rate: The following tables show the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2021 and 2020. In particular, the table presents the University's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (2.89%) and (6.25%), or one percentage point higher, (4.89%) and (8.25%) than the single discount rate for June 30, 2020 and 2019, respectively.

	2021		
	1% Decrease (2.89%)	Current Discount Rate (3.89%)	1% Increase (4.89%)
New Mexico State University's proportionate share of the net pension liability	\$ 1,587,712,720	\$ 1,257,204,608	\$ 991,289,351

	2020		
	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
New Mexico State University's proportionate share of the net pension liability	\$ 657,850,564	\$ 487,324,359	\$ 346,282,977

Pension plan fiduciary net position: Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2020 and 2019 which are publicly available at www.erb.org.

B. Alternative Retirement Program

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

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

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

	2021	2020	2019
Employee's earning \$24,000 or less in 2020 and 2019 and \$20,000 or less in 2019:			
University contribution	14.15%	14.15%	13.90%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning \$24,000 or less in 2020 and 2019 and \$20,000 or less in 2019:			
University contribution	14.15%	14.15%	13.90%
Employee contribution	10.70%	10.70%	10.70%
Administration fee to ERB	3.25%	3.25%	3.00%
Payroll expenses covered by ARP	\$ 35,096,862	\$ 33,359,460	\$ 30,308,256
University's contribution to the ERB for ARP	\$ 3,827,195	\$ 3,638,320	\$ 3,304,119
Administration fee paid to ERB for ARP	\$ 1,140,648	\$ 1,084,144	\$ 909,248
Employee contributions made to ARP	\$ 3,756,969	\$ 3,571,562	\$ 3,243,491

C. Federal Retirement Program

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

Contributions Required. Employees covered by CSRS and FERS are considered federal employees, and as such, are obligated to contribute according to the guidelines of the federal government. For the year ended June 30, 2021 there was 0 employees enrolled under CSRS and 2 employees under FERS.

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

	2021	2020	2019
Employee's covered by CSRS:			
University contribution	7.00%	7.00%	7.00%
Employee contribution	7.00%	7.00%	7.00%
Employee's covered by FERS:			
University contribution	13.70%	13.70%	13.70%
Employee contribution	0.80%	0.80%	0.80%
University's contribution	\$ 35,403	\$ 127,192	\$ 127,192
Employee's contribution	\$ 1,770	\$ 16,078	\$ 16,078

Note 9 – Other Postemployment Benefits Plan

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

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

The University currently pays 60% of the monthly medical and prescription premium for retirees and their eligible dependents until the retiree reaches age 70, at which time the University reduces their contribution to 30%. As of June 30, 2021 and 2020, 1,438 and 1,401 retirees met the eligibility requirements for health insurance, respectively.

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

Plan Participation Percentage. The participation percentage is the assumed rate of future eligible retirees who elect to continue health coverage at retirement. It is assumed that 85% of all pre Medicare employees and their dependents who are eligible for early retirement will participate in the retiree medical plan. It is also assumed that 80% of those enrolled in the pre Medicare plans will continue on the plan once Medicare eligible. Lastly, it is assumed that 88% of all pre Medicare employees who are eligible for the retiree life insurance benefit will participate, and 91% of those enrolled will continue on the plan once Medicare eligible. This assumes that a one-time irrevocable election to participate is made at retirement.

Employees covered by benefit terms - At June 30, 2021 and 2020, the following employees were covered by the benefit terms:

	2021	2020
Current retirees receiving benefits	1,880	1,802
Current active members	1,938	2,052

Annual OPEB Cost and Total OPEB Obligation. The University's annual other postemployment benefit (OPEB) Service/Interest cost (expense) is the portion of the Actuarial Present Value of plan benefits and expenses for active employees which is allocated to a valuation year by the Actuarial Cost Method. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's total OPEB obligation related for fiscal year 2021:

	Total OPEB Liability
Total OPEB Liability - Start of Year (July 1, 2020)	\$ 165,830,023
Changes for the year	
Service cost	6,497,191
Interest cost	3,745,243
Changes in assumptions or other inputs	1,339,732
Benefit payments	(5,718,396)
Net change in total OPEB liability	5,863,770
Total OPEB Liability - End of Year (June 30, 2021)	\$ 171,693,793

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2020.

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's total OPEB obligation related for fiscal year 2020:

	Total OPEB Liability
Total OPEB Liability - Start of Year (July 1, 2019)	\$ 145,672,186
Changes for the year	
Service cost	5,787,303
Interest cost	5,208,772
Differences between expected and actual experience	(13,724,348)
Changes in assumptions or other inputs	28,160,992
Benefit payments	(5,274,882)
Net change in total OPEB liability	20,157,837
Total OPEB Liability - End of Year (June 30, 2020)	\$ 165,830,023

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2020. The discount rate is the only applicable change in the valuation.

A summary of the key results are shown below for fiscal year ended June 30, 2021 and 2020:

	2021	2020
Present Value of Future Benefits	\$ 218,085,105	\$ 216,931,687
Total OPEB Liability (Beginning of Fiscal Year)	\$ 165,830,023	\$ 145,672,186
Total OPEB Liability (End of Fiscal Year)	\$ 171,693,793	\$ 165,830,023

For the year ended June 30, 2021, the University recognized a OPEB expense of \$14,755,057. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 6,464,747
Changes of assumptions	17,290,742	1,257,855
Total	\$ 17,290,742	\$ 7,722,602

For the year ended June 30, 2020, the University recognized a OPEB expense of \$15,154,367. At June 30, 2020, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,094,548
Changes of assumptions	\$ 25,118,426	\$ 2,282,848
Total	<u>\$ 25,118,426</u>	<u>\$ 12,377,396</u>

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

Year Ending June 30	
2022	\$ 4,512,623
2023	4,468,647
2024	<u>586,870</u>
	<u>\$ 9,568,140</u>

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The Entry Age Normal Actuarial Cost Method was used based on level percentage of projected salary. The OPEB liability is based on an actuarial valuation performed as of June 30, 2021, conducted in accordance with generally accepted actuarial principles.

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

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Discount Rate	2.16% per annum <i>Source: Bond Buyer 20-Bond GO Index</i>
Salary Increase Rate	2.5% per annum
Inflation Rate	3.0% per annum
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65
Health Care Cost Trend Rate	The actuarial valuation assumes an annual health care cost trend on a select and ultimate basis. Medical and prescription benefits on a select basis at 5.5% for retirees 65 years of age and under and 4.5% for retirees over 65 years of age and on an ultimate basis at 4.5%. The select trend rates are reduced .5% each year until reaching the ultimate trend.
Per Capita Health Claim Cost	Expected pre Medicare retiree claim costs were developed using 24 months of historical claim experience through March 2020. The annual age 60 claim costs for retirees and their spouses is \$7,418. The age 70 costs for retirees is \$3,334.
Mortality Rate	Pub-2010 mortality table with generational scale MP-2019.

Discount Rate. A single discount rate of 2.16% and 2.21% was used to measure the total OPEB liability as of June 30, 2021 and 2020, respectively.

Other Information. The discount rate was updated from the prior valuation. The mortality assumption was updated from RP-2014 mortality table with generational scale MP-2018 to Pub-2010 mortality table with generational scale MP-2019 to reflect the Society of Actuaries' recent mortality study. Experience/Assumptions gains and losses are amortized over a closed period of 3.8 years starting on July 1, 2019, equal to the average remaining service of active and inactive plan members (who have no future service). The Plan participation rates were updated to reflect the participation trend. Currently, the plans are considered to be unfunded as there are no assets and retiree benefits are expected to be paid annually on a cash basis.

Health Care Trend Sensitivity Analysis. The following schedules measures the Total OPEB Liability if the health care cost trend rate used was 1% higher than the assumed health care cost trend rate and 1% lower than the assumed health care cost trend rate for June 30, 2021 and 2020, respectively.

2021			
	1% Decrease	Current Trend	1% Increase
New Mexico State University's total OPEB liability	\$ 147,344,000	\$ 171,693,793	\$ 203,086,000

2020			
	1% Decrease	Current Trend	1% Increase
New Mexico State University's total OPEB liability	\$ 142,312,000	\$ 165,830,023	\$ 196,150,000

Discount Rate Sensitivity Analysis. The following tables show the sensitivity of the OPEB liability to changes in the discount rate as of fiscal year end 2021 and 2020. In particular, the table presents the University's OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (1.16%) and (1.21%), or one percentage point higher, (3.16%) and (3.21%) than the single discount rate for June 30, 2021 and 2020, respectively.

2021			
	1% Decrease (1.16%)	Current Discount Rate 2.16%	1% Increase (3.16%)
New Mexico State University's total OPEB liability	\$ 202,222,000	\$ 171,693,793	\$ 147,725,000

2020			
	1% Decrease (1.21%)	Current Discount Rate 2.21%	1% Increase (3.21%)
New Mexico State University's total OPEB liability	\$ 195,315,000	\$ 165,830,023	\$ 142,680,000

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Changes in Total OPEB liability and Related Ratios in accordance with GASB 75 (Schedule 5), presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 10 – Commitments

Capitalizable Project Commitments and Financing. The University has entered into contracts for the construction and renovation of various facilities. At June 30, 2021, the estimated remaining costs to complete these and other in-house construction and renovation projects was approximately \$84.5 million. These projects are in various stages of completion. Those deemed to be major projects are expected to be completed by August 2022. The remaining cost of all budgeted projects (both capital and non-capital) will be financed as follows:

Funding Sources	Amount
Revenue bonds	\$ 1,651,945
General obligation bonds (State of New Mexico)	34,965,439
Severance tax bonds (State of New Mexico)	5,200,384
University Funds	15,225,958
State funds	26,841,796
Gifts, grants and contracts	602,540
Total	<u>\$ 84,488,062</u>

Other Commitments. At June 30, 2021, the University had outstanding purchase orders for materials and services which were not received, and thus are not recorded as liabilities in the accompanying Statements of Net Position. The approximate amount of such commitments is \$30.8 million.

Note 11 - Component Units

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

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

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

Summary financial information as of June 30, 2021 and 2020, and for the fiscal years then ended follows:

	2021	2020
Net Position		
Total assets	\$ 16,498,626	\$ 16,498,112
Total liabilities	783,882	788,789
Deferred inflows of resources	14,007,176	14,302,190
Total net position	<u>\$ 1,707,568</u>	<u>\$ 1,407,133</u>
Changes in Net Position		
Total revenues	\$ 845,145	\$ 904,708
Total expenditures	<u>544,710</u>	<u>666,131</u>
Change in net position	300,435	238,577
Net position, beginning	<u>1,407,133</u>	<u>1,168,556</u>
Net position, ending	<u>\$ 1,707,568</u>	<u>\$ 1,407,133</u>

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

Aggie Development, Inc. Aggie Development, Inc., was organized pursuant to the provisions of the State of New Mexico University Research Park Act of 1989. The corporation was established to benefit the University by (1) managing and developing designated University real estate and water rights; (2) contributing all of the corporation's net revenues to the University; and (3) enhancing learning opportunities for students. Since inception, Aggie Development Inc. did not meet the materiality threshold that requires audited financial statements and therefore its activity is included in the NMSU audited financial statements, but no separate details are presented herein. Aggie Development, Inc.'s address is: Aggie Development, Inc., P.O. Box 3145, Las Cruces, NM 88003.

Note 12 – Contingent Liabilities

The University has evaluated contingent liabilities from the balance sheet date through October 31, 2021, the date at which the financial statements were available to be issued, and determined the following item for disclosure:

During the 2021 New Mexico Legislative Session, New Mexico State University Carlsbad was approved to be made into an independent community college known as Southeast New Mexico College. As part of this legislation, all functions, personnel, appropriations, assets and liabilities will be transferred to the new College on April 10, 2022. The effective date of the legislation was July 1, 2021. As of the date of issuance, the new college has not yet established its governing board, and definitions of what assets and liabilities will be included are in the process of being determined. Currently, the impact on New Mexico State University cannot be determined.

Note 13 – Natural Classification Operating Expenses

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

	2021		2020	
	University	Component Unit	University	Component Unit
Operating Expenses				
Salaries				
Faculty	\$ 96,872,187	\$ -	\$ 97,629,123	\$ -
Exempt staff	109,259,196	2,061,377	109,991,865	2,005,521
Non-exempt staff	14,835,367	-	14,702,480	-
Student/graduate assistant	29,603,921	5,856	32,133,731	8,194
Other compensation	7,147,614	1,861	6,326,084	6,169
Total salaries	<u>257,718,285</u>	<u>2,069,094</u>	<u>260,783,283</u>	<u>2,019,884</u>
Other Operating Expenses				
Benefits*	362,111,405	-	(99,491,358)	-
Travel	3,423,194	7,165	10,222,758	98,310
Scholarship and fellowships and other program support	54,944,465	10,466,792	44,245,498	11,480,762
Utilities	10,946,180	4,682	9,981,459	3,157
Professional fees	20,227,162	374,936	17,423,504	313,826
Supplies and other services	75,615,783	2,426,696	83,761,049	1,145,380
Depreciation	34,201,108	17,674	35,087,794	26,962
Total operating expenses	<u>\$819,187,582</u>	<u>\$ 15,367,039</u>	<u>\$362,013,987</u>	<u>\$ 15,088,281</u>

* Benefits expense for 2020 was impacted by the change in pension liability.

Note 14 – Unrestricted Net Position

Unrestricted net position supports the missions of the University in current and future years. The following is a breakdown of the University's unrestricted net position as of June 30, 2021 (unaudited):

	2021	2020
Unrestricted Net Position	\$ (668,764,380)	\$ (418,538,663)
Add: Unfunded Pension	702,072,858	436,418,114
Add: Long-Term Compensated Absences	14,940,909	14,741,565
Add: Other Post Employment Benefits	<u>162,125,653</u>	<u>153,088,993</u>
Adjusted Unrestricted Net Position	<u>210,375,040</u>	<u>185,710,009</u>
Unrestricted - Instruction and General	\$ 29,641,663	\$ 28,849,609
Unrestricted - Research	20,072,579	18,800,385
Unrestricted - Public Service	10,421,956	7,348,775
Unrestricted - Other	17,203,574	14,032,230
Quasi Endowments Funds	18,180,124	15,454,836
Renewals and Replacements - Buildings	41,221,807	33,777,682
Renewals and Replacements - Auxiliary Enterprises	8,425,214	9,160,396
Renewals and Replacements - Internal Services Units	5,893,485	6,684,931
Renewals and Replacements - Equipment	26,404,758	20,815,316
Unexpended plant - Designated to Projects	6,694,009	7,111,914
Unexpended plant - Future Projects/Contingency	<u>26,215,871</u>	<u>23,673,935</u>
Total	<u>\$ 210,375,040</u>	<u>\$ 185,710,009</u>

Note 15 – Tax Abatements

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

Note 16 – New Accounting Standards

GASB Statement No. 87 (*Leases*) was implemented in fiscal year 2021. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of statement has resulted in changing the presentation of the financial statements. See discussion of impact as described in Note 2.

GASB Statement No. 89 (*Construction Interest Costs*) will become effective for fiscal year 2021, but the University has early adopted this statement for fiscal year 2020.

GASB Statement No. 95 (Postponement of the Effective Dates of Certain Authoritative Guidance) is effective for fiscal year 2021. This statement is intended to provide relief to governments and other stakeholders in light of the COVID-19 pandemic. The guidance postpones, by one year, the effective dates of certain provisions in the following pronouncements:

- Statement No. 87, Leases (The University adopted in 2021)

Note 17 – Subsequent Events

The University has evaluated subsequent events from the balance sheet date through October 31, 2021, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.

Schedule 1 - Combining Statement of Net Position

	New Mexico State University 2021	Arrowhead Center, Inc. 2021	Total 2021
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 84,625,598	\$ 1,631,082	\$ 86,256,680
Restricted cash and cash equivalents	8,979,547	-	8,979,547
Cash and cash equivalents held in trust by component unit for NMSU	2,717,427	-	2,717,427
Cash and cash equivalents held in trust by others	-	-	-
Short-term investments	40,117,743	-	40,117,743
Accounts receivable, net	47,415,618	17,992	47,433,610
Due from component unit	1,534,251	-	1,534,251
Inventories	2,640,265	-	2,640,265
Prepaid expenses	458,059	-	458,059
Long-term receivable - current portion	745,269	309,390	1,054,659
Total current assets	189,233,777	1,958,464	191,192,241
Non-current assets:			
Unrestricted cash and cash equivalents	59,353,535	-	59,353,535
Restricted cash and cash equivalents	33,962,158	-	33,962,158
Investments held in trust by component unit for NMSU	51,851,418	-	51,851,418
Other long-term investments	24,420,122	105,955	24,526,077
Long-term receivable	8,043,765	13,697,786	21,741,551
Capital assets, net	483,889,931	736,421	484,626,352
Total non-current assets	661,520,929	14,540,162	676,061,091
TOTAL ASSETS	850,754,706	16,498,626	867,253,332
DEFERRED OUTFLOWS OF RESOURCES	600,613,732	-	600,613,732
LIABILITIES			
Current liabilities:			
Accounts payable	13,254,714	16,500	13,271,214
Other accrued liabilities	17,133,652	25,000	17,158,652
Accrued interest payable	1,223,652	-	1,223,652
Unearned revenue	23,385,261	5,961	23,391,222
Held in trust by NMSU	-	-	-
Long-term liabilities - current portion	18,225,958	-	18,225,958
Total current liabilities	73,223,237	47,461	73,270,698
Non-current liabilities:			
Accrued benefit reserves	659,630	-	659,630
Other long-term liabilities	129,509,188	736,421	130,245,609
Net pension liability	1,257,204,608	-	1,257,204,608
Other post-employment benefit liability	165,975,793	-	165,975,793
Total non-current liabilities	1,553,349,219	736,421	1,554,085,640
TOTAL LIABILITIES	1,626,572,456	783,882	1,627,356,338
DEFERRED INFLOWS OF RESOURCES	36,926,387	14,007,176	50,933,563
NET POSITION			
Net investment in capital assets	371,206,501	-	371,206,501
Restricted for:			
Non-expendable:			
Endowments	35,997,474	-	35,997,474
Expendable:			
Endowments	1,171,317	-	1,171,317
General activities	6,535,854	-	6,535,854
Federal student loans	8,661,704	-	8,661,704
Capital projects	31,043,550	-	31,043,550
Related entity activities	2,017,575	1,707,568	3,725,143
Unrestricted	(668,764,380)	-	(668,764,380)
TOTAL NET POSITION	\$ (212,130,405)	\$ 1,707,568	\$ (210,422,837)

See accompanying independent auditor's report.

Schedule 1 - Combining Statement of Net Position

	New Mexico State University 2020	Arrowhead Center, Inc. 2020	Total 2020
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 76,441,865	\$ 1,317,143	\$ 77,759,008
Restricted cash and cash equivalents	8,714,140	-	8,714,140
Cash and cash equivalents held in trust by component unit for NMSU	5,847,476	-	5,847,476
Short-term investments	15,764,162	-	15,764,162
Accounts receivable, net	51,158,626	29,975	51,188,601
Due from component unit	1,554,371	-	1,554,371
Inventories	3,273,358	-	3,273,358
Prepaid expenses	1,721,668	-	1,721,668
Long-term receivable - current portion	932,259	295,014	1,227,273
Total current assets	<u>165,407,925</u>	<u>1,642,132</u>	<u>167,050,057</u>
Non-current assets:			
Unrestricted cash and cash equivalents	51,811,151	-	51,811,151
Restricted cash and cash equivalents	35,767,380	-	35,767,380
Investments held in trust by component unit for NMSU	39,853,338	-	39,853,338
Other long-term investments	29,883,570	105,955	29,989,525
Long-term receivable	9,189,168	14,007,176	23,196,344
Capital assets, net	<u>499,123,477</u>	<u>742,849</u>	<u>499,866,326</u>
Total non-current assets	<u>665,628,084</u>	<u>14,855,980</u>	<u>680,484,064</u>
TOTAL ASSETS	<u>831,036,009</u>	<u>16,498,112</u>	<u>847,534,121</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>123,557,926</u>	<u>-</u>	<u>123,557,926</u>
LIABILITIES			
Current liabilities:			
Accounts payable	12,255,058	19,373	12,274,431
Other accrued liabilities	16,983,281	25,000	17,008,281
Accrued interest payable	1,313,101	-	1,313,101
Unearned revenue	14,662,547	1,567	14,664,114
Held in trust by NMSU	-	-	-
Long-term liabilities - current portion	<u>17,846,415</u>	<u>-</u>	<u>17,846,415</u>
Total current liabilities	<u>63,060,402</u>	<u>45,940</u>	<u>63,106,342</u>
Non-current liabilities:			
Accrued benefit reserves	659,630	-	659,630
Other long-term liabilities	138,946,357	742,849	139,689,206
Net pension liability	487,324,359	-	487,324,359
Other post-employment benefit liability	<u>160,555,023</u>	<u>-</u>	<u>160,555,023</u>
Total non-current liabilities	<u>787,485,369</u>	<u>742,849</u>	<u>788,228,218</u>
TOTAL LIABILITIES	<u>850,545,771</u>	<u>788,789</u>	<u>851,334,560</u>
DEFERRED INFLOWS OF RESOURCES	<u>60,999,918</u>	<u>14,302,190</u>	<u>75,302,108</u>
NET POSITION			
Net investment in capital assets	377,482,678	-	377,482,678
Restricted for:			
Non-expendable:			
Endowments	28,902,450	-	28,902,450
Expendable:			
Endowments	1,979,513	-	1,979,513
General activities	6,548,114	-	6,548,114
Federal student loans	10,131,040	-	10,131,040
Capital projects	34,588,036	-	34,588,036
Related entity activities	1,831,793	1,407,133	3,238,926
Unrestricted	<u>(418,415,378)</u>	<u>-</u>	<u>(418,415,378)</u>
TOTAL NET POSITION	<u>\$ 43,048,246</u>	<u>\$ 1,407,133</u>	<u>\$ 44,455,379</u>

See accompanying independent auditor's report.

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

	New Mexico State University 2021	Arrowhead Center, Inc 2021	Total Primary Institution 2021
REVENUES			
Operating revenues:			
Student tuition and fees (gross)	\$ 118,261,471	\$ -	\$ 118,261,471
Less: scholarship allowances	(46,669,518)	-	(46,669,518)
Student tuition and fees (net)	71,591,953	-	71,591,953
Federal appropriations, grants and contracts	91,596,098	-	91,596,098
State grants and contracts	14,189,325	-	14,189,325
Local Appropriations, grants and contracts	2,745,202	-	2,745,202
Non-governmental grants, contracts and gifts	6,712,096	-	6,712,096
Sales and services	5,169,867	-	5,169,867
Auxiliary enterprises (net of scholarship allowances)	14,389,685	-	14,389,685
Other operating revenues	16,345,711	-	16,345,711
Total operating revenues	222,739,937	-	222,739,937
EXPENSES			
Operating expenses:			
Instruction	250,869,068	-	250,869,068
Research	138,463,482	-	138,463,482
Public service	72,528,063	-	72,528,063
Academic support	41,339,322	-	41,339,322
Student services	29,427,148	-	29,427,148
Institutional support	55,658,721	-	55,658,721
Operation and maintenance of plant	58,377,469	-	58,377,469
Scholarships and fellowships	49,150,395	-	49,150,395
Auxiliary enterprises	28,635,656	-	28,635,656
Independent operations	30,153,164	-	30,153,164
Intercollegiate athletics	25,450,453	-	25,450,453
Student social and cultural	3,861,756	-	3,861,756
Loan administration (net)	1,071,777	-	1,071,777
Depreciation	34,201,108	-	34,201,108
Total operating expenses	819,187,582	-	819,187,582
Net operating income (loss)	(596,447,645)	-	(596,447,645)
Non-operating revenues (expenses):			
State appropriations	205,099,182	-	205,099,182
Federal Pell grants	38,749,599	-	38,749,599
State lottery scholarship	14,992,738	-	14,992,738
Local tax levy revenue	22,209,029	-	22,209,029
Gifts and non-exchange grants	8,234,619	-	8,234,619
Investment income (loss)	12,080,739	-	12,080,739
Building fees	4,222,488	-	4,222,488
Land lease and permanent fund	3,765,317	-	3,765,317
Loss on disposal of plant	(70,934)	-	(70,934)
Additions to quasi endowments	53,045	-	53,045
Interest and other expenses on capital asset-related debt	(3,898,429)	-	(3,898,429)
Other non-operating revenues (expenses)	18,480,129	300,435	18,780,564
Net non-operating revenues	323,917,522	300,435	324,217,957
Income (loss) before other revenues	(272,530,123)	300,435	(272,229,688)
Capital appropriations	14,815,082	-	14,815,082
Capital grants, gifts, and other income	1,848,041	-	1,848,041
Additions to permanent endowments	688,349	-	688,349
Increase (decrease) in net position	(255,178,651)	300,435	(254,878,216)
NET POSITION			
Beginning of year	43,048,246	1,407,133	44,455,379
End of year	\$ (212,130,405)	\$ 1,707,568	\$ (210,422,837)

See accompanying independent auditor's report.

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

	New Mexico State University 2020	Arrowhead Center, Inc 2020	Total Primary Institution 2020
REVENUES			
Operating revenues:			
Student tuition and fees (gross)	\$ 115,994,019	\$ -	\$ 115,994,019
Less: scholarship allowances	(47,542,989)	-	(47,542,989)
Student tuition and fees (net)	68,451,030	-	68,451,030
Federal appropriations, grants and contracts	88,589,399	-	88,589,399
State grants and contracts	11,947,929	-	11,947,929
Local Appropriations, grants and contracts	2,819,166	-	2,819,166
Non-governmental grants, contracts and gifts	8,556,640	-	8,556,640
Sales and services	6,639,775	-	6,639,775
Auxiliary enterprises (net of scholarship allowances)	13,646,408	-	13,646,408
Other operating revenues	16,763,269	-	16,763,269
Total operating revenues	217,413,616	-	217,413,616
EXPENSES			
Operating expenses:			
Instruction	78,534,441	-	78,534,441
Research	56,164,075	-	56,164,075
Public service	31,113,580	-	31,113,580
Academic support	14,852,601	-	14,852,601
Student services	10,411,755	-	10,411,755
Institutional support	18,659,483	-	18,659,483
Operation and maintenance of plant	34,720,990	-	34,720,990
Scholarships and fellowships	34,668,003	-	34,668,003
Auxiliary enterprises	13,790,426	-	13,790,426
Independent operations	13,185,507	-	13,185,507
Intercollegiate athletics	16,237,171	-	16,237,171
Student social and cultural	2,579,152	-	2,579,152
Loan administration (net)	2,009,009	-	2,009,009
Depreciation	35,087,794	-	35,087,794
Total operating expenses	362,013,987	-	362,013,987
Net operating income (loss)	(144,600,371)	-	(144,600,371)
Non-operating revenues (expenses):			
State appropriations	212,257,252	-	212,257,252
Federal Pell grants	41,979,051	-	41,979,051
State lottery scholarship	14,150,345	-	14,150,345
Local tax levy revenue	20,825,560	-	20,825,560
Gifts and non-exchange grants	7,209,179	-	7,209,179
Investment income (loss)	4,767,715	-	4,767,715
Building fees	4,401,547	-	4,401,547
Land lease and permanent fund	4,370,598	-	4,370,598
Loss on disposal of plant	(106,532)	-	(106,532)
Gain on sale of land	148,880	-	148,880
Additions to quasi endowments	82,323	-	82,323
Interest and other expenses on capital asset-related debt	(4,685,137)	-	(4,685,137)
Other non-operating revenues (expenses)	6,759,365	238,577	6,997,942
Net non-operating revenues	312,160,146	238,577	312,398,723
Income (loss) before other revenues	167,559,775	238,577	167,798,352
Capital appropriations	30,976,801	-	30,976,801
Capital grants, gifts, and other income	2,203,248	-	2,203,248
Additions to permanent endowments	2,002,530	-	2,002,530
Increase (decrease) in net position	202,742,354	238,577	202,980,931
NET POSITION			
Beginning of year	(159,694,108)	1,168,556	(158,525,552)
End of year	\$ 43,048,246	\$ 1,407,133	\$ 44,455,379

See accompanying independent auditor's report.

Schedule 3A - Budgetary Comparison Schedules - Unrestricted and Restricted - All Operations for June 30, 2021

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Unrestricted and restricted beginning fund balance	\$ 130,313,936	\$ 212,039,215	\$ 212,046,029	\$ 6,814
Unrestricted and restricted revenues:				
State government appropriations	225,150,100	205,276,597	205,099,182	(177,415)
Federal revenue sources	143,343,229	198,226,300	148,859,309	(49,366,991)
Tuition and fees income	121,148,502	117,773,682	118,304,299	530,617
Land and permanent fund	3,097,136	3,397,136	3,765,317	368,181
Endowment and private gifts	14,753,658	14,933,671	12,687,318	(2,246,353)
Other sources	151,473,756	176,794,984	141,803,504	(34,991,480)
Total unrestricted and restricted revenues	658,966,381	716,402,370	630,518,929	(85,883,441)
Unrestricted and restricted expenditures:				
Instruction	161,532,661	188,178,667	150,243,533	37,935,134
Academic support	30,111,533	30,328,416	28,072,636	2,255,780
Student services	20,669,057	19,037,492	17,594,469	1,443,023
Institutional support	34,727,681	36,089,983	32,549,414	3,540,569
Operation and maintenance	26,282,148	24,832,423	22,672,399	2,160,024
Subtotal instruction and general	273,323,080	298,466,981	251,132,451	47,334,530
Student social and cultural activities	4,225,707	3,545,662	2,733,578	812,084
Research	110,067,718	118,297,134	104,743,327	13,553,807
Public service	54,452,659	57,909,805	47,972,703	9,937,102
Internal services	105,616	6,632,886	2,576,560	4,056,326
Student aid, grants and stipends	95,314,538	117,071,881	100,791,155	16,280,726
Auxiliary services	21,949,160	22,257,597	18,752,581	3,505,016
Intercollegiate athletics	20,764,966	20,680,641	18,491,930	2,188,711
Independent operations	20,764,397	23,999,284	19,967,814	4,031,470
Capital outlay	41,195,622	43,811,344	23,241,777	20,569,567
Renewal and replacement	16,837,234	13,232,514	9,903,440	3,329,074
Retirement of indebtedness	13,605,453	12,402,711	12,352,711	50,000
Total unrestricted and restricted expenditures	672,606,150	738,308,440	612,660,027	125,648,413
Net transfers to (from)	-	328,984	110,965	218,019
Change in fund balance	(13,639,769)	(22,235,054)	17,747,937	39,982,991
Ending fund balance	\$ 116,674,167	\$ 189,804,161	\$ 229,793,966	\$ 39,989,805

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

See accompanying independent auditor's report.

Schedule 3B - Budgetary Comparison Schedules - Unrestricted - Instruction and General for June 30, 2021

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Unrestricted beginning fund balance	\$ 16,259,598	\$ 37,583,815	\$ 37,583,815	\$ -
Unrestricted revenues:				
Tuition and fees income	99,875,048	97,294,848	95,458,262	(1,836,586)
Miscellaneous fees	8,085,493	8,477,564	9,923,673	1,446,109
Federal government appropriations	-	-	-	-
State government appropriations	171,410,000	153,536,497	153,536,497	-
Local government appropriations	13,339,210	18,250,960	22,211,029	3,960,069
Federal government grants and contracts	133,460	142,270	182,431	40,161
State government grants and contracts	-	-	-	-
Local government grants and contracts	-	-	-	-
Private gifts, grants and contracts	-	-	-	-
Endowments	-	-	-	-
Land and permanent fund	3,097,136	3,397,136	3,765,317	368,181
Private gifts	-	-	-	-
Sales and services	588,000	569,500	397,412	(172,088)
Other sources	17,234,737	25,651,867	18,966,639	(6,685,228)
Total unrestricted revenues	313,763,084	307,320,642	304,441,260	(2,879,382)
Unrestricted expenditures:				
Instruction	151,159,299	148,845,661	134,086,431	14,759,230
Academic support	27,388,759	27,911,235	26,427,838	1,483,397
Student services	19,566,400	17,846,682	17,088,837	757,845
Institutional support	34,309,354	35,650,374	32,396,075	3,254,299
Operation and maintenance	26,267,448	24,807,773	22,662,179	2,145,594
Total unrestricted expenditures	258,691,260	255,061,725	232,661,360	22,400,365
Net transfers to (from)	55,092,261	75,185,489	70,638,569	4,546,920
Change in fund balance	(20,437)	(22,926,572)	1,141,331	24,067,903
Ending fund balance	\$ 16,239,161	\$ 14,657,243	\$ 38,725,146	\$ 24,067,903

See accompanying independent auditor's report.

Schedule 3C- Budgetary Comparison Schedules - Restricted - Instruction and General for June 30, 2021

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Restricted beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues:				
Tuition and fees income	-	-	-	-
Miscellaneous fees	-	-	-	-
Federal government appropriations	-	-	-	-
State government appropriations	-	-	-	-
Local government appropriations	-	-	-	-
Federal government grants and contracts	7,609,785	36,072,924	12,395,283	(23,677,641)
State government grants and contracts	2,188,043	2,617,820	1,996,165	(621,655)
Local government grants and contracts	-	-	-	-
Private gifts, grants and contracts	170,681	166,462	144,046	(22,416)
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	4,663,311	4,548,050	3,935,597	(612,453)
Sales and services	-	-	-	-
Other sources	-	-	-	-
Total restricted revenues	14,631,820	43,405,256	18,471,091	(24,934,165)
Restricted expenditures:				
Instruction	10,373,362	39,333,006	16,157,102	23,175,904
Academic support	2,722,774	2,417,181	1,644,798	772,383
Student services	1,102,657	1,190,810	505,632	685,178
Institutional support	418,327	439,609	153,339	286,270
Operation and maintenance	14,700	24,650	10,220	14,430
Total restricted expenditures	14,631,820	43,405,256	18,471,091	24,934,165
Net transfers to (from)	-	-	-	-
Change in fund balance	-	-	-	-
Ending fund balance	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

Schedule 3 - Budgetary Comparison Schedules - Combined Campuses

Reconciliation of Budget
 Unrestricted and Restricted - All Operations
 For the Year Ended June 30, 2021

Total Unrestricted and Restricted Revenues:		\$ 630,518,929
Reconciling Items:		
Scholarship allowance	\$ (53,165,988)	
Elimination of Internal Revenues	(18,596,314)	
Endowment fund revenues	5,397,102	
Quasi endowment fund revenues	2,725,288	
Blended Component Unit Revenues (AHI, ADI)	1,239,175	
Loan Fund Additions	(168,866)	
Financial statement adjustments	329,403	
Total reconciling items		(62,240,200)
Total reconciled unrestricted and restricted revenues		\$ 568,278,729
Basic Financial Statements		
Operating revenues	\$ 222,739,937	
Non-operating revenues	309,406,756	
Non-operating revenues netted in other non-operating revenues and expenses	18,780,564	
Other Revenues	17,351,472	
Total revenues per Financial Statements	\$ 568,278,729	
Difference	\$ -	
Total Unrestricted and Restricted Expenses:		\$ 612,660,027
Reconciling Items:		
Scholarship allowance	\$ (53,165,988)	
Elimination of Internal Sales	(18,596,314)	
Blended Component Unit expenditures (AHI, ADI)	832,572	
Depreciation expense	34,201,108	
Loan fund expenditures	1,071,777	
Capitalized expenditures	(19,032,068)	
Bond principal payments	(8,415,000)	
Pension Expense	265,654,744	
Accounts Payable accrual, net	(620,459)	
Financial statement reporting adjustments	(769,753)	
Other operating expense, primarily OPEB	9,265,365	
Loss on disposal of plant	70,934	
Total reconciling items		210,496,918
Total reconciled unrestricted and restricted expenses		\$ 823,156,945
Basic Financial Statements		
Operating expenditures	\$ 819,187,582	
Non-operating expenditures	3,898,429	
Loss on disposal of plant	70,934	
Total Expenditures per Financial Statements	\$ 823,156,945	
Difference	\$ -	

See accompanying independent auditor's report.

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

Page 1

Account	Type of Security	CUSIP No./ Security #	Maturity Date	Fair Value of Collateral	Deposit Amount
CITIZEN'S BANK OF LAS CRUCES					
Certificate of Deposit	None				\$ 31,129
Endowment					
FIRST NATIONAL BANK OF ALAMOGORDO					
Cash	Mortgage-Backed	31418BBB1	3/1/2024	\$ 80,481	\$ 595,955
Cash	Mortgage-Backed	3128MMXB4	1/1/2033	\$ 781,497	
WELLS FARGO BANK OF NEW MEXICO					
Cash	FMAC FEPC	31329KVG6	6/1/2036	\$ 266,650	\$ 63,722,608
Cash	FMAC FEPC	3132A5G74	6/1/2047	\$ 5,384,127	
Cash	FMAC FEPC	3132A5GQ2	3/1/2047	\$ 3,277,001	
Cash	FMAC FEPC	3133KGU48	10/1/2049	\$ 11,067,133	
Cash	FMAC FEPC	3133KGZM3	11/1/2049	\$ 13,818,366	
Cash	FNMA FNMS	3138E1Q42	2/1/2042	\$ 7,332,404	
Cash	FNMA FNMS	3138MALJ5	9/1/2042	\$ 12,446,511	
Cash	FNMA FNMS	3140FCTG3	2/1/2047	\$ 2,835,025	
Cash	FNMA FNMS	3140J8XU2	8/1/2038	\$ 6,333,658	
Cash	FNMA FNMS	3140JM2M3	2/1/2049	\$ 7,338,140	
Cash	FNMA FNMS	3140JQTX1	9/1/2049	\$ 6,382,092	
Cash	FNMA FNMS	3140K0WP9	10/1/2049	\$ 3,754,946	
WESTERN COMMERCE BANK, CARLSBAD					
Cash					\$ 3,500

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

See accompanying independent auditor's report.

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

Page 2

Account	FDIC/SPIC Insurance	Uninsured Public Funds	By the pledging Federal Institution	Excess Amounts over 50% Collateral Requirement
CITIZEN'S BANK OF LAS CRUCES				
<i>Certificate of Deposit</i>				
<i>Endowment</i>	\$ 31,129	\$ -	\$ -	\$ -
FIRST NATIONAL BANK OF ALAMOGORDO				
<i>Cash</i>	\$ 250,000	\$ 345,955	\$ 861,977	\$ 688,999
WELLS FARGO BANK OF NEW MEXICO				
<i>Cash</i>	\$ 250,000	\$ 63,472,608	\$ 80,236,052	\$ 48,499,748
WESTERN COMMERCE BANK, CARLSBAD				
<i>Cash</i>	\$ 3,500	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2021	2020	2019	2018
Total OPEB liability				
Service Cost	\$ 6,497,192	\$ 5,787,303	\$ 5,127,283	\$ 4,936,250
Interest	3,745,243	5,208,772	5,268,892	5,291,343
Current Recognized deferred outflows/(inflows):				
Difference between expected and actual experience	-	(13,724,348)	-	-
Changes of assumptions or other inputs	1,339,732	28,160,992	7,135,616	(5,357,825)
Benefit payments	<u>(5,718,396)</u>	<u>(5,274,882)</u>	<u>(5,758,812)</u>	<u>(5,523,530)</u>
Net change in total OPEB liability	\$ 5,863,771	\$ 20,157,837	\$ 11,772,979	\$ (653,762)
Total OPEB liability-beginning	<u>\$ 165,830,023</u>	<u>\$ 145,672,186</u>	<u>\$ 133,899,207</u>	<u>\$ 134,552,969</u>
Total OPEB liability-ending	<u>\$ 171,693,794</u>	<u>\$ 165,830,023</u>	<u>\$ 145,672,186</u>	<u>\$ 133,899,207</u>
Covered-employee payroll	\$ 135,947,000	\$ 131,987,721	\$ 153,961,000	\$ 150,205,439
Total OPEB liability as a percentage of covered-employee payroll	126 %	126 %	95 %	89 %

	2021	2020	2019	2018
Current retirees receiving benefits	1,880	1,802	1,740	1,716
Inactive employees entitled but not yet receiving benefits	-	-	-	-
Current active members	1,938	2,052	2,366	2,594

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

See accompanying independent auditor's report.

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

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

Schedule of Proportionate Share of Net Pension Liability - ERB Plan

	2021	2020	2019
University's proportion of the net pension liability	6.20355%	6.43137 %	6.66230 %
University's proportion share of the net pension liability	\$1,257,204,608	\$ 487,324,359	\$ 792,236,144
University's covered-employee payroll	\$ 206,801,497	\$ 196,414,377	\$ 194,360,458
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	607.93 %	248.11 %	407.61 %
Plan fiduciary net position as a percentage of the total pension liability	39.11 %	64.13 %	52.17 %

	2018	2017	2016	2015
University's proportion of the net pension liability	6.75462 %	7.05471 %	7.31378 %	7.56103 %
University's proportion share of the net pension liability	\$ 750,673,479	\$ 507,687,518	\$ 473,733,007	\$ 431,412,011
University's covered-employee payroll	\$ 194,360,458	\$ 201,383,448	\$ 199,689,623	\$ 229,696,230
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	386 %	252.10 %	237.23 %	187.82 %
Plan fiduciary net position as a percentage of the total pension liability	52.95 %	61.58 %	63.97 %	66.54 %

Schedule of Employer Contributions - ERB Plan

	2021	2020	2019
Statutorily required employer contribution	\$ 28,041,065	\$ 28,188,265	\$ 26,135,142
Contribution in relation to the statutorily required contribution	<u>28,041,065</u>	<u>28,188,265</u>	<u>26,135,142</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered-employee payroll	205,566,001	206,801,497	196,414,377
Contributions as percentage of covered-employee payroll	13.64 %	13.63 %	13.31 %

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

Notes to Schedules:

Changes of Benefit Terms and Assumptions

Actuarial assumptions and methods are set by the Board of Trustee, based upon recommendations made by the Plan's actuary. The Board adopted new assumptions on April 17, 2020 in conjunction with the six-year actuarial experience study period ending June 30, 2019. At that time, The Board adopted a number of economic assumption changes, including a decrease in the inflation assumption from 2.50% to 2.30%. The 0.20% decrease in the inflation assumption also led to decreases in the nominal investment return assumption from 7.25% to 7.00%, the assumed annual wage inflation rate from 3.25% to 3.00%. These new assumptions are reflected as changes in assumptions along with the change in the single discount rate between June 30, 2019 and June 30, 2020. As of April 4, 2019, House Bill 360 was passed requiring all working retirees and the University to make regular employer contribution on eligible retiree wages. In addition, HB 360 increased the employer contribution percentage from 13.90% to 14.15%.

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	AGRICULTURAL RESEARCH BASIC & APPLIED RESEARCH		10.001	\$ 9,378	\$ 2,111,695
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Texas Tech University	AGRICULTURAL RESEARCH BASIC & APPLIED RESEARCH	58-3090-5-009	10.001	\$ -	\$ 2,539
			10.001 Total	\$ 9,378	\$ 2,114,234
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	PLANT & ANIMAL DISEASE, PEST CONTROL, & ANIMAL CARE		10.025	\$ -	\$ 341,842
			10.025 Total	\$ -	\$ 341,842
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	SPECIALTY CROP BLOCK GRANT		10.170	\$ 328,532	\$ 608,705
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Texas A&M University	SPECIALTY CROP BLOCK GRANT	AM190200XXXXG008	10.170	\$ -	\$ 56,769
			10.170 Total	\$ 328,532	\$ 665,474
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	GRANTS FOR AGRICULTURAL RESEARCH		10.200	\$ -	\$ 99,291
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Regents University of California Davis	GRANTS FOR AGRICULTURAL RESEARCH	2019-34383-29950	10.200	\$ -	\$ 9,455
Kansas State University	GRANTS FOR AGRICULTURAL RESEARCH	2019-38624-30289	10.200	\$ -	\$ 6,728
Kansas State University	GRANTS FOR AGRICULTURAL RESEARCH	No. 2020-38624-32472	10.200	\$ -	\$ 4,596
			10.200 Total	\$ -	\$ 120,070
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	COOPERATIVE FORESTRY RESEARCH		10.202	\$ 66,379	\$ 236,641
			10.202 Total	\$ 66,379	\$ 236,641
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	HATCH FEDERAL APPROPRIATIONS		10.203	\$ -	\$ 1,518,431
			10.203 Total	\$ -	\$ 1,518,431
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	ANIMAL HEALTH FEDERAL APPROPRIATION		10.207	\$ -	\$ 23,313
			10.207 Total	\$ -	\$ 23,313
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Utah State University	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	2017-38640-26913	10.215	\$ -	\$ 44,085
Montana State University	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	2018-38640-28418	10.215	\$ -	\$ 21,896
Montana State University	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	20193864029880	10.215	\$ -	\$ 6,547
Montana State University	SUSTAINABLE AGRICULTURE RESEARCH & EDUCATION	2019-38640-29880-WS351	10.215	\$ -	\$ 18,775
			10.215 Total	\$ -	\$ 91,303
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	HIGHER EDUCATION - CHALLENGE GRANTS		10.217	\$ 44,275	\$ 92,300
			10.217 Total	\$ 44,275	\$ 92,300
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Bureau of Indian Education	TRADITION NAVAJO FOOD & FIBER CROP	N/A	10.227	\$ -	\$ 41,751
			10.227 Total	\$ -	\$ 41,751
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
The Board of Regents of the University of Nebraska	AGRICULTURAL AND FOOD POLICY RESEARCH CENTERS	58-0111-20-008	10.291	\$ -	\$ 5,891
			10.291 Total	\$ -	\$ 5,891
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	SPECIALTY CROP RESEARCH INITIATIVE		10.309	\$ 1,045,790	\$ 1,351,141
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Washington State University	SPECIALTY CROP RESEARCH INITIATIVE	20185118128435	10.309	\$ -	\$ 151,528
DEP Washington State University	SPECIALTY CROP RESEARCH INITIATIVE	2019-51181-30013	10.309	\$ -	\$ 5,894
			10.309 Total	\$ 1,045,790	\$ 1,508,563
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	AGRICULTURE & FOOD RESEARCH INITIATIVE		10.310	\$ 28,678	\$ 439,726
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Colorado State University	AGRICULTURE & FOOD RESEARCH INITIATIVE	2015-68001-23240	10.310	\$ -	\$ 78,067
University of Texas	AGRICULTURE & FOOD RESEARCH INITIATIVE	2015-68007-23130	10.310	\$ -	\$ 10,547
Colorado State University	AGRICULTURE & FOOD RESEARCH INITIATIVE	2016-68007-25066	10.310	\$ -	\$ 27,481
University of Arizona	AGRICULTURE & FOOD RESEARCH INITIATIVE	2017-68005-26867	10.310	\$ -	\$ 508,565
Texas A&M University	AGRICULTURE & FOOD RESEARCH INITIATIVE	2017-68007-26318	10.310	\$ -	\$ 99,484
Regents University of California Davis	AGRICULTURE & FOOD RESEARCH INITIATIVE	2019-67013-29235	10.310	\$ -	\$ 34,453
Iowa State University	AGRICULTURE & FOOD RESEARCH INITIATIVE	2019-67023-29414	10.310	\$ -	\$ 6,422
Drexel University	AGRICULTURE & FOOD RESEARCH INITIATIVE	2019-68008-29908	10.310	\$ -	\$ 10,985
University of Texas	AGRICULTURE & FOOD RESEARCH INITIATIVE	2020-67023-32905	10.310	\$ -	\$ 39,374
			10.310 Total	\$ 28,678	\$ 1,255,104
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	FARM BUSINESS MANAGEMENT AND BENCHMARKING		10.319	\$ 381,798	\$ 1,462,560
			10.319 Total	\$ 381,798	\$ 1,462,560
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Energy And Minerals Department	FOREST HEALTH PROTECTION	N/A	10.680	\$ -	\$ 2,612
			10.680 Total	\$ -	\$ 2,612
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
State of NM Econ Development	RURAL ENERGY FOR AMERICA	718821345	10.868	\$ -	\$ 7,098
			10.868 Total	\$ -	\$ 7,098
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	SOIL & WATER CONSERVATION		10.902	\$ -	\$ 370,632
			10.902 Total	\$ -	\$ 370,632
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	SOIL SURVEY		10.903	\$ -	\$ 179,127
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
West Virginia University	SOIL SURVEY	NR1874820006C006	10.903	\$ -	\$ 34,970
			10.903 Total	\$ -	\$ 214,097

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	PLANT MATERIALS FOR CONSERVATION		10.905	\$ -	\$ 81,042
			10.905 Total	\$ -	\$ 81,042
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	STRATEGIES TO IMPROVE SOIL & WATER		10.912	\$ -	\$ 523,481
			10.912 Total	\$ -	\$ 523,481
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT	DEPARTMENT OF AGRICULTURE		10.rd	\$ -	\$ 126,119
			10.rd Total	\$ -	\$ 126,119
DEPARTMENT OF COMMERCE (DOC) - PASS THRU University of Arizona	CLIMAS AIR QUALITY & CLIMATE ASSE	NA17OAR4310288	11.431	\$ -	\$ (2,148)
			11.431 Total	\$ -	\$ (2,148)
DEPARTMENT OF COMMERCE (DOC) - PASS THRU Saint Josephs University	MEASUREMENT AND ENGINEERING RESEARCH	70NANB18H257	11.609	\$ -	\$ 46,161
Saint Josephs University	MEASUREMENT AND ENGINEERING RESEARCH	70NANB19H102	11.609	\$ -	\$ 41,873
			11.609 Total	\$ -	\$ 88,034
DEPARTMENT OF DEFENSE (DOD) - DIRECT	BASIC & APPLIED SCIENTIFIC RESEARCH		12.300	\$ 99,561	\$ 307,111
			12.300 Total	\$ 99,561	\$ 307,111
DEPARTMENT OF DEFENSE (DOD) - DIRECT	BASIC SCIENTIFIC RESEARCH		12.431	\$ -	\$ 20,178
			12.431 Total	\$ -	\$ 20,178
DEPARTMENT OF DEFENSE (DOD) - PASS THRU New Mexico Institute of Mining and Technology	RESEARCH AND TECHNICAL ASSISTANCE	FA9453-18-0073	12.615	\$ -	\$ (1,506)
			12.615 Total	\$ -	\$ (1,506)
DEPARTMENT OF DEFENSE (DOD) - DIRECT	BASIC, APPLIED, & ADVANCED RESEARCH IN SCIENCE & ENG		12.630	\$ -	\$ 171,707
			12.630 Total	\$ -	\$ 171,707
DEPARTMENT OF DEFENSE (DOD) - DIRECT	AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM		12.800	\$ 16,725	\$ 319,011
			12.800 Total	\$ 16,725	\$ 319,011
DEPARTMENT OF DEFENSE (DOD) - DIRECT	DEPARTMENT OF DEFENSE		12.rd	\$ 3,701,529	\$ 16,197,762
DEPARTMENT OF DEFENSE (DOD) - PASS THRU Northrop Grumman Aerospace Sector	DEPARTMENT OF DEFENSE	19-009	12.rd	\$ -	\$ 97,010
University of Arizona	DEPARTMENT OF DEFENSE	FA7000-20-2-0004	12.rd	\$ -	\$ 59,617
JT4, LLC	DEPARTMENT OF DEFENSE	FA8240-18-C-7218	12.rd	\$ -	\$ 49,123
ARCTOS TECHNOLOGY SOLUTIONS, LLC.	DEPARTMENT OF DEFENSE	FA8650-14-D-2411	12.rd	\$ -	\$ (3,777)
Kratos Defense & Security Solutions Inc	DEPARTMENT OF DEFENSE	FA8818-20-F-0013	12.rd	\$ -	\$ 292,710
NorthWest Research Associates, Inc.	DEPARTMENT OF DEFENSE	FA9550-17-C-0021	12.rd	\$ -	\$ 128,782
Excet, Inc.	DEPARTMENT OF DEFENSE	GSQ08168P0059	12.rd	\$ -	\$ 332,444
Aerojet Rocketdyne Coleman Aerospace	DEPARTMENT OF DEFENSE	HQ0147-14-C-001	12.rd	\$ -	\$ 248,846
X-Bow Launch Systems Inc.	DEPARTMENT OF DEFENSE	HQ08451990003 & 617981T	12.rd	\$ -	\$ 29,081
Corvid Technologies, LLC	DEPARTMENT OF DEFENSE	HQ0860-20-C-7405	12.rd	\$ -	\$ 254,919
General Dynamics C4 Systems Inc	DEPARTMENT OF DEFENSE	N/A	12.rd	\$ -	\$ 162,124
JSL Technologies, Inc	DEPARTMENT OF DEFENSE	N00178-10-D-6124	12.rd	\$ -	\$ 231,555
Corvid Technologies, LLC	DEPARTMENT OF DEFENSE	N00178-19-D-5001	12.rd	\$ -	\$ 406,599
Purdue University	DEPARTMENT OF DEFENSE	W52P1J-20-9-3009	12.rd	\$ -	\$ 40,901
Teledyne Brown Engineering, Inc.	DEPARTMENT OF DEFENSE	W9113M-17-D-0008	12.rd	\$ -	\$ 27,261
Luna Innovations Incorporated	DEPARTMENT OF DEFENSE	W9115R-20-C-0030	12.rd	\$ -	\$ 14,893
Lynntech, Inc.	DEPARTMENT OF DEFENSE	W9115R-21-C-0004	12.rd	\$ -	\$ 13,821
PHYSICAL SCIENCES, INCORPORATED	DEPARTMENT OF DEFENSE	W9115R-21-C-0007	12.rd	\$ -	\$ 43,116
Corvid Technologies, LLC	DEPARTMENT OF DEFENSE	W9124P-19-9-0001	12.rd	\$ -	\$ 201,296
Corvid Technologies, LLC	DEPARTMENT OF DEFENSE	W9124-P-19-9-0001	12.rd	\$ -	\$ 432,233
			12.rd Total	\$ 3,701,529	\$ 19,260,316
DEPARTMENT OF INTERIOR (DOI) - DIRECT	CULTURAL RESOURCE MANAGEMENT		15.224	\$ -	\$ 46
			15.224 Total	\$ -	\$ 46
DEPARTMENT OF INTERIOR (DOI) - DIRECT	RECREATION RESOURCE MANAGEMENT		15.225	\$ -	\$ 9,364
			15.225 Total	\$ -	\$ 9,364
DEPARTMENT OF INTERIOR (DOI) - DIRECT	FISH, WILDLIFE, & PLANT CONSERVATION RESOURCE MGT		15.231	\$ -	\$ 6,388
DEPARTMENT OF INTERIOR (DOI) - PASS THRU New Mexico Association of Conservation District	FISH, WILDLIFE, & PLANT CONSERVATION RESOURCE MGT	L15AC000274	15.231	\$ -	\$ 327
			15.231 Total	\$ -	\$ 6,715
DEPARTMENT OF INTERIOR (DOI) - DIRECT	RANGELAND RESOURCE MANAGEMENT		15.237	\$ -	\$ 145,135
			15.237 Total	\$ -	\$ 145,135
DEPARTMENT OF INTERIOR (DOI) - DIRECT	PLANT CONSERVATION AND RESTORATION MGT		15.245	\$ -	\$ 18,434
			15.245 Total	\$ -	\$ 18,434
DEPARTMENT OF INTERIOR (DOI) - DIRECT	WILDLIFE RESOURCE MANAGEMENT		15.247	\$ -	\$ 21,191
			15.247 Total	\$ -	\$ 21,191
DEPARTMENT OF INTERIOR (DOI) - DIRECT	WATER DESALINATION RESEARCH & DEVELOPMENT		15.506	\$ 10,000	\$ 414,631
			15.506 Total	\$ 10,000	\$ 414,631
DEPARTMENT OF INTERIOR (DOI) - DIRECT	SECURE WATER ACT		15.560	\$ -	\$ 35,276
			15.560 Total	\$ -	\$ 35,276

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
State of NM Dept Of Game And Fish	SPORT FISH RESTORATION PROGRAM	F20AF00155	15.605	\$ -	\$ 2,460
State of NM Dept Of Game And Fish	SPORT FISH RESTORATION PROGRAM	N/A	15.605	\$ -	\$ 15,781
			15.605 Total	\$ -	\$ 18,241
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
Arizona Game and Fish Department	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	F19AF01036	15.611	\$ -	\$ 216,830
State of NM Dept Of Game And Fish	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	GFDW180D1	15.611	\$ -	\$ 247,081
State of NM Dept Of Game And Fish	WILDLIFE RESTORATION AND BASIC HUNTER EDUCATION	WILDLIFE RESTORATION GRANT W-139-R	15.611	\$ -	\$ 31,779
			15.611 Total	\$ -	\$ 495,690
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
State of NM Dept Of Game And Fish	ADAPTIVE SCIENCE	F19AP00272	15.670	\$ -	\$ 28,933
			15.670 Total	\$ -	\$ 28,933
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	COOPERATIVE ECOSYSTEMS STUDIES		15.678	\$ -	\$ 27,722
			15.678 Total	\$ -	\$ 27,722
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	ASSISTANCE TO STATE WATER RESEARCH INSTITUTES		15.805	\$ 4,281	\$ 242,413
			15.805 Total	\$ 4,281	\$ 242,413
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	EARTHQUAKE HAZARDS RESEARCH		15.807	\$ -	\$ 18,494
			15.807 Total	\$ -	\$ 18,494
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	US GEOLOGICAL SURVEY		15.808	\$ -	\$ 141,115
			15.808 Total	\$ -	\$ 141,115
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	COOPERATIVE RESEARCH UNITS PROGRAM		15.812	\$ -	\$ 205,965
			15.812 Total	\$ -	\$ 205,965
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
Oklahoma State University	NATIONAL AND REGIONAL CLIMATE ADAPTATION	G20AC00067	15.820	\$ -	\$ 28,099
			15.820 Total	\$ -	\$ 28,099
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	COOPERATIVE RESEARCH & TRAINING PROGRAM		15.945	\$ -	\$ 42,448
			15.945 Total	\$ -	\$ 42,448
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	DEPARTMENT OF INTERIOR		15.rd	\$ -	\$ 183,985
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
State of NM Dept Of Game And Fish	DEPARTMENT OF INTERIOR	F18AF00280	15.rd	\$ -	\$ 61,272
New Mexico Association of Conservation District	DEPARTMENT OF INTERIOR	L15AC00274	15.rd	\$ -	\$ 38,641
New Mexico Association of Conservation District	DEPARTMENT OF INTERIOR	N/A	15.rd	\$ -	\$ 14,174
State of NM Dept Of Game And Fish	DEPARTMENT OF INTERIOR	N/A	15.rd	\$ -	\$ 10,999
University of Texas at El Paso	DEPARTMENT OF INTERIOR	R19AC00115	15.rd	\$ -	\$ 3,034
Jornada Resource Conservation and Development Council In	DEPARTMENT OF INTERIOR	R19AP00267	15.rd	\$ -	\$ 4,657
			15.rd Total	\$ -	\$ 316,762
DEPARTMENT OF TRANSPORTATION (DOT) - DIRECT					
	AIR TRANSPORTATION CENTERS FO EXCELLENCE		20.109	\$ 78,850	\$ 416,644
			20.109 Total	\$ 78,850	\$ 416,644
DEPARTMENT OF TRANSPORTATION (DOT) - PASS THRU					
New Mexico State Highway and Transportation Department	HIGHWAY PLANNING AND CONSTRUCTION	693JJ221300002550NMP921060	20.205	\$ -	\$ 23,361
			20.205 Total	\$ -	\$ 23,361
DEPARTMENT OF TRANSPORTATION (DOT) - DIRECT					
	HIGHWAY TRAINING AND EDUCATION		20.215	\$ -	\$ 1,497
			20.215 Total	\$ -	\$ 1,497
DEPARTMENT OF TRANSPORTATION (DOT) - PASS THRU					
Louisiana State University and A & M College	UNIVERSITY TRANSPORTATION CENTERS PROGRAM	69A3551747106	20.701	\$ -	\$ 103,057
			20.701 Total	\$ -	\$ 103,057
DEPARTMENT OF TRANSPORTATION (DOT) - PASS THRU					
UtopiaCompression Corporation	DEPARTMENT OF TRANSPORTATION	692M15-20-C-00002	20.rd	\$ -	\$ 64,895
Northern Plains UAS Test Site	DEPARTMENT OF TRANSPORTATION	DTFACT15A-00002	20.rd	\$ -	\$ 56,177
New Mexico State Highway and Transportation Department	DEPARTMENT OF TRANSPORTATION	HWAR919030	20.rd	\$ -	\$ 32,793
New Mexico State Highway and Transportation Department	DEPARTMENT OF TRANSPORTATION	N/A	20.rd	\$ -	\$ 231,599
			20.rd Total	\$ -	\$ 385,464
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT					
	SCIENCE GRANTS		43.001	\$ 59,921	\$ 1,728,607
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU					
California Institute of Technology	SCIENCE	80NM0018D0004	43.001	\$ -	\$ 46,992
NorthWest Research Associates, Inc.	SCIENCE	80NSSC18K0071	43.001	\$ -	\$ 16,477
California State University	SCIENCE	80NSSC20K0027	43.001	\$ -	\$ 44,527
William Marsh Rice University	SCIENCE	NNX17AD31G	43.001	\$ -	\$ 43,327
NorthWest Research Associates, Inc.	SCIENCE	NWRA-16-S-186	43.001	\$ -	\$ 5,870
			43.001 Total	\$ 59,921	\$ 1,885,800
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT					
	SPACE OPERATIONS		43.007	\$ -	\$ 11,352
			43.007 Total	\$ -	\$ 11,352
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT					
	EDUCATION		43.008	\$ 330,736	\$ 1,395,844
			43.008 Total	\$ 330,736	\$ 1,395,844
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT					
	ABSORPTION OF NDMA ON CARBONS		43.010	\$ -	\$ 8,984
			43.010 Total	\$ -	\$ 8,984

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT					
	SPACE TECHNOLOGY		43.012	\$ -	\$ 93,862
			43.012 Total	\$ -	\$ 93,862
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - DIRECT					
	NATIONAL AERONAUTICS & SPACE ADMINISTRATION		43.rd	\$ -	\$ 4,800
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU					
Peraton Inc.	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	80GSFC19C0063	43.rd	\$ -	\$ 37,881
FORM ALLOY	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	80NSSC20C0303	43.rd	\$ -	\$ 60,125
Space Telescope Science Institute	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	NASS-26555	43.rd	\$ -	\$ 53,008
Orbital Science Corporation	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	NNG15WA53C	43.rd	\$ -	\$ 25,708
Stanford University	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	NNG16PJ24C	43.rd	\$ -	\$ 32,072
Orbital Science Corporation	NATIONAL AERONAUTICS & SPACE ADMINISTRATION	NNG16WA70C	43.rd	\$ -	\$ 363,106
			43.rd Total	\$ -	\$ 576,700
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT					
	ENGINEERING GRANTS		47.041	\$ -	\$ 572,242
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU					
University Systems of New Hampshire	ENGINEERING GRANTS	1662098	47.041	\$ -	\$ 35,118
University of North Texas	ENGINEERING GRANTS	1856052	47.041	\$ -	\$ 55,067
Molten Salt Solutions, LLC	ENGINEERING GRANTS	2036545	47.041	\$ -	\$ 4,521
Stanford University	ENGINEERING GRANTS	EEC-1028968	47.041	\$ -	\$ 318,630
Arizona State University	ENGINEERING GRANTS	EEC-1449501	47.041	\$ 7,356	\$ 498,070
			47.041 Total	\$ 7,356	\$ 1,483,648
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT					
	MATHEMATICAL & PHYSICAL SCIENCES		47.049	\$ 63,842	\$ 736,404
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU					
Astrophysical Research Consortium	MATHEMATICAL & PHYSICAL SCIENCES	2034429	47.049	\$ -	\$ 1,636,889
			47.049 Total	\$ 63,842	\$ 2,373,293
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT					
	GEOSCIENCES		47.050	\$ -	\$ 555,275
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU					
University of Texas at El Paso	GEOSCIENCES	2012475	47.050	\$ -	\$ 3,819
			47.050 Total	\$ -	\$ 559,094
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT					
	COMPUTER & INFORMATION SCIENCE & ENGINEERING		47.070	\$ -	\$ 850,369
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU					
University of Texas at El Paso	COMPUTER & INFORMATION SCIENCE & ENGINEERING	1551221	47.070	\$ -	\$ 41,403
Washington University	COMPUTER & INFORMATION SCIENCE & ENGINEERING	1838364	47.070	\$ -	\$ 10,710
Texas A&M University	COMPUTER & INFORMATION SCIENCE & ENGINEERING	1925764	47.070	\$ -	\$ 14,769
			47.070 Total	\$ -	\$ 917,251
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT					
	BIOLOGICAL SCIENCES		47.074	\$ 106,481	\$ 1,742,926
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU					
University of Kansas Center for Research, Inc.	BIOLOGICAL SCIENCES	1001358	47.074	\$ -	\$ 1,974
			47.074 Total	\$ 106,481	\$ 1,744,900
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT					
	SOCIAL, BEHAVIORAL, & ECONOMIC SCIENCES		47.075	\$ 28,400	\$ 401,727
			47.075 Total	\$ 28,400	\$ 401,727
NATIONAL SCIENCE FOUNDATION (NSF) - DIRECT					
	EDUCATION & HUMAN RESOURCES		47.076	\$ 457,110	\$ 3,880,946
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU					
New Mexico Highlands University	EDUCATION & HUMAN RESOURCES	1914463	47.076	\$ -	\$ 117,124
Western Interstate Commission for Higher Education	EDUCATION & HUMAN RESOURCES	2044434	47.076	\$ -	\$ 10,755
			47.076 Total	\$ 457,110	\$ 4,008,825
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU					
University of New Mexico	OFFICE OF INTEGRATIVE ACTIVITIES	1757207	47.083	\$ -	\$ 3,328
North Dakota State University	OFFICE OF INTEGRATIVE ACTIVITIES	1826834	47.083	\$ -	\$ 163,931
University of New Mexico	OFFICE OF INTEGRATIVE ACTIVITIES	OIA-1757207	47.083	\$ -	\$ 1,119,516
			47.083 Total	\$ -	\$ 1,286,775
NATIONAL SCIENCE FOUNDATION (NSF) - PASS THRU					
Regents University of California Davis	NATIONAL SCIENCE FOUNDATION	1758009	47.rd	\$ -	\$ 4,120
University of Texas at El Paso	NATIONAL SCIENCE FOUNDATION	1834620	47.rd	\$ 93,583	\$ 196,039
Assoc of Universities for Research in Astronomy, Inc. (AURA)	NATIONAL SCIENCE FOUNDATION	N/A	47.rd	\$ -	\$ 58,032
			47.rd Total	\$ 93,583	\$ 258,191
ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT					
	POLLUTION PREVENTION GRANTS		66.708	\$ -	\$ 113,501
ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU					
State of New Mexico	POLLUTION PREVENTION GRANTS	C9 996101-17, C9 996101-18 & C9 996101-19	66.708	\$ -	\$ 46,168
			66.708 Total	\$ -	\$ 159,669
DEPARTMENT OF ENERGY (DOE) - DIRECT					
	DEPARTMENT OF ENERGY CEMRC		81.005	\$ -	\$ 2,743,502
			81.005 Total	\$ -	\$ 2,743,502
DEPARTMENT OF ENERGY (DOE) - DIRECT					
	OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM		81.049	\$ -	\$ 394,143
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
PolyMaterials App, LLC.	OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	DE-SC0020834	81.049	\$ -	\$ 19,929
			81.049 Total	\$ -	\$ 414,072
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
New Mexico Consortium, Inc.	RENEWAL ENERGY RESEARCH & DEVELOPMENT	DE-EE0008122	81.087	\$ -	\$ 36,228
University of North Carolina	RENEWAL ENERGY RESEARCH & DEVELOPMENT	DE-EE0008774	81.087	\$ -	\$ 116,223
New Mexico Consortium, Inc.	RENEWAL ENERGY RESEARCH & DEVELOPMENT	DE-EE0008902	81.087	\$ -	\$ 166,389
			81.087 Total	\$ -	\$ 318,840
DEPARTMENT OF ENERGY (DOE) - DIRECT					
	FOSSIL ENERGY RESEARCH AND DEVELOPMENT		81.089	\$ 110,018	\$ 165,476
			81.089 Total	\$ 110,018	\$ 165,476

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
DEPARTMENT OF ENERGY (DOE) - DIRECT					
	ENVIRONMENTAL REMEDIATION & WASTE PROCESSING & DISPOSAL		81.104	\$ -	\$ (12,007)
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
Savannah River Nuclear Solutions, LLC	ENVIRONMENTAL REMEDIATION & WASTE PROCESSING & DISPOSAL	DE-AC09-08SR22470	81.104	\$ 5,963	\$ 211,053
			81.104 Total	\$ 5,963	\$ 199,046
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
North Carolina Agricultural and Technical State University	NATIONAL NUCLEAR SECURITY ADMINISTRATION	NA0003983	81.123	\$ -	\$ 21,119
			81.123 Total	\$ -	\$ 21,119
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
North Carolina State University	ADVANCED RESEARCH PROJECTS AGENCY	DE-AR0000976	81.135	\$ -	\$ 69,444
General Graphene Corp.	ADVANCED RESEARCH PROJECTS AGENCY	DE-AR0000986	81.135	\$ -	\$ 19,329
			81.135 Total	\$ -	\$ 88,773
DEPARTMENT OF ENERGY (DOE) - DIRECT					
	DEPARTMENT OF ENERGY		81.rd	\$ 14,404	\$ 128,091
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	0171	81.rd	\$ -	\$ 56,419
NTES Sandia National Laboratories	DEPARTMENT OF ENERGY	1875431	81.rd	\$ -	\$ 278,938
Triad National Security, LLC	DEPARTMENT OF ENERGY	89233218CNA000001	81.rd	\$ -	\$ 382,906
Los Alamos National Security LLC	DEPARTMENT OF ENERGY	89233218CNA000001	81.rd	\$ -	\$ 3,177
Triad National Security, LLC	DEPARTMENT OF ENERGY	89233218CNA000001	81.rd	\$ -	\$ 615,421
Triad National Security, LLC	DEPARTMENT OF ENERGY	89233218CNA000001	81.rd	\$ -	\$ 14,541
NTES Sandia National Laboratories	DEPARTMENT OF ENERGY	CA# 1875431	81.rd	\$ -	\$ 121,115
Triad National Security, LLC	DEPARTMENT OF ENERGY	Contract No. 89233218CNA000001	81.rd	\$ -	\$ 42,649
NTES Sandia National Laboratories	DEPARTMENT OF ENERGY	CPA# 1875431	81.rd	\$ -	\$ 41,646
Univ Of Cal - Berkley	DEPARTMENT OF ENERGY	DE-AC02-05CH11231	81.rd	\$ -	\$ 31,177
UT-Battelle LLC	DEPARTMENT OF ENERGY	DE-AC05-00OR22725	81.rd	\$ -	\$ 73,676
Battelle Memorial Institute	DEPARTMENT OF ENERGY	DE-AC05-76RL01830	81.rd	\$ -	\$ 40,000
Battelle Energy Alliance, LLC	DEPARTMENT OF ENERGY	DE-AC07-01SD14517	81.rd	\$ -	\$ 1,875
Battelle Energy Alliance, LLC	DEPARTMENT OF ENERGY	DE-AC07-05ID14517	81.rd	\$ -	\$ 191,535
Idaho National Laboratory	DEPARTMENT OF ENERGY	DE-AC07-05ID14517	81.rd	\$ -	\$ 2,227
National Renewable Energy Laboratory	DEPARTMENT OF ENERGY	DE-AC36-08GO28308	81.rd	\$ -	\$ 53,335
National Renewable Energy Laboratory	DEPARTMENT OF ENERGY	DE-AC36-08GO28308	81.rd	\$ -	\$ 114,326
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	DE-AC52-06NA25396	81.rd	\$ -	\$ 24,351
Triad National Security, LLC	DEPARTMENT OF ENERGY	DE-AC52-06NA25396	81.rd	\$ -	\$ 68,752
Nuclear Waste Partnership LLC	DEPARTMENT OF ENERGY	DE-EM-0001971	81.rd	\$ -	\$ 112,711
Nuclear Waste Partnership LLC	DEPARTMENT OF ENERGY	DE-EM0001971	81.rd	\$ -	\$ 157,576
Univ Of Cal - Berkley	DEPARTMENT OF ENERGY	DE-FOA-0001905	81.rd	\$ -	\$ 110,114
Honeywell Technology Solutions Incorporated	DEPARTMENT OF ENERGY	DE-NA0002839	81.rd	\$ -	\$ 3,264
National Renewable Energy Laboratory	DEPARTMENT OF ENERGY	DOE Prime Contract No. DE-AC36-08GO28308	81.rd	\$ -	\$ 200
Nuclear Waste Partnership LLC	DEPARTMENT OF ENERGY	DOE-STD-1112-98	81.rd	\$ -	\$ 6,852
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	LANS IA 0171	81.rd	\$ -	\$ 8,961
Brookhaven National Laboratory	DEPARTMENT OF ENERGY	N/A	81.rd	\$ -	\$ 2,173
NTES Sandia National Laboratories	DEPARTMENT OF ENERGY	N/A	81.rd	\$ -	\$ 548,788
Sandia Corporation	DEPARTMENT OF ENERGY	N/A	81.rd	\$ -	\$ 25,245
New Mexico Consortium, Inc.	DEPARTMENT OF ENERGY	PRIME: DE-AC52-06NA25396/ LANS IA NO. 171	81.rd	\$ -	\$ 17,445
			81.rd Total	\$ 14,404	\$ 3,279,486
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	EXTENDING ACADEMIC ANALYTICS: APPLI		84.120	\$ 13,540	\$ 68,207
			84.120 Total	\$ 13,540	\$ 68,207
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
Texas A&M University	INSTITUTE OF EDUCATION SCIENCES	R305A180060	84.305	\$ -	\$ 9,989
			84.305 Total	\$ -	\$ 9,989
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	FOOD & DRUG ADMINISTRATION RESEARCH		93.103	\$ -	\$ 903,308
			93.103 Total	\$ -	\$ 903,308
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	RESEARCH RELATED TO DEAFNESS & COMMUNICATION		93.173	\$ -	\$ 108,642
			93.173 Total	\$ -	\$ 108,642
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
University of New Mexico	OCCUPATIONAL SAFETY AND HEALTH PROGRAM	2U54OH0047541-16	93.262	\$ -	\$ 3,935
			93.262 Total	\$ -	\$ 3,935
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	DISCOVERY AND APPLIED RESEARCH FOR TECHNOLOGY		93.286	\$ -	\$ 10,132
			93.286 Total	\$ -	\$ 10,132
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
University of Texas	TRANS NIH-RESEARCH SUPPORT	1U01GM132219-01	93.310	\$ -	\$ 42,040
			93.310 Total	\$ -	\$ 42,040
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Fred Hutchinson Cancer Research Center	CANCER CAUSE AND PREVENTION RESEARCH	1 R01 CA242735-01	93.393	\$ -	\$ 11,013
Fred Hutchinson Cancer Research Center	CANCER CAUSE AND PREVENTION RESEARCH	5 R01 CA242735-02	93.393	\$ -	\$ 20,038
			93.393 Total	\$ -	\$ 31,051
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Geographic Management of Cancer Health Disparities Progr	PARTNERSHIP FOR THE ADVANCEMENT	3P3OCA118100-1558	93.397	\$ -	\$ 5,372
			93.397 Total	\$ -	\$ 5,372
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	FDA FERN COOPERATIVE AGREEMENT[U18]		93.448	\$ -	\$ 1,555
			93.448 Total	\$ -	\$ 1,555
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
University of Louisville Research Foundation	CARDIOVASCULAR DISEASES RESEARCH	3200002866-20-136	93.837	\$ -	\$ (348)
			93.837 Total	\$ -	\$ (348)

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	ALLERGY, IMMUNOLOGY & TRANSPLANTATION RESEARCH		93.855	\$ 742,886	\$ 919,816
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
University of Texas	ALLERGY, IMMUNOLOGY & TRANSPLANTATION RESEARCH	1U01AI15180701	93.855	\$ -	\$ 144,423
			93.855 Total	\$ 742,886	\$ 1,064,239
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	BIOMEDICAL RESEARCH & RESEARCH TRAINING		93.859	\$ 2,000,689	\$ 5,918,747
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
University of New Mexico	BIOMEDICAL RESEARCH & RESEARCH TRAINING	1R01CA94496-01A1	93.859	\$ -	\$ 135,783
El Paso Community College	BIOMEDICAL RESEARCH & RESEARCH TRAINING	1R25GM123928-01	93.859	\$ -	\$ 39,253
University of New Mexico	BIOMEDICAL RESEARCH & RESEARCH TRAINING	2K12GM088021-06	93.859	\$ -	\$ 18,387
Regents of the University of Colorado	BIOMEDICAL RESEARCH & RESEARCH TRAINING	2r25ns080685-06	93.859	\$ -	\$ 71,668
University of New Mexico	BIOMEDICAL RESEARCH & RESEARCH TRAINING	4U72GM130166-02	93.859	\$ -	\$ 56,771
Board of Regents Nevada System of Higher Education	BIOMEDICAL RESEARCH & RESEARCH TRAINING	5U54GM104944-07	93.859	\$ -	\$ (4)
Board of Regents Nevada System of Higher Education	BIOMEDICAL RESEARCH & RESEARCH TRAINING	5U54GM104944-08	93.859	\$ -	\$ 202,364
			93.859 Total	\$ 2,000,689	\$ 6,442,969
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	CHILD HEALTH & HUMAN DEVELOPMENT EXTRAMURAL RESEARCH		93.865	\$ -	\$ 30,130
			93.865 Total	\$ -	\$ 30,130
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Dona Ana County	ASSISTED OUTPATIENT TREATMENT	1H795M063538-4	93.997	\$ -	\$ 91,068
			93.997 Total	\$ -	\$ 91,068
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	DEPARTMENT OF HEALTH & HUMAN SERVICES		93.rd	\$ 60,488	\$ 1,211,788
			93.rd Total	\$ 60,488	\$ 1,211,788
DEPARTMENT OF HOMELAND SECURITY (DHS) - PASS THRU					
State of New Mexico	HAZARD MITIGATION GRANT	S184FMNMP00000025	97.039	\$ -	\$ 48,432
			97.039 Total	\$ -	\$ 48,432
RESEARCH & DEVELOPMENT CLUSTER TOTAL				\$ 9,911,193	\$ 68,580,696

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	CFDA Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
STUDENT FINANCIAL AID CLUSTER					
DEPARTMENT OF EDUCATION (EDUC) - LOANS					
	PERKINS LOANS - BEGINNING BALANCE	84.038		-	11,330,181
	PERKINS LOAN CANCELLATIONS	84.038			96,352
	TOTAL PERKINS LOANS			-	11,426,533
	FEDERAL DIRECT LOANS	84.268		-	34,820,409
	DEPARTMENT OF EDUCATION (EDUC) - LOANS Total			\$ -	\$ 46,246,942
DEPARTMENT OF EDUCATION (EDUC)					
	FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007		-	747,675
	FEDERAL WORK-STUDY PROGRAM	84.033		-	1,290,837
	FEDERAL PELL GRANT PROGRAM	84.063		-	38,479,672
	TEACHER EDUCATION ASSISTANCE FOR COLLEGE AND HIGHER EDUCATION GRANTS	84.379		-	3,752
	DEPARTMENT OF EDUCATION (EDUC) Total			\$ -	\$ 40,521,936
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS)					
	SCHOLARSHIPS FOR DISADVANTAGED STUDENTS	93.925		-	688,987
	TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			\$ -	\$ 87,457,865

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	WILDLIFE SERVICES		10.028	\$ -	\$ 17,990
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Texas A&M University	WILDLIFE SERVICES	12-APWSNWR00	10.028	\$ -	\$ 19,367
			10.028 Total	\$ -	\$ 37,357
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	FEDERAL - STATE MARKETING IMPROVEMENT PROGRAM		10.156	\$ 23,000	\$ 23,000
			10.156 Total	\$ 23,000	\$ 23,000
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	HISPANIC SERVING INSTITUTION GRANTS		10.223	\$ 20,338	\$ 156,175
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU University of Texas University of Texas The Florida International University Board of Trustees Texas A&M University- Kingsville University of Texas at El Paso	HISPANIC SERVING INSTITUTION GRANTS	2015-35422-24112	10.223	\$ -	\$ (12)
	HISPANIC SERVING INSTITUTION GRANTS	2015-38422-24059 (03)	10.223	\$ -	\$ (197)
	HISPANIC SERVING INSTITUTION GRANTS	2015-38422-24075	10.223	\$ -	\$ 53,958
	HISPANIC SERVING INSTITUTION GRANTS	2017-38422-27298	10.223	\$ -	\$ 31,132
	HISPANIC SERVING INSTITUTION GRANTS	2018-38422-28564	10.223	\$ -	\$ 62,706
			10.223 Total	\$ 20,338	\$ 303,762
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	CONSUMER DATA AND NUTRITION RESEARCH		10.253	\$ -	\$ 67,715
			10.253 Total	\$ -	\$ 67,715
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Regents University of California Davis	HOMELAND SECURITY_AGRICULTURAL	2016-37620-25851	10.304	\$ -	\$ 37,844
			10.304 Total	\$ -	\$ 37,844
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
New Mexico Cattle Growers Association	BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM	2018-70017-28629	10.311	\$ -	\$ 24,166
			10.311 Total	\$ -	\$ 24,166
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	NATIONAL FOOD SAFETY TRAINING, EDUCATION		10.328	\$ -	\$ 71,168
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU University of Maine System University of Arkansas	NATIONAL FOOD SAFETY TRAINING, EDUCATION	20187002028860	10.328	\$ -	\$ 13,890
	NATIONAL FOOD SAFETY TRAINING, EDUCATION	2019-70020-30350	10.328	\$ -	\$ 40,400
			10.328 Total	\$ -	\$ 125,458
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
National Institute of Food and Agriculture Regents University of California Davis	CROP PROTECTION AND PEST MANAGEMENT	2017-70006-27189	10.329	\$ -	\$ 254,431
	CROP PROTECTION AND PEST MANAGEMENT	2018-70006-28881	10.329	\$ -	\$ 12,691
			10.329 Total	\$ -	\$ 267,122
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Texas A&M University	VETERINARY SERVICES GRANT	2020-70024-32369	10.336	\$ -	\$ 1,888
			10.336 Total	\$ -	\$ 1,888
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	STATE MEDIATION GRANTS		10.435	\$ -	\$ 90,489
			10.435 Total	\$ -	\$ 90,489
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Developing Innovations in Navajo Education, Inc. DINE, Inc. OUTREACH & ASSISTANCE FOR SOCIALLY DISADVANTAGED		AO192501X443G030	10.443	\$ -	\$ 132
			10.443 Total	\$ -	\$ 132
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	COOPERATIVE EXTENSION SERVICE		10.500	\$ 99,097	\$ 274,830
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU Kansas State University Washington State University University of Connecticut	COOPERATIVE EXTENSION SERVICE	2018-48661-28954	10.500	\$ -	\$ 4,786
	COOPERATIVE EXTENSION SERVICE	2018-70027-28587	10.500	\$ -	\$ 9,701
	COOPERATIVE EXTENSION SERVICE	2019-41595-30123	10.500	\$ -	\$ 8,599
			10.500 Total	\$ 99,097	\$ 297,916
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	SMITH-LEVER FUNDING		10.511	\$ -	\$ 1,944,968
			10.511 Total	\$ -	\$ 1,944,968
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	EXPANDED FOOD AND NUTRITION EDUCATION		10.514	\$ -	\$ 613,925
			10.514 Total	\$ -	\$ 613,925
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	RENEWABLE RESOURCES EXTENSION ACT		10.515	\$ -	\$ 27,462
			10.515 Total	\$ -	\$ 27,462
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
Children Youth and Family Dept State NM	HEADSTART CHILD AND ADULT CARE FOOD	N/A	10.558	\$ -	\$ 17,254
			10.558 Total	\$ -	\$ 17,254
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	CONSERVATION STEWARDSHIP PROGRAM		10.924	\$ -	\$ 16,415
			10.924 Total	\$ -	\$ 16,415
DEPARTMENT OF AGRICULTURE (USDA) - DIRECT					
	DEPARTMENT OF AGRICULTURE		10.xx	\$ -	\$ (3,018)
			10.xx Total	\$ -	\$ (3,018)
DEPARTMENT OF COMMERCE (DOC) - DIRECT					
	CLUSTER GRANTS		11.020	\$ 64,571	\$ 253,216
			11.020 Total	\$ 64,571	\$ 253,216
DEPARTMENT OF COMMERCE (DOC) - DIRECT					
	MBDA BUSINESS CENTER - AMERICAN INDIAN AND ALASKA		11.804	\$ -	\$ 162,054
			11.804 Total	\$ -	\$ 162,054
DEPARTMENT OF COMMERCE (DOC) - PASS THRU					
Synoptic Data Corp.	DEPARTMENT OF COMMERCE	1305M220DNWWG0061	11.xx	\$ -	\$ 60,733
City of Albuquerque	DEPARTMENT OF COMMERCE	MBDA	11.xx	\$ -	\$ 9,500
			11.xx Total	\$ -	\$ 70,233
DEPARTMENT OF DEFENSE (DOD) - PASS THRU					
Lockheed Martin Shared Svcs	DEPARTMENT OF DEFENSE	15-C-0107	12.xx	\$ -	\$ 124,953
New Mexico Public Education Department	DEPARTMENT OF DEFENSE	PEDAS302GY19	12.xx	\$ -	\$ 2,679
Southwest Range Services LLC	DEPARTMENT OF DEFENSE	W91151-19-C-0008	12.xx	\$ 377,902	\$ 377,902
AGEISS	DEPARTMENT OF DEFENSE	W91CR818C0056	12.xx	\$ -	\$ 29,797
			12.xx Total	\$ 377,902	\$ 535,331

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	ENDANGERED SPECIES CONSERVATION-WOLF LIVESTOCK LOSS COMPENATION AND PREVENTION		15.666	\$ (254,669)	\$ 3,702
			15.666 Total	\$ (254,669)	\$ 3,702
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
America View	NATIONAL LAND REMOTE SENSING EDUCATION & OUTREACH	G18AP00077	15.815	\$ -	\$ 3,973
			15.815 Total	\$ -	\$ 3,973
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	NATIVE AMERICAN GRAVE PROTECTION AND REPATRIATION		15.922	\$ -	\$ 5,759
			15.922 Total	\$ -	\$ 5,759
DEPARTMENT OF INTERIOR (DOI) - DIRECT					
	DEPARTMENT OF THE INTERIOR		15.xx	\$ -	\$ 544,493
			15.xx Total	\$ -	\$ 544,493
DEPARTMENT OF INTERIOR (DOI) - PASS THRU					
World Learning, Inc.	ACADEMIC EXCHANGE PROGRAMS	SECAGD19CA0115	19.009	\$ -	\$ 2,892
			19.009 Total	\$ -	\$ 2,892
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) - PASS THRU					
Jacobs Technology Inc.	NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	NNJ11HA02C	43.xx	\$ -	\$ 9,734
			43.xx Total	\$ -	\$ 9,734
NATIONAL ENDOWMENT FOR HUMANITIES (NEH) - DIRECT					
	PROMOTION OF THE HUMANITIES TEACHING		45.162	\$ -	\$ 26,764
			45.162 Total	\$ -	\$ 26,764
SMALL BUSINESS ADMINISTRATION (SBA) - PASS THRU					
New Mexico Small Business Development Center	SMALL BUSINESS DEVELOPMENT CENTERS	N/A	59.037	\$ -	\$ -
New Mexico Small Business Development Center	SMALL BUSINESS DEVELOPMENT CENTERS	OSBDC 2018-02	59.037	\$ -	\$ 12,197
New Mexico Small Business Development Center	SMALL BUSINESS DEVELOPMENT CENTERS	OSBDC 2018-02	59.037	\$ -	\$ 2,197
New Mexico Small Business Development Center	SMALL BUSINESS DEVELOPMENT CENTERS	OSBDC-2019-02	59.037	\$ -	\$ 15,905
			59.037 Total	\$ -	\$ 30,299
SMALL BUSINESS ADMINISTRATION (SBA) - DIRECT					
	FEDERAL AND STATE TECHNOLOGY PARTNERSHIP		59.058	\$ -	\$ 128,031
			59.058 Total	\$ -	\$ 128,031
SMALL BUSINESS ADMINISTRATION (SBA) - DIRECT					
	SMALL BUSINESS ADMINISTRATION		59.xx	\$ -	\$ 37,346
			59.xx Total	\$ -	\$ 37,346
ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT					
	SEDIMENT & AGRICULTURAL SAMPLING		66.204	\$ -	\$ 52,349
ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU					
State of New Mexico	SEDIMENT & AGRICULTURAL SAMPLING	01F22301	66.204	\$ -	\$ (838)
			66.204 Total	\$ -	\$ 51,511
ENVIRONMENTAL PROTECTION AGENCY (EPA) - DIRECT					
	CONSOLIDATED PESTICIDE ENFORCEMENT COOP		66.700	\$ -	\$ 304,443
			66.700 Total	\$ -	\$ 304,443
ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU					
Extension Foundation	EDUCATING NEW MEXICO'S PESTICIDE AP	83698001	66.716	\$ -	\$ 14,242
			66.716 Total	\$ -	\$ 14,242
ENVIRONMENTAL PROTECTION AGENCY (EPA) - PASS THRU					
State of New Mexico	GOLD KING MINE LONG TERM MONITORING	01F16901	66.802	\$ -	\$ 3,702
			66.802 Total	\$ -	\$ 3,702
DEPARTMENT OF ENERGY (DOE) - PASS THRU					
Triad National Security, LLC	DEPARTMENT OF ENERGY	89233218CNA000001	81.xx	\$ -	\$ 70,083
NTESS Sandia National Laboratories	DEPARTMENT OF ENERGY	DE-AC04-A94AL85000	81.xx	\$ -	\$ 71,741
National Renewable Energy Laboratory	DEPARTMENT OF ENERGY	N/A	81.xx	\$ -	\$ 22,336
			81.xx Total	\$ -	\$ 164,160
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
New Mexico Higher Education Department	ADULT EDUCATION	N/A	84.002	\$ -	\$ 171,548
New Mexico Higher Education Department	ADULT EDUCATION	V002A190032	84.002	\$ -	\$ 6,897
New Mexico Higher Education Department	ADULT EDUCATION	V002A200032	84.002	\$ -	\$ 488,140
			84.002 Total	\$ -	\$ 666,585
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	HIGHER EDUCATION_INSTITUTIONAL AID		84.031	\$ -	\$ 1,257,116
			84.031 Total	\$ -	\$ 1,257,116
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	V048A180031-18A	84.048	\$ -	\$ 55,224
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	V048A190031-19A	84.048	\$ -	\$ 691
New Mexico Public Education Department	CAREER AND TECHNICAL EDUCATION	V048A200031	84.048	\$ -	\$ 645,178
			84.048 Total	\$ -	\$ 701,093
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
High Plains Regional Education Cooperative #3	IMPROVEMENT OF POSTSECONDARY EDUCATION	P116C200014	84.116	\$ -	\$ 17,508
			84.116 Total	\$ -	\$ 17,508
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	COLLEGE ASSISTANCE MIGRANT PGM CAMP		84.149	\$ -	\$ 451,747
			84.149 Total	\$ -	\$ 451,747
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	GRADUATION ASSISTANCE IN AREAS OF NATIONAL NEED		84.200	\$ -	\$ 140,772
			84.200 Total	\$ -	\$ 140,772
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
New Mexico Public Education Department	TWENTY-FIRST CENTURY COMMUNITY LEARNING	N/A	84.287	\$ -	\$ 63,210
New Mexico Public Education Department	TWENTY-FIRST CENTURY COMMUNITY LEARNING	S287C190031 & S287C200031	84.287	\$ -	\$ 2,069,432
			84.287 Total	\$ -	\$ 2,132,642
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	ENGLISH LANGUAGE ACQUISITION STATE GRANTS		84.365	\$ -	\$ 439,883
			84.365 Total	\$ -	\$ 439,883
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
Texas A&M University	SUPPORTING EFFECTIVE EDUCATOR DEVELOPMENT	U423A180074	84.423	\$ -	\$ 174,634
			84.423 Total	\$ -	\$ 174,634
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	COVID-19 EDUCATION STABILIZATION FUND - STUDENT		84.425E	\$ -	\$ 11,039,130
	COVID-19 EDUCATION STABILIZATION FUND - INSTITUTIONAL		84.425F	\$ -	\$ 1,517,417
	COVID-19 EDUCATION STABILIZATION FUND - MINORITY SERVING INSTITUTION		84.425L	\$ -	\$ 5,983,558

See accompanying independent auditor's report.

Schedule 7 - Schedule of Expenditures of Federal Awards

Name of Program / Agency	Award Title	Grant Number	Federal Assistance Listing Number	Subrecipient Expenditures	Total Expenditures
INDIVIDUAL AWARDS - OTHER					
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
El Paso County	COVID-19 EDUCATION STABILIZATION FUND	Cares Act Funding	84.425H	\$ -	\$ 48,999
University of New Mexico	COVID-19 EDUCATION STABILIZATION FUND - GEER	N/A	84.425C	\$ -	\$ 20,114
			84.425 Total	\$ -	\$ 18,609,218
DEPARTMENT OF EDUCATION (EDUC) - PASS THRU					
New Mexico Public Education Department	DEPARTMENT OF EDUCATION	H323A170032-18 & H027A200078	84.xx	\$ -	\$ 568,531
			84.xx Total	\$ -	\$ 568,531
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	GRADUATE PSYCHOLOGY EDUCATION PROGRAM		93.191	\$ -	\$ 310,058
			93.191 Total	\$ -	\$ 310,058
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES		93.243	\$ -	\$ 177,139
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	1H795M082287-01	93.243	\$ -	\$ 471,810
St Lukes Health Care Clinic	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	5H79T1080513-02	93.243	\$ -	\$ 24,597
St Lukes Health Care Clinic	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	5H79T108513	93.243	\$ -	\$ 26,127
Children Youth and Family Dept State NM	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES	TI 080190	93.243	\$ -	\$ 49,180
			93.243 Total	\$ -	\$ 748,853
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Comagine Health	NATIONAL DIABETES PREVENTION PROGRAM	5NUS8DP006369	93.261	\$ -	\$ 8,645
			93.261 Total	\$ -	\$ 8,645
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	PROMOTING SAFE AND STABLE FAMILIES	N/A	93.556	\$ -	\$ (188)
			93.556 Total	\$ -	\$ (188)
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	CHILDREN'S JUSTICE GRANTS TO STATES	G-1901NMCJA1	93.643	\$ -	\$ 9,999
			93.643 Total	\$ -	\$ 9,999
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	TITLE IV-E PROGRAM	G1901-NMF0ST/G2001-NMF0ST/G2101	93.658	\$ -	\$ (662)
Children Youth and Family Dept State NM	TITLE IV-E PROGRAM	N/A	93.658	\$ -	\$ 501,387
			93.658 Total	\$ -	\$ 500,725
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	MENTAL & BEHAVIORAL HEALTH EDUCATION & TRAINING		93.732	\$ -	\$ 809,085
			93.732 Total	\$ -	\$ 809,085
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - PASS THRU					
Children Youth and Family Dept State NM	DEPARTMENT OF HEALTH & HUMAN SERVICES	1H795M082000-01	93.xx	\$ -	\$ 152,905
Children Youth and Family Dept State NM	DEPARTMENT OF HEALTH & HUMAN SERVICES	N/A	93.xx	\$ -	\$ 194,493
			93.xx Total	\$ -	\$ 347,398
SNAP CLUSTER					
DEPARTMENT OF AGRICULTURE (USDA) - PASS THRU					
New Mexico Human Services Department	SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	N/A	10.561	\$ -	\$ 1,454,876
			10.561 Total	\$ -	\$ 1,454,876
			SNAP Cluster Total	\$ -	\$ 1,454,876
HEAD START CLUSTER					
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) - DIRECT					
	HEAD START		93.600	\$ -	\$ 1,685,021
			93.600 Total	\$ -	\$ 1,685,021
			Headstart Cluster Total	\$ -	\$ 1,685,021
TRIO CLUSTER					
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	TRIO STUDENT SUPPORT SERVICES PROGR		84.042	\$ -	\$ 681,385
			84.042 Total	\$ -	\$ 681,385
DEPARTMENT OF EDUCATION (EDUC) - DIRECT					
	TRIO UPWARD BOUND		84.047	\$ -	\$ 879,786
			84.047 Total	\$ -	\$ 879,786
			TRIO Cluster Total	\$ -	\$ 1,561,171
INDIVIDUAL AWARDS - OTHER TOTAL				\$ 330,239	\$ 38,841,112
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 10,241,432	\$ 194,879,673

See accompanying independent auditor's report.

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

Federal Appropriations, Grants and Contracts	\$ 91,596,098
Federal Pell Grant revenue	\$ 38,749,599
CARES revenue reclassified to other non-operating revenue	18,609,218
Surplus and loan fee eliminations	(434,303)
	<hr/> 148,520,612

Plus/(Less) reconciling items:

Adjustment to federal revenue for accrued liabilities and reversals	112,119
Adjustment to federal revenue for Department of Education loans	46,246,942
	<hr/>

Federal Expenditures per Schedule 7

\$ 194,879,673

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

The accompanying schedule of expenditures of Federal Awards (the schedule) is prepared on the accrual basis of accounting and includes the federal grant activity of the University under programs of the Federal Government for the year ended June 30, 2021. The information in this schedule is presented in accordance with 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

Note B: Significant Accounting Policies

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

Note C: Federal Direct Student Loans, CFDA # 84.268. During the fiscal year ended June 30, 2021, the University processed \$34,820,409 in new loans under the Direct Student Loan Program (which includes Stafford Loans and Parents' Plus Loans).

Note D: During the fiscal year ended June 30, 2021, there were no federal funds made available in the form of non-cash assistance.

Note E: Federal Perkins Loan Program, CFDA # 84.038. No additional Perkins loans were awarded for the year ended June 30, 2021, and the outstanding student loan balances under the Federal Perkins Loan Program was \$5,499,866.

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

See accompanying independent auditor's report.

Report of Independent Auditors 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
New Mexico State University
and
Mr. Brian S. Colón, Esq.
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of the New Mexico State University (the University) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise University's basic financial statements, and have issued our report thereon dated October 29, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that are required to be reported per Section 12-6-5 NMSA 1978, that we have described in the Section 12-6-5 NMSA 1978 Findings Schedule, as items 2021-001, 2021-002, and 2021-003.

The University's Response 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.

Mess Adams LLP

Albuquerque, New Mexico
October 29, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited New Mexico State University (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, 2021. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Mess Adams LLP

Albuquerque, New Mexico
October 29, 2021

**Schedule of Findings and Questioned Costs
Year ended June 30, 2021**

(1) Summary of Auditor's Results

(a) Type of report the auditor issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**

(b) Internal control deficiencies over financial reporting:

Material weakness(es) identified: **No**

Significant deficiency(ies): **None reported**

(c) Noncompliance material to the financial statements noted: **No**

(d) Internal control over major federal programs:

Material weakness(es): **No**

Significant deficiency(ies): **None reported**

(e) Type of auditor's report issued on compliance for major federal programs: **Unmodified**

(f) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**

(g) Identification of major federal programs:

Research and Development Cluster – various CFDA numbers

COVID-19 Education Stabilization Fund – CFDA 84.425

(h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**

(i) Auditee qualified as a lowrisk auditee: **Yes**

(2) Financial Statement Findings

None

(3) Federal Award Findings and Questioned Costs

None

**Summary Schedule of Prior Audit Findings
Year ended June 30, 2021**

2020-001 Arrowhead implementation of controls to assess the completeness and accuracy of information used in the financial statements – Significant deficiency.

Management did not have a control in place to assess the completeness and accuracy of its Genesis rental income schedule. As a result, we identified errors in the schedule that were not detected by management. Genesis rental income was overstated and not accurately presented within the 2020 financial statements.

Current Status: Resolved

2020-002 Enrollment Reporting – Finding that does not rise to the level of a Uniform Guidance other matter or a significant deficiency

Current Status: Resolved

**Summary Schedule of Other Findings
As Required by New Mexico State Statute 12-6-5, NMSA 1978
Year ended June 30, 2021**

Other Findings as Required by New Mexico State Statute, 12-6-5, NMSA 1978

2021-001 - Other Matters – User and Privileged Access Reviews

Condition:

User access reviews were not performed during fiscal year 2021 for the systems impacting financial reporting application.

Criteria:

The University's system processes, records, and stores information that is vital to its daily operations and certain systems contain critical information. It is critical that access to this system is properly maintained to prevent inappropriate transactions from occurring, data from being lost, and to prevent unauthorized access to information, which should be completed through periodic user access reviews.

Effect:

Absent periodic user access reviews, users may gain access privileges beyond those necessary to perform their assigned duties, thereby breaking down segregation of duties. Unauthorized access to financial data may result in its destruction, improper changes, the recording of unauthorized or nonexistent transactions or the inaccurate recording of transactions.

Cause:

The controls related to the user access review process was not operating effectively.

Recommendation:

Management should design and implement a formalized user access review of all users with access to systems impacting financial reporting.

Management should keep records in reasonable detail to reflect user access reviews and maintain a system of internal controls sufficient to provide reasonable assurance that the risk of unauthorized access is mitigated. Reasonable detail is sufficient information that would satisfy a prudent official (regulator, newspaper reporter) in the conduct of their own affairs. Best practices for user access reviews include the following:

- The review is thoroughly documented, captures all users, assesses users' underlying permissions, captures who reviews, captures the date of review and documents the overall conclusion on appropriateness.
- An individual performing a review should not review their own access. Another member of management with authority and knowledge of the specific area, should confirm the reviewers' assigned access.
- Action to complete any noted changes is documented. This can be via confirmation to the reviewer with evidence supporting the change was fully processed.
- Management should keep evidence which demonstrates the information used to perform these reviews is complete and accurate. This would include (where applicable) any queries, date/time stamps for when information is extracted from systems, and/or screenshots showing total record counts to agree to the extracts.

Management's Response:

The University has an automated process to disable/terminate access at employment departure and an established documented process since 2020 to review end-user accounts impacting financial reporting, which is included in a General IT Review of User System Access Manual. Due to significant personnel changes at the end of the fiscal year, the University failed to complete the annual review prior to June 30, 2021. The timing of the annual review of end-user accounts has subsequently been moved from the end of the fiscal year to September/October. This change which will help to ensure that the annual review is completed by the middle of the fiscal year. As such, under the supervisor of the Interim Chief Information Security Officer, the annual review of end-user accounts is currently underway with an estimated completion date mid-November 2021. The process has been automated and updated to meet the recommendations from the audit team.

2021-002 - Other Matters – Cyber Security**Condition:**

The University does not have the following cybersecurity process and procedure in place:

- The Organization does not have tools to disable or destroy information remotely on employee mobile devices, laptops, PCs, etc.
- The Organization does not have cybersecurity insurance.

Criteria:

The University's system processes, records, and stores information that is vital to its daily operations and certain systems contain critical information. It is critical that access to this system is properly maintained to prevent inappropriate transactions from occurring, data from being lost, and to prevent unauthorized access to information through employee devices that have access to the system, through proper security controls related to cyber security.

Effect:

Without security protocols to protect sensitive data, the Organization poses the risk of a potential breach to their environment.

Cause:

The controls related to cyber security are not designed effectively.

Recommendation:

To ensure the organization maintains a robust environment against security incidents, management should ensure the following:

- The Organization's data is able to be remotely wiped to ensure privacy of data.
- Insurance policy covers cybersecurity events.

Management's Response:

The Interim Chief Information Security Officer will ensure that research in acquiring and implementing a system-wide mobile device management solution. As part of this research, the University will also consider the possibility of expanding existing solutions in use by other University entities to a system-wide resource to provide the University with the ability to disable or destroy information remotely. This research shall be completed, and a plan developed by June 30, 2022. However, it should be noted that mobile computing devices that store the University data must be encrypted as per policy. Administrative Rules and Procedures (ARP).

On the matter of cyber insurance, the University has engaged in an effort to weigh the impact of cybersecurity insurance vs. strengthening cybersecurity posture. The University has concluded that investing in the short term by strengthening the University's cyber security posture would be the best course of action and in the best interests of the University. Contributing factors to the decision included the increasing cost of cyber security premiums and deductibles, and the value of strengthening preventive and forensic controls that reduce risk. Funds and resources in the short term would be better utilized by strengthening the overlapping need for improved controls and infrastructure that mitigate cybersecurity risks and improve the opportunity for lower cybersecurity

premiums and deductibles in the near foreseeable future.

The University has positioned key skill sets in critical areas, i.e., Security, Privacy, Compliance, and Audit, and has adapted the Cybersecurity Maturity Model Certification (CMMC) to drive strategy and security defense acquisitions. As part of that effort, the Interim Chief Information Security Officer is in the process of identifying a security information and event management (SIEM) solution. In addition, the University plans to enhance the already robust Information Assets Protection Policies (IAPP). The University leverages a Continuous Control Design Improvement process and uses this to continually improve access management, change management, configuration management, and IAPP training. Two factor authentication (2FA) has been deployed and proliferated throughout the University and communicates frequently on the topic of cybersecurity awareness via newsletters, webinars, in-person training, and broadcast emails. Lastly, the University is strengthening vulnerability and patch management by adopting a continuous process of identifying, prioritizing, remediating, and reporting on security vulnerabilities in networks, systems and the software that runs on them, e.g, penetration testing, compliance reviews and the use of the Risk Sence application.

2021-003 - Other Matters – Procurement, Suspension, and Debarment, instance of noncompliance.

Condition:

During our testing of Procurement, Suspension and Debarment, we noted an instance where controls were not followed relating to procedures for verifying that an entity with which the University entered into a covered transaction was not debarred or suspended.

Criteria:

Uniform Guidance prohibits non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220.

Effect:

The University could enter into a contract or agreement with a suspended or debarred vendor.

Cause:

There was a breakdown in control procedures surrounding suspension and debarment.

Recommendation:

We recommend that the University follow the procurement controls in place to ensure that vendors are not suspended or debarred prior to entering any transactions greater than or equal to \$25,000 that are deemed to be a "covered transaction", and additionally maintain documentation of verification when the vendor check is performed.

Management's Response:

It is very rare for a payment exceeding \$25,000 to be processed outside of the purchase order process. The item referenced above was one of those instances, and although performed outside of the normal process, it was subject to significant review and due diligence. The due diligence did not include the verification against the suspension and debarment listings. The Director of Procurement Services will develop a process by December 31, 2021 where any covered transaction processed outside of the procurement process will include a check against the suspension and debarment listings.

An exit conference was held on October 27, 2021, to discuss the current audit report and auditors' comments. In attendance were the following individuals:

Representing the Board of Regents for New Mexico State University

Ammu Devasthali	Chair
Aresenio Romero	Audit Committee Community Member
Mary Jo Billiot	Audit Committee Community Member
Shari Jones	Audit Committee Community Member

Representing New Mexico State University

Dan E. Arvizu	Chancellor
John Floros	President
Andrew J. Burke	Senior Vice President for Administration and Finance
Ruth Johnston	Vice Chancellor
Rick Rivas	Interim Chief Audit Officer
Roy Collins	Chief Legal Affairs Officer
Kimberly Rumford	Chief Budget Officer
Ross Justus	Associate Controller
Carolina Muñoz	Manager, Accounting and Finance
Damian López	Audit Liaison
Adam Cavotta	Board of Regents Chief of Staff

Representing New Mexico State University Component Units

Derek Dictson	Vice President of University Advancement, NMSU Foundation, Inc.
Kristin Ludwig	Sr. Associate Vice President of Operations and Development, NMSU Foundation, Inc.
Aaron De Los Santos	Board of Directors, NMSU Foundation, Inc.
Kathryn Hansen	CEO, Arrowhead Center Inc.
Vanessa Mills	Senior Accountant, Arrowhead Center Inc.
Jim Manatt	Audit Committee Chair, Arrowhead Center, Inc.

Representing Moss Adams LLP

Lisa Todd	Lead Engagement Partner
Ashlee Lent	Senior Manager

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

EXHIBIT C

BOOK-ENTRY-ONLY SYSTEM

The Book-Entry-Only System

Initially, DTC will be the securities depository for the Bonds. The Paying Agent/Registrar will register all Bonds in the name of Cede & Co. (DTC's partnership nominee) and provide DTC with one Bond for each maturity.

DTC provided the following information. Neither the Financial Advisor nor the District can vouch for its accuracy or completeness. For further information, please contact DTC or view its website at www.dtc.org.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New Mexico and New York Uniform Commercial Codes, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debts issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of security certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own DTC. Access to the DTC system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+.

Purchases of the Bonds under the book-entry system may be made only through brokers and dealers who are, or act through, Direct Participants. Each Direct Participant will receive a credit balance in the records of DTC in the amount of such Direct Participant's ownership interest in the Bonds. The ownership interest of each actual purchaser of a Bond (the "Beneficial Owner") will be recorded through the records of the Direct Participant or the Indirect Participant. Beneficial Owners are to receive a written confirmation of their purchase providing certain details of the Bonds acquired. Transfers of ownership interests in the Bonds will be accomplished only by book entries made by DTC and, in turn, by DTC Participants or Indirect Participants who act on behalf of the Beneficial Owners. Beneficial Owners of the Bonds will not receive nor have the right to receive physical delivery of the bonds, and will not be or be considered to be registered owners under the Bond Resolution except as specifically provided in the Bond Resolution in the event the book-entry system is discontinued.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The District and the Registrar may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds, selecting Bonds and portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners under the Bond Resolution, register the transfer of Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and will not be affected by any notice to the contrary. The District and the Registrar will not have any responsibility or obligation to any Direct Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Direct Participant, Indirect Participant or other person not shown on the records of the Registrar as being a registered owner with respect to: the accuracy of any records maintained by DTC, any Direct Participant or Indirect Participant regarding ownership interests in the Bonds; the payment by DTC, any Direct Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the Bonds; the delivery to any Direct Participant, Indirect Participant or any Beneficial Owner of any notice that is permitted or required to be given to registered owners under the Bond Resolution; or any consent given or other action taken by DTC as a registered owner.

Neither DTC nor its nominee, Cede & Co., provides consents with respect to any security. Under its usual procedures, DTC mails an omnibus proxy to the issuer of the securities for which it is acting as securities depository as soon as possible after the establishment of a "record date" by the issuer for purposes of soliciting consents from the holders of such securities. The omnibus proxy assigns Cede & Co.'s voting rights to those Direct Participants having such securities credited to their accounts on such record date.

Principal of and interest on the Bonds will be paid to DTC or its nominee, Cede & Co., as registered owner of the Bonds. Disbursement of such payments to the Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners of the Bonds is the responsibility of the Direct Participants or the Indirect Participants. Upon receipt of any such payments, DTC's current practice is to credit the accounts of the Direct Participants immediately in accordance with their respective holdings shown on the records of DTC. Payments by Direct Participants and Indirect Participants to Beneficial Owners of the Bonds will be governed by standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Registrar or the District, subject to any statutory and regulatory requirements then in effect. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

As long as the DTC book-entry system is used for the Bonds, the Registrar will give any notice required to be given to registered owners of Bonds only to DTC or its nominee. Any failure of DTC to advise any Direct Participant, of any Direct Participant to notify any Indirect Participant, or of any Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of any action premised on such notice. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory and regulatory requirements as may be in effect from time to time. Beneficial Owners may desire to make arrangements with a Direct Participant or Indirect Participant so that all communications to DTC that affect such Beneficial Owners will be forwarded in writing by such Direct Participant or Indirect Participant.

NEITHER THE DISTRICT NOR THE REGISTRAR WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DIRECT PARTICIPANTS, OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES, WITH RESPECT TO THE PAYMENTS TO OR THE PROVIDING OF NOTICE FOR THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS OF THE BONDS.

For every transfer and exchange of a beneficial ownership interest in the Bonds, a Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

DTC may determine to discontinue providing its service with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar at any time. In addition, if the District determines that (i) DTC is unable to discharge its responsibilities with respect to the Bonds or (ii) continuation of the system of book-entry only transfers through DTC is not in the best interests of the Beneficial Owners of the Bonds or of the District, the District may thereupon terminate the services of DTC with respect to the Bonds. If for any such reason the system of book-entry transfers through DTC is discontinued, the District may within 90 days thereafter appoint a substitute securities depository that, in its opinion, is willing and able to undertake the functions of DTC upon reasonable and customary terms. If a successor is not approved, Bond certificates will be delivered as described in the Bond Resolution in fully registered form in denominations of \$5,000 or any integral multiple thereof in the names of the Beneficial Owners, Indirect Participants or Direct Participants.

In the event the book-entry system is discontinued, the persons to whom Bond certificates are registered will be treated as registered owners for all purposes of the Bond Resolution, including the giving to the District or the Registrar of any notice, consent, request or demand pursuant to the Bond Resolution for any purpose whatsoever. In such event, the Bonds will be transferred to such registered owners, interest on the Bonds will be payable by check of the Paying Agent, as paying agent, mailed to such registered owners, and the principal and redemption price of all

Bonds will be payable at the principal corporate trust office of the Paying Agent. The foregoing material concerning DTC and DTC's book-entry system is based on information furnished by DTC. No representation is made by the District or the Underwriter as to the accuracy or completeness of such information.

Limited Book-Entry Responsibilities

While a book-entry-only system is used for the Bonds, the Paying Agent/Registrar will send redemption and other notices only to DTC. Any failure of DTC to advise any Direct Participant, or of any Direct Participant to notify any Beneficial Owner, of any notice and its content or effect will not affect the validity of sufficiency of the proceedings relating to the Bond redemption or any other action based on the notice.

The District and the Financial Advisor have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership of interests in the Bonds.

The District and the Financial Advisor cannot and do not give any assurances that DTC will distribute payments to Direct Participants or that Direct Participants or others will distribute payments with respect to the Bonds received by DTC or its nominees as the holder or any redemption notices or other notices to the beneficial holders, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

EXHIBIT D

FORM OF BOND COUNSEL OPINION

August 31, 2022

Doña Ana Community College District
Las Cruces, New Mexico

***Re: \$8,000,000 Doña Ana Community College District General Obligation
(Limited Tax) Bonds, Series 2022***

Ladies and Gentlemen:

We have acted as bond counsel to the Doña Ana Community College District (the “District”), Dona Ana County, State of New Mexico (the “State”), in connection with the issuance and sale of its \$8,000,000 General Obligation (Limited Tax) Bonds, Series 2022 (the “Bonds”), dated August 31, 2022, with interest payable on February 1, 2023 and semi-annually thereafter on August 1 and February 1 in each year in which the Bonds are outstanding, being issued in registered form and maturing serially on August 1 in the years 2023 through 2035, inclusive. The Bonds are being issued pursuant to the Resolution adopted by the Governing Board of the District on July 7, 2022 as supplemented by the Sale Certificate executed on August 10, 2022 (collectively, the “Bond Resolution”).

We have examined the transcript of proceedings (the “Transcript”) relating to the issuance of the Bonds and the law under authority of which the Bonds are issued. Based on our examination, we are of the opinion that, under the law existing on the date of this opinion, subject to the provisions of federal bankruptcy law and other laws affecting creditors’ rights and further subject to the exercise of judicial discretion in accordance with general principles of equity:

1. The Bonds constitute valid and binding general obligations of the District, and the principal of and interest on the Bonds, unless paid from other sources, are to be paid from the proceeds of the levy of ad valorem taxes on all property within the District subject to ad valorem taxes levied by the District, which levy shall not exceed five mills; provided, however, that this five-mill limitation may be exceeded in any year in which the valuation of the property within the District declines to a level lower than the valuation of the property within the District in the year in which the Bonds were issued.

2. Under existing laws, regulations, rulings and judicial decisions, interest on the Bonds is excludable from gross income for federal income tax purposes. We are also of the opinion that interest on the Bonds is not an item of tax preference for purposes of calculating the alternative minimum tax imposed on individuals under provisions contained in the Internal Revenue Code of 1986, as amended (the “Code”). Although we are of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the accrual or receipt of interest on the Bonds may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences will depend upon the recipient’s particular tax status or other items of income or deduction. We express no opinion regarding any such consequences.

3. The Bonds and the income from the Bonds are exempt from all taxation by the State or any political subdivision of the State.

The opinions set forth above in paragraph 2 are subject to continuing compliance by the District with covenants regarding federal tax law contained in the proceedings and other documents relevant to the issuance by the District of the Bonds. Failure to comply with these covenants may result in interest on the Bonds being included in gross income retroactive to their date of issuance.

The opinions expressed herein are based upon existing laws as of the date of issuance and delivery of the Bonds. We express no opinion as of any date subsequent hereto, and our engagement with respect to the Bonds has concluded with their issuance. We disclaim any obligation to update this opinion.

The obligations of the District related to the Bonds are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers (including bankruptcy powers) delegated to it by the United States Constitution. The obligations of the District and the security provided therefor, as contained in the Bond Resolution, may be subject to general principles of equity which permit the exercise of judicial discretion and are subject to the provisions of applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect.

The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of result. We express no opinion with respect to any pending legislation.

We are passing upon only those matters set forth in this opinion and are not passing upon the accuracy or completeness of any statement made in connection with any sale of the Bonds or upon any tax consequences arising from the receipt or accrual or interest on, or the ownership of, the Bonds except those specifically addressed in paragraphs 2 and 3 above.

Respectfully submitted,

EXHIBIT E

FORM OF CONTINUING DISCLOSURE UNDERTAKING

\$8,000,000
NMSU - DOÑA ANA COMMUNITY COLLEGE
GENERAL OBLIGATION (LIMITED TAX) BONDS
SERIES 2022

CONTINUING DISCLOSURE UNDERTAKING

Section 1. Recitals. This Continuing Disclosure Undertaking (the “Undertaking”) is executed and delivered by Doña Ana Community College District (the “District”), in connection with the issuance of the \$8,000,000 NMSU - Doña Ana Community College General Obligation (Limited Tax) Bonds, Series 2022, (the “Bonds”). The Bonds are being issued pursuant to an Authorizing Resolution of the District adopted on July 7, 2022, as supplemented by the Sale Certificate executed on August 10, 2022 (collectively, the “Resolution”). Pursuant to the Resolution, to allow the underwriter of the Bonds to comply with the Rule (defined below), the District is required to make certain continuing disclosure undertakings for the benefit of owners (including beneficial owners) of the Bonds (the “Owners”). This Undertaking is intended to satisfy the requirements of the Rule.

Section 2. Definitions.

(a) “Annual Financial Information” means the audited financial statements of the New Mexico State University prepared in accordance with generally accepted accounting principles, as in effect from time to time (“GAAP”), for governmental units as prescribed by the Governmental Accounting Standards Board (“GASB”) and certain financial and operating information with respect to the District, delivered at least annually pursuant to Sections 3(a) and 3(b) of this Undertaking, consisting of the type set forth under the captions “DEBT AND OTHER FINANCIAL OBLIGATIONS,” “TAX BASE,” “NEW MEXICO STATE UNIVERSITY – DOÑA ANA COMMUNITY COLLEGE – Enrollment,” and “FINANCES OF THE EDUCATIONAL PROGRAM – Budget Comparisons” (tables 2-13) in the Official Statement.

(b) “Audited Financial Statements” means the New Mexico State University annual financial statements, prepared in accordance with GAAP for governmental units as prescribed from time to time by GASB, which financial statements have been audited by such auditor as may then be required or permitted by the laws of the State.

(c) “EMMA” means the MSRB’s Electronic Municipal Market Access system located on the MSRB website at emma.msrb.org.

(d) “Events” means the events listed in Section 3(d) of this Undertaking.

(e) “Financial Obligation” shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board in compliance with Rule 15c2-12.

(f) “Fiscal Year” means the Fiscal Year of the University, ending June 30.

(g) “MSRB” means the Municipal Securities Rulemaking Board. The current address of the MSRB is 1300 I Street NW, Suite 1000, Washington, DC 20005, Main Phone: 202-838-1500, Fax: 202-898-1500.

(h) “Official Statement” means the Official Statement delivered in connection with the original issue and sale of the Bonds.

(i) “Owners” means the registered owners of the Bonds, and so long as the Bonds are subject to the book-entry system, any Beneficial Owner, as such term is defined in the Resolution.

(j) “Report Date” means March 31 of each year, beginning in 2023.

(k) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, §240.15C2-12), as the same may be amended from time to time.

(l) “SEC” means the Securities and Exchange Commission.

(m) “State” means the State of New Mexico.

Section 3. Provision of Annual Financial Information and Reporting of Event Information.

(a) The District, or its designated agent, will provide the Annual Financial Information for the preceding fiscal year to EMMA on or before each Report Date while the Bonds are outstanding.

(b) If Audited Financial Statements are not provided as a part of the Annual Financial Information, the District, or its designated agent, will provide unaudited financial statements as part of the Annual Financial Information. In such cases, Audited Financial Statements will be provided to EMMA when and if available.

(c) The District, or its designated agent, may provide Annual Financial Information by specific reference to other documents, including information reports and official statements relating to other debt issues of the District, which have been submitted to EMMA or filed with the SEC; provided, however, that if the document so referenced is a “final official statement” within the meaning of the Rule, such final official statement must also be available through EMMA.

(d) At any time the Bonds are outstanding, the District, or its designated agent, will provide, to EMMA, notice of any of the following events with respect to the Bonds in a timely manner not in excess of ten (10) business days after the occurrence of the event:

(i) principal and interest payment delinquencies;

- (ii) non-payment related defaults;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bond holders;
- (viii) Bond calls or tender offers;
- (ix) defeasances;
- (x) release, substitution or sale of property securing repayment of the Bonds;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or a similar event with respect to the District or an obligated person;
- (xiii) mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated person or their termination;
- (xiv) appointment of a successor or additional trustee, or a change of name of a trustee;
- (xv) Incurrence of a Financial Obligation of the obligated person, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an obligated person, any of which reflect financial difficulties.

(e) The District, or its designated agent, will provide, in a timely manner not in excess of ten (10) business days after the occurrence of the event, to EMMA, notice of any: (i) failure of the District to timely provide the Annual Financial Information, including unaudited and Audit Financial Statements, as specified in Sections 3(a) and 3(b); (ii) changes in its fiscal year-end; and (iii) amendment of this Undertaking.

Section 4. Method of Transmission. Unless otherwise required by law and subject to technical or economic feasibility, the District, or its designated agent, will employ such methods of electronic or physical information transmission as are requested or recommended from time to time by the MSRB.

Section 5. Enforcement. The obligations of the District under this Undertaking are for the benefit of the Owners (including the beneficial owners) of the Bonds. Each Owner is authorized to take action to seek specific performance by court order to compel the District to comply with its obligations under this Undertaking, which action will be the exclusive remedy available to it or any other Owner or beneficial owner of the Bonds. Any such action shall be brought only in a State court of competent jurisdiction in Las Cruces, New Mexico. The District's breach of its obligations under this Undertaking will not constitute an event of default under the Resolution, and none of the rights and remedies provided by such Resolution will be available to the Owners (including the beneficial owners) of the Bonds with respect to such a breach.

Section 6. Additional Information. Nothing in the Disclosure Undertaking shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Undertaking or any other means of communication, or including any other annual information or notice of occurrence of an event which is not Event information, in addition to that which is required by this Undertaking; provided that the District shall not be required to do so. If the District chooses to include any annual information or notice of occurrence of an event in addition to that which is specifically required by this Undertaking, the District shall have no obligation under this Undertaking to update such information or include it in any future annual filing or Event filing.

Section 7. Term. The District's obligations under this Undertaking will be in effect from and after the issuance and delivery of the Bonds and will extend to the earliest of (i) the date all principal and interest on the Bonds has been paid or legally defeased pursuant to the terms of the Resolution; (ii) the date on which the District is no longer an "obligated person" with respect to the Bonds within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this Undertaking are determined to be invalid or unenforceable by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

Section 8. Amendments. The District may amend this Undertaking from time to time, without the consent of any Owner, upon the District's receipt of an opinion of independent counsel experienced in federal securities laws to the effect that such amendment:

(a) is made in connection with a change in circumstances that arises from a change in legal requirements, a change in law or a change in the identity, nature or status of the District;

(b) this Undertaking, as amended, would have complied with the Rule at the time of the initial issue and sale of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any changes in circumstances; and

(c) the amendment does not materially impair the interests of the Owners.

Any Annual Financial Information containing amended operating data or financial information will explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided. If an amendment changes the accounting principles to be followed in preparing financial statements, the Annual Financial Information and Audited Financial Statements for the year in which the change is made will present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Beneficiaries. This Undertaking binds and inures to the sole benefit of the District and the Owners and creates no rights in any other person or entity.

Section 10. Special Funds. This Undertaking shall be subject to availability of necessary funds from annual revenues of the District and shall not be deemed to create a general obligation indebtedness of the District.

Section 11. Governing Law. This Undertaking is governed by and is to be construed in accordance with the law of the State.

Date: August 31, 2022

THE ADVISORY BOARD OF THE
DOÑA COMMUNITY COLLEGE DISTRICT

By: _____
Laura Salazar Flores, President of the Board

Attest:

By: _____
Merlinda Hinojos, Vice-President of the Board