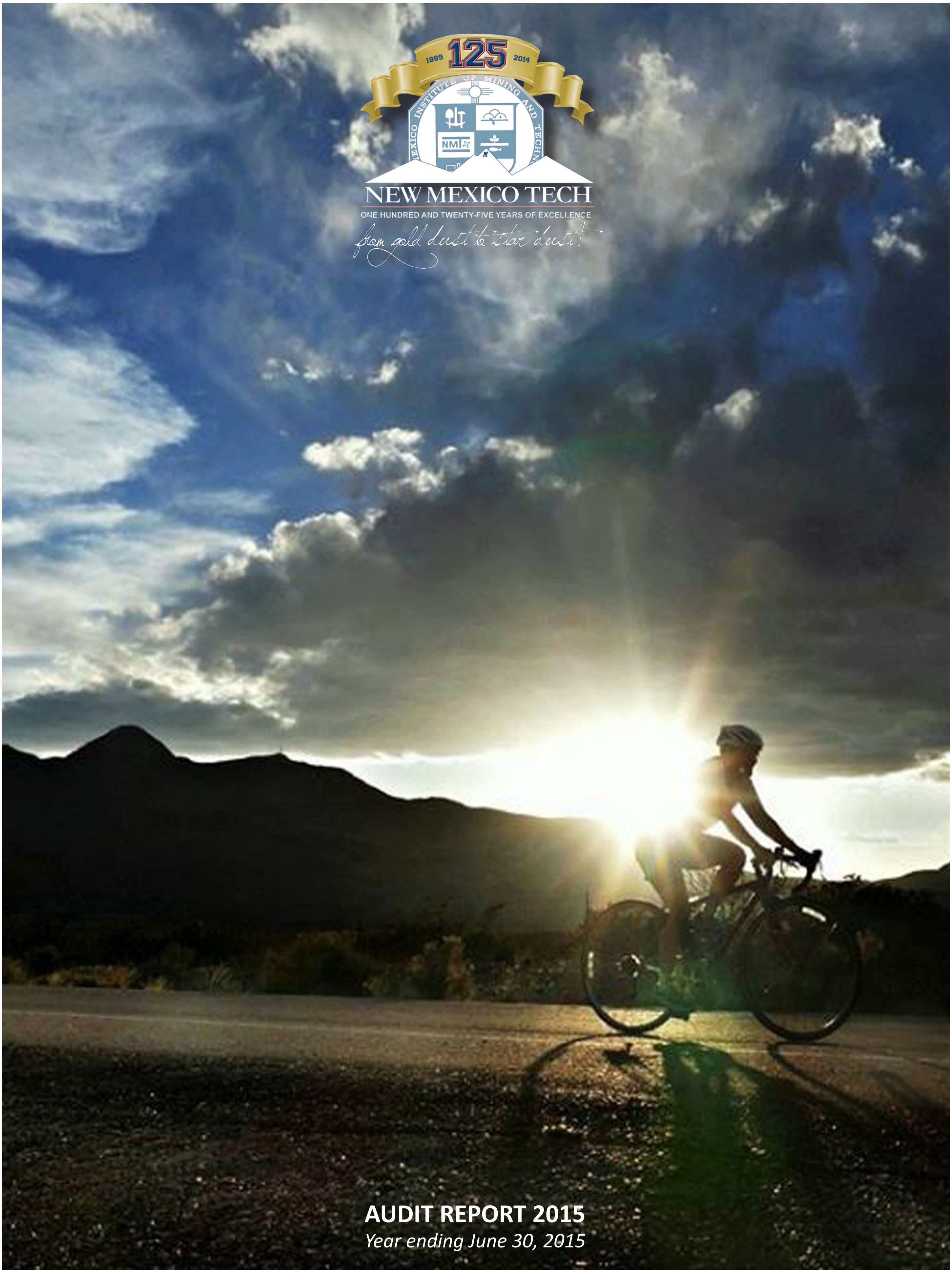

AUDIT REPORT 2015

Year ending June 30, 2015

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PRECISE. PERSONAL. PROACTIVE.

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New Mexico Institute of Mining and Technology

OFFICIAL ROSTER

June 30, 2015

Board of Regents

Ex Officio Members:

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

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Jerry A. Armijo	Secretary-Treasurer
David Gonzales	Member
Donald Monette	Member
Myissa Weiss	Member

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Greer Price	Director, New Mexico Bureau of Geology and Mineral Resources
Robert L. Lee	Director, New Mexico Petroleum Recovery Research Center
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Leyla A. Sedillo	Associate Vice President for Budget and Analysis
Arleen Valles	Director of Finance
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CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

ATKINSON & CO. LTD.
6501 AMERICAS PKWY NE
SUITE 700
ALBUQUERQUE, NM 87110

PO BOX 25246
ALBUQUERQUE, NM 87125

T 505 843 6492
F 505 843 6817

ATKINSONCPA.COM

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Regents
New Mexico Institute of Mining and Technology
Socorro, New Mexico
and
Mr. Timothy Keller
New Mexico State Auditor

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each discretely presented component unit and the fiduciary fund of the New Mexico Institute of Mining and Technology (the Institute) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Institute's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the budgetary comparisons for the unrestricted current funds, restricted current funds, and unrestricted instruction and general funds presented as supplementary information, as defined by the Government Accounting Standards Board, in accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, 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.

Auditors' 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, 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 Institute'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 Institute's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component units, and the fiduciary fund of the Institute, as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the budgetary comparison statements for the year ended June 30, 2015, referenced as schedules 1, 2, 3, and 4 in conformity with the budgetary basis of accounting more fully described in Note A, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note A, the financial statements of the Institute are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities that are attributable to the transactions of the Institute. They do not purport to, and do not present fairly the financial position of the State of New Mexico as of June 30, 2015, and the changes in its financial position and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America (US GAAP).

As discussed in Note L to the financial statements, the Institute adopted Governmental Accounting Standards Board (GASB) Statement No. 68 *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. As part of implementation of this statement, the Institute recorded its pro rata share of unfunded liabilities for its pension participation in the Educational Retirement Board Multi-Employer Cost Sharing Pool and included disclosures required by the statement. Our Opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–14 and the other postemployment benefit and pension schedules on pages 78-82 for the Institute's participation in the Educational Retirement Board Pension Plan 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Institute's basic financial statements and the budgetary comparisons. The accompanying schedules of deposit collateral and multiple-year capital projects funded by general obligation revenue bond and severance tax bond capital outlay appropriations from the state are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards and other schedules 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 schedules referred to above and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The schedule of vendor information, required by 2.2.2 NMAC, 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 November 13, 2015, on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
November 13, 2015

The New Mexico Institute of Mining and Technology (New Mexico Tech, NMIMT, or the Institute) Management's Discussion and Analysis (MDA) of annual financial statements provide an overview of New Mexico Tech's financial activities for the fiscal year ending June 30, 2015. Also included for comparison purposes is a 2014 financial summary. This annual report marks the eleventh year the financial statements are presented in the Governmental Accounting Standard Board Statements (GASB) 34 and 35 reporting format. New Mexico Tech, as do all of New Mexico colleges and universities, uses the Business Type Activity (BTA) format to report the financial statements.

The purpose of the MDA is to provide users of this report with a brief overview of the year's activities as they relate to the funds and assets administered by New Mexico Tech. The MDA is a written discussion of the primary financial statements included in the annual report. It also provides the reader with a discussion of the major activities that occurred during the year and the effect of the activities to New Mexico Tech.

A brief summary is provided for the following financial reports:

- Statement of Net Position (SNP);
- Statement of Revenues, Expenses and Changes in Net Position (SRECNP); and
- Statement of Cash Flows.

The MDA gives New Mexico Tech's management a forum to analyze the activities for the fiscal year; including, but not limited to, a comparison of current fiscal year to last year's financial summary, enrollment data, research activities and capital projects. The report gives the reader a written assessment of the impact of the decisions made during the year that support the mission of New Mexico Tech. Therefore, the MDA begins with a brief description of the primary financial statements.

Statement of Net Position (SNP)

The Statement of Net Position is a report of the financial and capital resources managed by New Mexico Tech. The SNP is a summary of New Mexico Tech's assets and liabilities, and it is a "snapshot" of New Mexico Tech at the close of business at the date of the statement, in this case, June 30, 2015.

The statement format used by New Mexico Tech is Assets plus Deferred Outflows minus Liabilities minus Deferred Inflows equals Net Position. This presentation is new because of the new GASB 68 pension reporting requirements. The new GASB standard requires the New Mexico Tech financial statements to report the pension liability even though the New Mexico Educational Retirement Board manages and oversees the retirement assets and administration of the funds dedicated to New Mexico Tech. Detailed information regarding this change is available in Footnote L. Assets and liabilities are presented in the order of their liquidity. Thus, the current assets and current liabilities are listed before non-current assets and non-current liabilities.

Statement of Cash Flows

The Statement of Cash Flows is a summary of the sources and uses of funds received by New Mexico Tech. The statement is presented in four sections within the accompanying reconciliations. Each section is a summary of the funds received to that particular activity and the funds used for the activity. The Statement of Cash Flows includes:

- Cash flows from operating activities;
- Cash flows from non-capital financing activities;
- Cash flows from capital and related financing activities;
- Cash flows from investment activities; and
- Reconciliation of operating income (loss) to net cash provided by (used in) operating activities.

Note: The New Mexico Institute of Mining and Technology Foundation and The New Mexico Tech University Research Park Corporation's statements are included as component units, but their operations are not managed or controlled by New Mexico Tech.

Comparison of Budget to Actual

Included in this audit report is a Budget Comparison Summary of the original budget to the final budget to actual revenue and expenses for current unrestricted funds and current restricted funds. This report is written in a required format by the New Mexico State Auditor called fund accounting format, which is used for accounting and budgeting by the State of New Mexico.

The Original Budget and the Final Budget are compared to Actual Revenues and Expenditures to reflect the changes in the original budget at New Mexico Tech compared to the final outcome.

A reconciliation of the budget to actual revenues and expenditures is added to ensure that the budgeted and actual numbers agree with the financial statements in accordance with US GAAP. The budget is adjusted twice a year with a Budget Adjustment Request (BAR) that is filed and approved by the Higher Education Department and the New Mexico Department of Finance (DFA).

The restricted current funds revenues and expenditures budget comparisons are submitted for informational purposes. Unlike the unrestricted current fund, the activity for restricted current funds does not coincide with the New Mexico Tech fiscal year.

	Balance June 30, 2015 (In Thousands)	Balance June 30, 2014 (In Thousands)	Difference	% Change
Current Assets				
Cash and cash equivalents	$ 45,157	$ 30,444	$ 14,713	48.3%
Short-term investments	17,841	18,810	(969)	-5.2%
Receivables, net	13,070	23,537	(10,467)	-44.5%
Inventories	1,242	1,206	36	3.0%
Other assets	2,500	2,592	(92)	-3.5%
	79,810	76,589	3,221	4.2%
Non-Current Assets				
Restricted cash and cash equivalents	222	94	128	136.2%
Endowment investments	40,774	32,827	7,947	24.2%
Other long-term investments	43,121	42,318	803	1.9%
Capital assets, net	159,578	150,211	9,367	6.2%
	243,695	225,450	18,245	8.1%
Total Assets	323,505	302,039	$ 21,466	7.1%
Deferred Outflows				
Employer Pension Contributions	4,922	-	4,922	
Total Assets and Deferred Outflows	$ 328,427	$ 302,039	$ 26,388	8.7%
Current Liabilities	$ 15,895	$ 11,559	$ 4,336	37.5%
Total Current Liabilities	15,895	11,559	4,336	37.5%
Non-Current Liabilities	101,424	22,185	79,239	357.2%
Total Non-Current Liabilities	101,424	22,185	79,239	357.2%
Total Liabilities	117,319	33,744	83,575	247.7%
Deferred Inflows				
Pension Actuarial Experience	1,108	-	1,108	
Investment Experience	6,759	-	6,759	
Proportion of Total NPL	6,133	-	6,133	
Total Deferred Inflows	14,000	-	14,000	
Net Position				
Capital assets, net of related debt	147,348	138,146	9,202	6.7%
Restricted net position	83,932	73,814	10,118	13.7%
Unrestricted net position	(34,172)	56,335	(90,507)	-160.7%
Total Net Position	197,108	268,295	(71,187)	-26.5%
Total Liabilities, Deferred Inflows and Net Position	$ 328,427	$ 302,039	$ 26,388	8.7%

Total assets increased $21.2 thousand or 7.1 percent. Several categories in the asset classification changed during the fiscal year.

- Unrestricted Cash and Cash Equivalents increased $14.7 million due to the decrease in accounts receivable. The receivables due from a Department of Energy contract and the State of New Mexico for the Bureau of Geology construction were collected in July 2014.

- Short-Term Investments decreased $1 million due to the construction drawdowns from the bond funds invested with the NM State Treasurer.

- Net Receivables decreased $10.5 million. The decrease included payments received of $4.1 million from the State of New Mexico for the Bureau of Geology building, and grant receivables of $4.9 million from the U.S. Department of Energy.

- Endowment increase of $7.9 million was due to the capital gains for the year.

- Capital Assets increased $9.4 million. This is due to the capitalization of the new Bureau of Geology building.

- Total Liabilities increased $84 million due mainly to the recording of NMT's portion of the unfunded Other Post Employment Benefits (OPEB) liability and Defined Benefit Retirement Plan (retirement pension of $74.4 million and retiree health care benefits of $5.1 million) as mandated by new GASB 68 and existing GASB 45 requirements (See Footnotes G and L).

Net Position is divided into three categories:

- Investment in capital assets, net of related debt: This category consists of capital assets reduced by outstanding debt and accumulated depreciation. The net increase is $9.2 million. The increase is largely attributed to the new Bureau of Geology building.

- Restricted net position: This category is subdivided into non-expendable and expendable. The non-expendable is restricted assets earmarked for investment purposes only, such as endowments. Expendable restricted assets are available for expenditures restricted by the creditor, donor or other external source such as grants and contracts. This category increased $10.1 million.

- Unrestricted net position: This category reports the assets available to New Mexico Tech for any lawful purpose. These funds decreased $90.8 million. The major change of $79.4 million is the result of the new pension and OPEB reporting requirements (See Notes G and L).

Statement of Revenue, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position (SRECNP) is a report of New Mexico Tech's economic activity for the twelve-month period or fiscal year ending June 30, 2015. The SRECNP reports the revenues and expenses for one-year's activity, unlike the SNP, which is a snapshot of New Mexico Tech as of the date of the statement. Operating and non-operating revenues and expenditures are reported in this statement.

Operating revenues are received to provide goods and services to the constituencies of New Mexico Tech. The operating revenue includes tuition, federal, state and private grants and contracts and auxiliary service fees.

- Total operating revenue decreased $7.0 million.
- Net tuition revenue increased $1.1 million.
- Grants and contracts revenue decreased $8.7 million.
- All other operating income decreased $1.7 million.

Operating expenses are the cost of providing the goods and services for the operating revenue received.

- Total operating expenses increased $6.2 million.
- Research and other sponsored expenditures decreased $9.2 million.
- State appropriations, including I&G and RPSP, were $38.7 million compared to last year's $36.8 million.
- The net operating loss for this fiscal year is $53.0 million compared to last year's net operating loss of $44.0 million. The GASB-required reporting format is mandated to exclude state support as operating revenue. New Mexico Tech and all state universities do report an operating loss from operations.
- Non-operating revenues are funds or commitments received in support of the Institute, but which do not provide for the operation of the Institute, such as interest income, gifts and endowments. The one major exception for public colleges and universities is state appropriations. GASB 34/35 requires state appropriations to be included as non-operating revenues, even though those revenues are in direct support of the educational mission of the Institute. Instruction and general expenses are reported as operating expenses; therefore, because of this anomaly, an operating loss is reported each year. Non-operating expenses are the expenditure or investment of the funds received from non-operating sources.

Non-operating revenues decreased $34 thousand compared to last year. State appropriations increased $1.8 million and capital appropriations increased $370 thousand. Addition to endowments decreased $3.2 million.

Comparative Statement of Revenues and Expenses (in thousands) for the two years ending June 30:

	Year Ending June 30, 2015 (In Thousands)	Year Ending June 30, 2014 (In Thousands)	Difference	%
Operating Revenue				
Tuition and fees	$ 14,296	$ 13,179	$ 1,117	8.5%
Less discount allow	(3,627)	(3,696)	69	-1.9%
G&C	59,658	68,405	(8,747)	-12.8%
Sales and service aux	6,119	6,328	(209)	-3.3%
Less discount allow	(1,153)	(1,364)	211	-15.5%
Other	8,590	8,068	522	6.5%
	83,883	90,920	(7,037)	-7.7%
Operating Expense				
Instruction	16,399	16,779	(380)	-2.3%
Academic support	2,001	1,874	127	6.8%
Student services	1,876	1,909	(33)	-1.7%
Institutional support	7,249	7,614	(365)	-4.8%
O&M	5,954	6,324	(370)	-5.9%
Research	56,962	66,193	(9,231)	-13.9%
Public service	728	521	207	39.7%
Student aid	13,137	12,298	839	6.8%
Auxiliaries	5,087	5,299	(212)	-4.0%
Less discount allow	(4,780)	(5,060)	280	-5.5%
Depreciation	9,704	8,954	750	8.4%
OPEB expense	5,094	-	-	-
Pension expense	3,018	-	-	-
Independent ops	4,310	3,822	488	12.8%
Plant funds	2,837	3,423	(586)	-17.1%
Other	7,267	4,959	2,308	46.5%
	136,843	134,909	(6,178)	-4.6%
Operating Loss	(52,960)	(43,989)	(859)	2.0%
Non-Operating Revenue				
State appropriation	38,658	36,821	1,837	5.0%
State LGPF	3,055	5,052	(1,997)	-39.5%
Gifts	1,333	741	592	79.9%
Int and investment income	409	52	357	686.5%
Other	9,283	7,243	2,040	28.2%
Capital appropriation	12,770	12,400	370	3.0%
Add to perm endow.	1,601	4,834	(3,233)	-66.9%
	67,109	67,143	(34)	-0.1%
Operating Revenue	83,883	90,920	(7,037)	-7.7%
Non-Operating Revenue	67,109	67,143	(34)	-0.1%
Total Revenue	$ 150,992	$ 158,063	$ (7,071)	-4.5%
Total Operating Expense	$ 136,843	$ 134,909	$ 1,934	1.4%

Capital Assets

The New Mexico Tech Board of Regents approved the construction of the new Bureau of Geology and Mineral Resources Building at their October 2013 board meeting. The Bureau of Geology and Mineral Resources building is known as the Charles and Jessie Headen Center. The new $24 million building is 85,000 square feet and three stories. Construction was paid for by an $18 million General Obligation Bond approved by New Mexico voters in 2012, and a $6 million appropriation during the 2013 legislative session. The Bureau has consolidated all its office and lab spaces into the new building, including the New Mexico Mineral Museum and the Bureau bookstore.

New Mexico voters approved a $15 million State of New Mexico General Obligation Bond issue to construct a new chemistry building. The new facility will be a 40,000-square-foot building, complete with labs, conference rooms, offices and classrooms.

The construction project is estimated to take 18 months to complete. To date, the project has been approved by the New Mexico Tech Board of Regents, New Mexico Higher Education Department and the State of New Mexico Board of Finance. The building will be constructed on the site of the old Bureau of Geology building.

Debt Administration

The Board of Regents of New Mexico Institute of Mining and Technology System Revenue Bonds, Series 2011.

The bond term is 20 years with an effective interest rate of 4.441 percent. The annual principal and interest payments average $1,066,050. The debt is serviced with unrestricted revenues including auxiliary, tuition, fees, and overhead income.

Total proceeds deposited from the bond sale, including the premium and after-cost of issuance, was $14,041,092. $11 million was dedicated to the construction of the new dormitory and related projects, and $5 million is dedicated for equipment and construction of the Magdalena Ridge Observatory project. The funds for both projects have been expended and committed. The semiannual payment of principle and interest is paid on January 1 and July 1. The outstanding long-term bond debt on June 30, 2015 was $12,230,401.

Currently Known Facts

Enrollment

Enrollment at New Mexico Tech continues to steadily increase.

The Fall 2015 freshman and transfers enrollment is 408 compared to 391 last year. Additionally, total enrollment numbers are trending upward for New Mexico Tech.

School Year	Head Count	Credit Hours (CH)	End of Course (CH)	
2010-11	1,914	45,499	41,597	91.4%
2011-12	2,009	47,641	46,003	96.6%
2012-13	2,105	50,865	49,425	97.2%
2013-14	2,134	52,426	50,616	96.6%
2014-15	2,150	53,027	51,484	97.1%
% Change	12.3%	16.7%	23.8%	

As the chart above demonstrates, head count, credit hours and end-of-course completion rates continue to increase. The End Of Course is a measure used to calculate the higher education funding formula The percent changes over the last five years are positive, especially the End of Course increase. The percent EOCCH to CH also shows increased performance that is directly related to the quality of the student, faculty and staff at New Mexico Tech.

The national economy continues to improve. The main source of revenue for the State of New Mexico, gas and oil, have declined compared to last year. Future funding from the State is uncertain at the date of this report.

The New Mexico Tech faculty and administration have continued to deliver a quality education to the students. Additional faculty was hired for the current school year replacing many vacant positions that were on hold because of past budget reductions.

New Mexico Tech graduates with bachelor's degrees continue to get entry-level employment in the $60,000 and above pay range. This level is a testament to the quality of the education received by New Mexico Tech graduates and the high demand for highly qualified students with science, technology, engineering and math (STEM) degrees.

Higher Education Funding Formula

The funding formula for higher education in New Mexico was revamped in fiscal year 2013. Instead of funding universities for student credit hours at the census date, third week of classes, the new formula now funds universities on outcomes, end-of-course completion, awards (diplomas and certificates), work force incentives (STEMH), at-risk student enrollment (Pell eligible) and sector-specific measures, which for the research universities is calculated as research expenditures. Although state revenue is forecast to increase, the flow down to higher education is not expected to generate funding that will allow any major issues to be addressed. Increased funding for the Institute will be offset by increased costs such as health insurance, risk management insurance, utilities, etc. The NMT administration is addressing faculty salaries to be comparable to New Mexico Tech peer institutions over a three-year period. The 2015 budget included faculty salary increases above and beyond the cost of living increase.

Currently Known Facts - Continued

Concern for future enrollment is based on the same circumstances that existed for several years; i.e., the forecast for high school graduation rates in New Mexico continues to be discouraging because of smaller graduating classes and low high school graduation rates. Smaller high school graduating classes means fewer students are in the pipeline to attend New Mexico colleges and universities. New Mexico Tech has been successful in recruiting and enrolling New Mexico high school graduates. The 2015 enroll of New Mexico students is 85 percent.

Research

Research expenditures are not affected by the state budget, but they are highly dependent on the federal budget.

Research continues to provide a public service to the community and enhances the educational experience for the students. By the time they graduate, most students have hands-on experience in their major field of study because of the research programs at New Mexico Tech. This is a rare opportunity for students, and it is provided by only a select few universities in the world. Our students have an advantage when they go into the workforce.

NMIMT's Incurred Cost Audit report shows that externally funded research activity has decreased for FY14 to FY 15 as indicated below:

FY15	$	58,975
FY14		67,762
FY13		64,484
FY12		70,182
FY11		89,011
FY10		88,229
FY09		86,804

The Bureau of Geology and Mineral Resources is mainly funded by the State of New Mexico through the Research and Public Service Projects (RPSP) line item in the higher education budget.

The Petroleum Research and Recovery Center is also funded via the RPSP budget. However, a U.S. Department of Energy carbon sequestration project has been in place for several years, and its expenditures decreased from $14.3 million in FY14 to $10.4 million in FY 2015.

The Energetic Materials Research and Testing Center (EMRTC) research programs decreased from $33.7 million in FY14 to $29.0 million in FY15. The $22 million training program with Homeland Security was renewed and will go into effect October 2015. It is a premier training program for first responders in the United States.

Research - Continued

The Magdalena Ridge Observatory interferometer is still under construction, but completion is expected to be on schedule. The single telescope is operational and has participated in many astronomical projects. Funds for the interferometer from 2012 from New Mexico Tech Revenue Bond funds to equip and construct the facility have been exhausted, but MRO was awarded a $25 million, five-year contract from the United States Air Force Research Lab to continue advancing the project.

IRIS/PASSCAL Center federal funding is very stable. The contract was renewed with New Mexico Tech. It is a world-renowned program internationally recognized for its resources and research program for earth and environmental research programs.

Economic Outlook

The economic outlook for New Mexico Tech continues to be closely monitored by the administration. Decisions by the NMT administration are dependent on actions taken by the state and federal government. Proactive financial and budget actions were taken early in the global economic downturn to reduce budgets. The result of adjusting the NMT base during the economic downturn of prior years is reflected in NMT's ability to continue to grow and thrive in the current year. Recent revenue forecast for the State of New Mexico is not promising. Funding for higher education will be offset by continued increased operational costs and unfunded mandates placed on higher education by all levels of government, students and those served by colleges and universities. The New Mexico Tech staff has been very cooperative in managing their departmental budgets. The staff has picked up additional duties to continue to provide a quality educational experience for our students through ongoing student support services and facilities.

New Mexico Tech's national and international reputation as an outstanding research university has made it a go-to organization for many federal, state and private companies to address their needs. The research programs enhance the teaching, research and economic development missions of New Mexico Tech, the local community, the State of New Mexico, and the United States of America.

The longevity and the success of the established programs at New Mexico Tech have helped solidify their funding; however, their budgets for future funding continue to be a target by both the state and federal grantors.

The New Mexico Tech Admission Office has increased its recruitment efforts in states such as Texas, California and Arizona. These states are ripe for recruitment because their universities are at or near full capacity, and they have a large Hispanic population. New Mexico Tech continues to reach its goal of being recognized as a Hispanic Serving Institution. By qualifying as a Hispanic Serving Institution, additional research and grants, plus other funding opportunities, are available to New Mexico Tech.

Total applications for the school year 2015-16 were 1,866 compared to 1,291 last year. Total new students enrolled was 412 compared to 401 enrolled last year.

Capital Projects

The Magdalena Ridge Observatory construction is still a work in progress. The total project is estimated at $60 million. The first phase of the construction, the single telescope, is completed and operational. The second phase of the construction, the interferometer, is expected to be completed and operational within the next two years. New Mexico Tech was awarded a $25 million contract in September 2015 to continue the construction.

Requests for Information

Questions concerning any of the financial information provided in this report or requests for additional information should be addressed to Lonnie G. Marquez, Vice President for Administration and Finance, New Mexico Institute of Mining and Technology, 801 Leroy Place, Socorro, New Mexico 87801-4796. There are separately issued financial statements available for the New Mexico Tech Research Foundation and New Mexico Tech University Research Park Corporation, the component units of the Institute. These are available at the same location.

New Mexico Institute of Mining and Technology

STATEMENT OF NET POSITION

June 30, 2015

		Component Units	
	Institute	Research Park	Foundation
ASSETS			
Current Assets			
Cash and cash equivalents	$ 45,156,875	$ 138,461	$ 173,651
Short-term investments	17,841,430	-	20,643,828
Contract and grant billed and unbilled receivables	9,653,376	-	-
Student accounts receivable, net of allowance for doubtful accounts of $424,953	481,932	-	-
General obligation bond cost-reimbursement and other accounts receivable	2,934,316	-	-
Inventories	1,242,059	-	-
Other assets	2,500,035	10,842	321,800
Total current assets	79,810,023	149,303	21,139,279
Noncurrent Assets			
Restricted cash and cash equivalents	221,467	-	-
Endowment investments	40,774,202	-	2,775,843
Other long-term investments	43,120,225	3,777,544	917,703
Capital assets, net of accumulated depreciation	159,577,989	-	1,746,868
Total noncurrent assets	243,693,883	3,777,544	5,440,414
Total assets	323,503,906	3,926,847	26,579,693
Deferred Outflows of Resources			
Employer pension contributions	4,922,248	-	-

The accompanying notes are an integral part of these financial statements.

STATEMENT OF NET POSITION - CONTINUED

June 30, 2015

	Institute	Component Units: Research Park	Component Units: Foundation
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	$ 11,231,212	$ -	$ 7,423
Accrued compensated absences - current portion	3,484,954	-	-
Due to primary government	-	58,013	-
Other liabilities	-	-	1,507
Deposits	199,190	-	-
Unearned revenue	979,414	-	-
Total current liabilities	15,894,770	58,013	8,930
Noncurrent Liabilities			
Accrued compensated absences	4,433,878	-	-
Bonds payable	11,575,000	-	-
Bonds premium, net of accumulated amortization	655,401	-	-
Net other post employee benefits obligation	5,093,580	-	-
Net pension liability	74,355,364	-	-
Other noncurrent liabilities	5,310,413	-	1,832,269
Total noncurrent liabilities	101,423,636	-	1,832,269
Total liabilities	117,318,406	58,013	1,841,199
Deferred inflows of resources			
Pension actuarial and investment experience and proportion of total employer net pension liability	13,999,672	-	-
Total deferred inflows of resources	13,999,672	-	-
NET POSITION			
Net investment in capital assets	147,347,589	-	1,746,868
Restricted for			
Nonexpendable			
Endowments and all other nonexpendable	75,602,148	-	2,775,843
Expendable			
Scholarships, research, instruction, and other	5,402,790	-	980,197
Loans	2,235,099	-	-
Capital projects	693,127	-	-
Debt service	-	-	-
Unrestricted (deficit)	(34,172,677)	3,868,834	19,235,586
Total net position	$ 197,108,076	$ 3,868,834	$ 24,738,494

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2015

		Component Units	
	Institute	Research Park	Foundation
OPERATING REVENUES			
Tuition and fees	$ 14,296,372	$ -	$ -
Tuition discounts and allowances	(3,626,927)	-	-
Federal grants and contracts	42,154,920	-	-
State and local grants and contracts	2,746,461	-	-
Private grants and contracts	10,873,336	-	-
Other grants and contracts	3,883,452	-	-
Sales and services of auxiliary enterprises	6,118,574	-	-
Auxiliaries scholarship allowances	(1,152,785)	-	-
Other	8,589,847	1,071,744	90,427
Total operating revenues	83,883,250	1,071,744	90,427
EXPENSES			
Instruction and general			
Instruction	16,399,479	-	-
Institutional support	7,248,992	-	-
Operations and maintenance support	5,953,721	-	-
Student services	1,876,084	-	-
Academic support	2,001,444	-	-
Other sponsored activities	35,684,305	-	-
Research	21,277,293	-	-
Student aid grants and stipends	13,137,480	-	1,487,437
Expense related to tuition discounts and allowances	(3,626,927)	-	-
Depreciation and amortization	9,703,812	-	59,932
Auxiliary enterprises	5,086,525	-	-
Other expenditures	7,266,562	32,134	318,031
Independent operations	4,309,708	-	1,020,218
Plant funds	2,837,125	-	-
Public service	727,633	-	-
Other post employee benefits expense	5,093,580	-	-
Pension expense	3,018,263	-	-
Expense related to auxiliary discounts and allowances	(1,152,785)	-	-
Total operating expenses	136,842,294	32,134	2,885,618
Operating loss	(52,959,044)	1,039,610	(2,795,191)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - CONTINUED

Year Ended June 30, 2015

	Institute	Component Units: Research Park	Component Units: Foundation
NONOPERATING REVENUES			
State appropriations	$ 38,657,845	$ -	$ -
Gifts	1,333,157	-	-
Interest and investment income, net	320,449	2,511,694	342,322
Net nonoperating revenues	40,311,451	2,511,694	342,322
(Loss) Income before other revenues and expenses	(12,647,593)	3,551,304	(2,452,869)
OTHER REVENUES AND CAPITAL ITEMS			
Other revenues	9,282,886	146,031	658,145
Additions to permanent endowments	1,689,902	-	1,859,294
State land grant permanent fund income	3,054,654	-	-
Capital project appropriations from state issued bonds and other	12,769,686	-	-
Net other revenues	26,797,128	146,031	2,517,439
Net increase in net position	14,149,535	3,697,335	64,570
Net position, beginning of year before restatement	268,295,328	171,499	24,673,924
Prior period restatement	(85,336,787)	-	-
Net position, beginning of year after restatement	182,958,541	171,499	24,673,924
Net position, end of year	$ 197,108,076	$ 3,868,834	$ 24,738,494

The accompanying notes are an integral part of these financial statements.

New Mexico Institute of Mining and Technology

STATEMENT OF CASH FLOWS

June 30, 2015

		Component Units	
	Institute	Research Park	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES			
Tuition and fees	$ 10,697,386	$ -	$ (1,487,437)
Grants and contracts	64,705,366	-	-
Sales and services of auxiliary enterprises	4,965,789	-	-
Other receipts	14,111,041	-	90,427
Payments to employees	(62,655,285)	-	-
Payments to suppliers	(57,070,904)	-	(244,516)
Other sources	-	(29,448)	(1,127,149)
Net cash (used in) operating activities	(25,246,607)	(29,448)	(2,768,675)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State appropriations	38,657,845	-	-
Gifts for other than capital purposes	1,333,157	-	-
Other nonoperating receipts	9,282,886	-	-
Net cash provided by noncapital financing activities	49,273,888	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(18,787,728)	-	-
Payments of principal on bond obligations	(530,688)	-	-
Payments of interest on bond obligations	(541,226)	-	-
Capital project appropriations from state issued bonds and other	12,769,686	-	-
Net cash (used in) capital and related financing activities	(7,089,956)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of investments, net	-	-	4,506,938
Additions to endowments	-	-	1,859,294
Unrealized gain on land grant permanent fund	(1,158,309)	-	-
Distributions received from land grant permanent fund	3,054,654	-	-
Investment purchases	(5,915,421)	-	(2,205,269)
Cash received for notes receivable, net	-	-	168,684
Investment income	1,921,833	156,556	(1,721,231)
Net cash (used in) provided by investing activities	(2,097,243)	156,556	2,608,416
Net increase (decrease) in cash and cash equivalents	14,840,082	127,108	(160,259)
Cash and cash equivalents, beginning of year	30,538,260	11,353	333,910
Cash and cash equivalents, end of year	$ 45,378,342	$ 138,461	$ 173,651
Cash and cash equivalents			
Unrestricted	$ 45,156,875	$ 138,461	$ 173,651
Restricted	221,467	-	-
Total	$ 45,378,342	$ 138,461	$ 173,651

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS - CONTINUED

June 30, 2015

	Institute	Component Units Research Park	Component Units Foundation
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH USED BY OPERATING ACTIVITIES			
Operating (loss) income	$ (52,959,044)	$ 1,039,610	$ (2,795,191)
Adjustments to reconcile operating (loss) income to net cash used by operating activities			
Depreciation and amortization expense	9,703,812	-	82,444
Net pension expense	3,018,249	-	-
Current year deferred pension contributions	(4,922,248)		
Net OPEB expense	5,093,580		
(Gain) on sale of assets	(360,418)	(1,071,744)	-
Changes in assets and liabilities			
Student accounts receivable	(53,167)	-	-
Inventories	(35,915)	-	-
Other assets	92,238	18,934	700,000
Contract and grant billed and unbilled receivables	4,998,732	-	-
General obligation cost-reimbursement and other receivables	5,521,194	-	-
Accounts payable and accrued expenses	4,121,437	-	(806,931)
Other liabilities	48,465	-	-
Student and other deposits	(11,130)	-	-
Compensated absences	497,608	-	-
Other payables	-	(16,248)	51,003
Net cash used in operating activities	$ (25,246,607)	$ (29,448)	$ (2,768,675)

SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES

During 2015, the Institute implemented accrual of the net pension liability in accordance with GASB 68 which included the following non-cash adjustments:

Employer pension contributions	$ 4,922,248
Net pension liability as of June 30, 2014 as a prior period restatement	$ 85,336,787
Net pension expense	3,018,249
Pension actuarial and investment experience and proportion of total employer liability	(13,999,672)
Net pension liability as of June 30, 2015	$ 74,355,364

New Mexico Institute of Mining and Technology

STATEMENT OF FIDUCIARY NET DEFICIT AVAILABLE FOR BENEFITS

June 30, 2015

ASSETS	
Cash and cash equivalents	$ 234,566
Employee contributions receivable	342,777
Investments at fair value	1,341,461
Total assets	1,918,804
LIABILITIES	
Claims incurred but not reported	494,404
Due to NMIMT	350,000
Flexible benefits payable	6,921
Unfunded other post employment benefits obligation, net	5,093,580
Total liabilities	5,944,905
Net deficit available for benefits	$ (4,026,101)

The accompanying notes are an integral part of these financial statements.

New Mexico Institute of Mining and Technology

STATEMENT OF CHANGES IN FIDUCIARY NET DEFICIT AVAILABLE FOR BENEFITS

Year Ended June 30, 2015

INCREASE IN FIDUCIARY NET POSITION ATTRIBUTED TO:	
Employer contributions	$ 4,967,039
Employee contributions	3,639,751
Investment income	49,949
Total revenues	8,656,739
DECREASE IN FIDUCIARY NET POSITION ATTRIBUTED TO:	
Claims expense, net of stop-loss refunds of $246,052 in 2015	5,102,213
Other post employment benefits expense, net	5,093,580
Insurance premiums	1,185,566
General and administrative	398,663
Total expenses	11,780,022
Net decrease in fiduciary net deficit available for benefits	(3,123,283)
Fiduciary net deficit available for benefits, beginning of year	(902,818)
Fiduciary net deficit available for benefits, end of year	$ (4,026,101)

The accompanying notes are an integral part of these financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

The New Mexico Institute of Mining and Technology (the Institute or NMIMT) is declared to be and is confirmed as a state educational institution by Section 11 of Article XII of the Constitution of the State of New Mexico, as amended. The Institute was founded in 1889 under the New Mexico Territorial Laws of 1889.

According to the Constitution of the State of New Mexico, the legislature shall provide for the control and management by a Board of Regents consisting of five members appointed by the Governor and confirmed by the State Senate for overlapping terms of six years. Section 21-11-4 of the New Mexico Statutes Annotated, 1978 Compilation (NMSA 1978), also vests this control and management in the Board of Regents.

The Institute offers both graduate and undergraduate degree programs in many fields. Major programs offered include earth sciences, physical and biological sciences, mineral engineering disciplines, mathematics, and computer science. The Institute is also involved in numerous research projects, many of which are performed under government or private contracts.

2. Basis of Presentation

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

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

In evaluating how to define the Institute for financial reporting purposes, management has evaluated the Institute's potential component units. The basic, but not the only, criterion for including a potential component unit as part of the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability of responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of the criterion involves considering whether the activity benefits the Institute. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing or fiduciary relationships, regardless of whether the Institute is able to exercise oversight responsibilities.

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

Discretely Presented Component Units

In the financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the Institute. Based on the application of these criteria, the New Mexico Tech Research Foundation and New Mexico Tech University Research Park are included in these financial statements as discretely presented component units.

The New Mexico Tech Research Foundation (the Foundation) is a New Mexico not-for-profit corporation located in Socorro, New Mexico. The Foundation is organized to solicit, receive, hold, invest, and transfer funds to the New Mexico Institute of Mining and Technology by making available funds for institutional support, scholarships, and other benefits. The Foundation has no component units.

The inclusion of the assets and income of the Foundation as a discretely presented component unit of the Institute, for accounting purposes only, has been directed by generally accepted accounting principles as applied to governmental units. The Foundation has no obligation to provide resources and earnings to the Institute, except by action of the Foundation's Board of Trustees. The Foundation's Board of Trustees is appointed by the Institute and is made up of five members with no employment relationship with the Institute and only one member with an employment relationship.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2. Basis of Presentation – Continued

The New Mexico Tech University Research Park Corporation (the Corporation), is a New Mexico corporation located in Socorro, New Mexico which has applied for not-for-profit status. The Corporation is organized to pursue inventions, copyrights, patents and other intellectual properties in order to assist the Institute by making available funds to pursue technology research and other programs being carried out by the Institute. The Corporation has no component units.

Blended Component Unit

New Mexico Institute of Mining and Technology Employee Benefit Trust
The New Mexico Institute of Mining and Technology Employee Benefit Trust is a legally formed trust that is tax exempt under section 501(c)(9) of the Internal Revenue Code and is presented as a fiduciary fund in the financial statements. The trust was established to provide a funding vehicle to which participants and the Institute contribute to prefund, in part, the cost of other postemployment benefits for eligible retirees of the Institute.

The financial statements of New Mexico Tech Research Foundation, New Mexico Tech University Research Park Corporation, and the New Mexico Tech Employee Benefit Plan can be obtained directly at the Institute's office at the following address: New Mexico Institute of Mining and Technology, 801 Leroy Place, Socorro, New Mexico 87801.

3. Basis of Accounting

For financial reporting purposes the Institute is considered a special-purpose government engaged only in business-type activities in conformity with accounting principles generally accepted in the United States of America. Accordingly, the Institute’s primary institution 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. All significant intra-agency transactions have been eliminated.

The Institute follows Governmental Accounting Standards Board (GASB) Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* which codifies preexisting authoritative guidance from all sources into GASB standards and edits such standards for the government environment as appropriate.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

3. Basis of Accounting – Continued

The Institute follows Governmental Accounting Standard Board Statement No. 63, *Financial Reporting of Deferred Outflows or Resources, Deferred Inflows of Resources, and Net Position* (GASB 63). GASB 63 introduces a fundamental change to the reporting of elements that make up a statement of financial position.

Deferred outflows of resources consumed and deferred inflows of resources received and available as they are now included in the elements that make up a statement of financial net position and GASB 63 introduces the term net position for reporting the residual of all elements in a statement of financial net position. The statement of financial net position of the Institute at June 30, 2015 conforms to the presentation requirements of GASB 63.

The Institute follows Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). GASB 65 changed the classification of various financial statement balances including several more common type transactions for presentation as assets and liabilities to deferred outflows and inflows of resources. Any bond issuance costs for new bond authorizations will be expensed beginning this year under this standard. There were no new bond issuance costs incurred by the Institute during the year ended June 30, 2015. The FY12 debt issuance costs were not material to the financial statements and therefore, not restated in accordance with GASB 65.

The Institute engages in federal grant, contract and cooperative agreement programs commonly referred to as “reimbursement type” programs. These programs require that the recipient (the Institute) must incur allowable costs as defined by the agreement types in order to draw down funds against the particular project. This is the principal eligibility requirement for the recognition of the revenue. Upon incurring an allowable cost, the Institute simultaneously recognizes a receivable and revenue in the amount of the expenditures incurred. All other eligibility requirements or grants, as applicable, must also be satisfied.

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 Government Accounting Standards Board (GASB) and the Higher Education Department’s Financial Reporting for Public Institutions in New Mexico.

The financial statement presentation required by GASB provides a comprehensive, entity-wide perspective of the Institute’s assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows, and replaces the fund-group perspective previously required.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

4. 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 expenditures during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include claims incurred but not reported liability (IBNR), net other postemployment benefits (OPEB) obligation, the unfunded accrued actuarial liability (UAAL) for postemployment benefits, depreciation, tuition discounts and allowances, environmental cleanup liability reserves and incurred cost rate audit adjustments, and fair value measurements on investments.

5. Budget

The Institute follows the requirements established by the New Mexico Higher Education Department (HED) in formulating its budgets and in exercising budgetary control. It is through the HED's policy that, when an appropriation has been made to the Institute, its Board of Regents can, in general, adopt an operating budget within the limits of available income.

Procedures for Approval of Operating Budgets

a) The institution will submit an original typed copy that has been approved by the Institution's regents to the HED's office by May 1st.

b) The HED meets in June and acts on approval of the budgets.

c) The budgets, as approved by the HED, are transmitted to the Budget Division of the Department of Finance and Administration for official approval prior to July 1.

Unexpended state appropriations do not revert to the State of New Mexico at the end of the fiscal year, and are available for appropriation by the Institute in subsequent years, per the General Appropriation Act.

6. Budgetary Basis and Control

Under Title 5 of the New Mexico Administrative Code, Chapter 3, part 4, paragraph 10 – Items of Budgetary Control: total expenditures or transfers may not exceed the amount shown in the approved budget. Expenditures used as the items of budgetary basis are as follows: (1) unrestricted and restricted expenditures are considered separately; (2) total expenditures in instruction and general; (3) total expenditures of each budget function in current funds other than instruction and general; and (4) within the plant funds budget, the items of budgetary control are major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service. Budget revisions must be approved by the executive secretary of the New Mexico Department of Higher Education and then by the Budget Division of the Department of Finance and Administration.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

7. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and current investments, which are defined as investments that are readily convertible to cash or reach their original maturity date within three months. Cash restricted by grants, and collected for auxiliary projects is included in cash and cash equivalents. The Institute accounts for its investments at fair value in accordance with GASB Statement No. 31, Certain Investments and External Investment Pools.

8. Restricted Cash and Cash Equivalents

This cash is resources that the Institute is legally or contractually obligated to spend in accordance with imposed restrictions by third parties.

9. Investments

Investments are made in accordance with the Constitution of the State of New Mexico and the policies of the Board of Regents. The investment policy was amended to incorporate the provisions of the Uniform Prudent Investor Act, NMSA 47-7 (601-612) by Board Resolution during December 2013.

Stocks, bonds, real estate held for sale or investment, and similar investments are generally reported at fair value. The basis of determining the fair value of investments is the readily determinable sales price or current exchange rate of the investments based on prices or quotations from over-the-counter markets. In the case of pooled funds or mutual funds, the fair value is determined as the number of units held in the fund multiplied by the price per unit share as publicly quoted. The income from the Institute's interest in the Land Grant Permanent Fund, which interests are managed by the New Mexico State Investment Council, is distributed monthly to the Institute.

Assets held by others, which are neither in the possession of nor under the control of the Institute, are not reflected in the accompanying basic financial statements. The most significant example is assets held by the Foundation from which the Institute is entitled to 4.5% of the income but has no title to the assets themselves. However, income earned on such assets upon which the Institute has claim is recorded in the accompanying basic financial statements.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

9. Investments – Continued

The Institute accounts for its investment portfolio at the fair market value on June 30 of each fiscal year. Endowment income is reported each year based on the fair market value of the investments. The investments are managed on a total return basis with 4.5% of the average five-year market value being made available for expenditure, and the remaining returns retained in the funds to compensate for inflationary growth. In the case of reserves, allocated, and agency funds, the total returns will remain with the funds until these funds are required to be expended for the purposes for which they were established. Unrestricted capital gains reported for the endowment fund pooled investments for fiscal year ending June 30, 2015, were $1,510,045. Endowment income made available for distribution for the established purpose was $993,816. The Institute has adopted the State of New Mexico Uniform Prudent Management of Institutional Funds Acts (Chapter 46, Article 9A NMSA 1978) in accounting for net appreciation/depreciation of endowments effective July 1, 2014.

10. Inventories

Inventories of supplies and materials held for sale or use are stated substantially at average weighted cost. Golf course inventory is stated at cost.

11. Income Taxes

The Institute, as an instrumentality of the State of New Mexico, is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Contributions to the Institute are deductible by donors as provided under Section 170 of the Internal Revenue Code. During 2015, there was no unrelated business income received by the Institute. The Foundation and Research Park Corporation are both exempt from taxes under Section 501(c)(3) of the Internal Revenue Code for their normal activities not unrelated to their exempt purpose. The Employee Benefit Trust is also exempt from taxes under Section 501(c)(9) of the Internal Revenue Code for their normal activities not unrelated to their exempt purpose.

12. Accounts Receivable

The Institute records student tuition and fees and student accounts receivable at rates established at the time a student registers for classes. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the Institute's grants and contracts. A provision for uncollectible student accounts is recorded to maintain an adequate allowance for anticipated losses.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

12. Accounts Receivable - Continued

The allowance for doubtful accounts includes consideration for the credit risk associated with the various receivables. This allowance is attributed to accounts that have been deemed to be 100% uncollectible.

13. Other Receivables

Other receivables consist of amounts due under various agreements not related to grants or contracts and amounts due from component units. Management reviews the collectability of its receivables and, if necessary, records an allowance for its estimate of uncollectible accounts. Bad debt history and current facts and circumstances are their primary bases for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. There was no allowance at year-end.

14. Other Assets

Other assets primarily consist of student loans outstanding under the federal Perkins loan program.

15. Noncurrent Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net position.

16. Capital Assets

This represents the Institute's capital assets less depreciation, net of any outstanding debt obligations related to those capital assets. Capital assets are defined as tangible or intangible assets that are used in operations and have a useful life beyond a single reporting period. The Institute has bond obligations related to capital assets for 2015 (see Note F).

Property, plant, and equipment purchased or acquired at a value of $5,000 or greater are capitalized per Section 12-6-10 NMSA 1978. All capital assets are valued at historical cost or estimated historical cost if actual history is not available. Donated assets, or those contributed by other governmental entities, are valued at their estimated fair market value on the date donated. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized in the year in which the project was completed. The Institute does not capitalize historical treasures or works of art as they are immaterial. Other costs incurred for repairs and maintenance are expensed as incurred.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

16. Capital Assets - Continued

Depreciation on all assets is provided on the straight-line basis over estimated useful lives with no salvage value. Estimated useful lives and capitalization thresholds of capital assets are as follows:

	Life (in years)	Threshold
Land improvements	30	$ 100,000
Building	30	$ 100,000
Infrastructure	30	$ 100,000
Computers	3	$ 5,000
Equipment	5	$ 5,000
Vehicles	7	$ 5,000
Heavy equipment	12	$ 5,000
Library books	10	All
Software - minor	5	$ 5,000
Software - major	10	$ 50,000

17. Compensated Absences

The Institute accounts for the accumulated vacation leave on the accrual basis. Accrued vacation up to 240 hours for employees with 10 years of service and 336 hours thereafter is recorded at 100% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA). Employees exempt from coverage by FLSA earn one hour of compensatory time for each overtime hour.

18. Unearned Revenue

Revenue for each academic session is reported within the fiscal year during which the session is completed. Revenues for the summer session starting in May 2015 are shown as unearned revenue in the accompanying financial statements since the session was not completed at June 30, 2015. Unearned revenue does not include amounts received from grant and contract sponsors that have not yet been earned which are classified as deferred inflows of resources.

19. Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as noncurrent assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

20. Net Position

The Institute's net position is classified as follows:

Net Investment in Capital Assets: Net investment in capital assets represent the Institute's capital assets, less related accumulated depreciation and debt attributable to the acquisition, construction, or improvement of these assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt. The Institute has bond obligations of $12,065,000 for purposes of constructing a dormitory and an educational building.

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position consist of endowment and similar type funds in 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, which may either be expended or added to principal.

Restricted Net Position – Expendable: Expendable restricted net position include resources which the Institute is obligated to spend in accordance with restrictions imposed by external parties. Restrictions imposed on asset use can be imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation which includes a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that a government can be compelled by an external party to use resources created by enabling legislation only for purposes specified by the legislation. The amount of net position restricted by enabling legislation and the amount of restricted net position from state sources was $0 at June 30, 2015.

Unrestricted Net Position: Unrestricted net position represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the Institute, 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.

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

21. Revenues

The Institute has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) most federal, state and local grants and contracts, and Federal appropriations, and (3) interest on institutional student loans.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations, investment income, bond proceeds appropriations and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB Statement No. 34.

Contract and grant revenues are recognized when the underlying exchange transaction has occurred – that is when all eligibility requirements have been met.

State appropriations are recognized as revenue in the first year for which they are appropriated for.

22. Classification of Expenses

The Institute has classified its expenses as either operating or non-operating expenses according to the following criteria:

Operating expenses: Operating expenses include activities that have the characteristics of exchange transactions, such as (1) employee salaries, benefits, and related expenses; (2) utilities, supplies, and other services; (3) professional fees; and (4) depreciation expenses related to Institute property, plant, and equipment.

Non-operating expenses: Non-operating expenses include activities that have the characteristics of non-exchange transactions, such as interest on capital asset-related debt and other expenses that are defined as non-operating expenses by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting*, and GASB Statement No. 34.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

23. Fiduciary Funds

Fiduciary funds are used to account for resources the Institute holds for others. It uses an agency fund to hold medical insurance premiums collected from the employees until the premiums are remitted to the insurance carriers. The Institute is responsible for seeing that the assets in these funds are spent for their intended purpose. The finances of these funds are reported in a separate statement of fiduciary net position. The resources of these funds are excluded from the business type activity financial statements because they cannot be used to finance the Institute's operations.

24. 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.

25. Appropriations

In general, unexpended state appropriations to the Institute do not revert at the end of each fiscal year. The Institute received an annual non-reverting state General Fund appropriation of $38,657,845 for fiscal year 2015, Laws of 2012, Chapter 19, Section 4. The appropriation was fully spent during the year. None of the current appropriations received are subject to reversion (NMSA 1978 6-4-2). There is no remaining balance to bring forward to fiscal year 2015.

The Institute periodically receives severance tax and general obligation bond appropriations for capital asset projects on the campus. Bond revenue from these appropriations is recorded only when eligibility requirements have been met. The eligibility requirements for capital projects financed by bonds are satisfied when all required documentation to support a drawdown of a bond fund is submitted and approved by the Board of Finance. See Supplementary Schedule 7 for details of current year bond activity and amounts remaining.

26. Land Grant Permanent Fund Income

The Institute is a beneficiary of the Ferguson legislation (1898) whereby lands of the State of New Mexico were allocated to the benefit of state educational institutions including income derived there from. NMSA 1978 19-1-17 is the enabling legislation to allocate specific lands to educational institutions including the Institute. Currently oil and gas royalties, coal royalties, and grazing fees produce investment income which is distributed monthly to beneficiaries based on their allocated lands.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

27. Subsequent Events

Subsequent events have been evaluated through November 13, 2015, the date which the financials were available to be issued, to determine whether such events should be recorded or disclosed in the financial statements for the year ended June 30, 2015. Management believes no other material subsequent events have arisen that would require adjustment or disclosure.

NOTE B – CASH AND INVESTMENTS

1. Cash

The Institute is required to comply with Section 6-10-16 and 6-10-17 NMSA 1978, which requires that 50% of the uninsured balance of public deposits be secured by pledges of qualifying securities of the depository.

A detail of the cash accounts at June 30, 2015 is included below:

Name of Depository	Account Name	Bank Account Type	Bank Balance	Reconciling Items	Reconciled Balance
Bank of America	IERA Cash on Deposit	Checking	$ 7,411	$ -	$ 7,411
First State Bank	Comptroller Cash on Deposit	Checking	46,916,845	(603,149)	46,313,696
First State Bank	Payroll Cash on Deposit	Checking	95,603	(1,529,047)	(1,433,444)
First State Bank	NMEAF Cash on Deposit	Checking	213,552	7,915	221,467
First State Bank	MRO Cash on Deposit	Checking	-	-	-
Wells Fargo	Vendor Cash on Deposit	Checking	1,291,689	(1,049,639)	242,050
			48,525,100	(3,173,920)	45,351,180
	Petty Cash	Cash	-	-	27,162
			$ 48,525,100	$ (3,173,920)	$ 45,378,342

NOTE B – CASH AND INVESTMENTS – CONTINUED

1. Cash – Continued

Fiduciary Fund:

Wells Fargo	Employee Ben. Trust Operating	Checking	$ 243,889	$ (10,408)	$ 233,481
Wells Fargo	Employee Ben. Trust Claims	Checking	72,045	(70,960)	1,085
			$ 315,934	$ (81,368)	$ 234,566

2. Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Institution's deposits may not be returned to it. The Institution does not have a deposit policy for custodial credit risk. As of June 30, 2015, the Institute's custodial credit risk was as follows:

Bank balance insured or collateralized:	
In the Institute's name	$ 48,841,034
Uninsured and uncollateralized	-
	$ 48,841,034

The remaining balance of $17,741,430 in the local government investment pool is valued by the State Treasurer. The Institute has adopted GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, which amends GASB Statement No. 3, *Deposits with Financial Institutions, Investments (Including Repurchase Agreements) and Reverse Repurchase Agreements.*

3. Investments

The Institute participates under a joint powers agreement in an Investment Pool (Pool) with the New Mexico State Investment Council (Council). Monies of the Institute are pooled and invested by the Council in various debt and equity securities. The Pool is recorded as investments on the Institute's balance sheets at market value. Since the Institute's investments are recorded at market value, there is a potential risk that due to the volatility of quoted market values, the Institute's recorded investments in the Pool could be significantly affected.

The Institute also has investments in the State Treasurer's external investment pool (the Local Government Investment Pool or LGIP). The investments are valued at fair value based on quoted market prices as of the valuation date. The LGIP is not SEC registered. Section 6-10-10, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the

NOTE B – CASH AND INVESTMENTS – CONTINUED

3. Investments – Continued

United States government or are agencies sponsored by the United States government. The LGIP investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments.

The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the fund amounts were invested. Participation in the LGIP is voluntary and the Institute has no control over the State Treasurer's investment pools.

Investments of the Institute consist of the following at June 30, 2015:

	Market Value
Short-term	$ 17,841,430
Endowment	40,774,202
Other long-term	43,120,225
	101,735,857
Fiduciary fund	$ 1,341,461
Total	$ 103,077,318

	Balance per Custodian Statements	Reconciled Balance per Books
Investment accounts		
Morgan Stanley		
Langmuir endowment		
Money market funds	$ 211,149	$ 211,149
Mutual funds	75,890	75,890
U.S. Government and corporate debt securities	472,533	472,533
Common stocks	1,766,439	1,766,439
NMT Capital Campaign		
Money market funds	50,664	50,664
Mutual funds	196,999	196,999
Corporate debt securities	148,105	148,105
Common stocks	297,416	297,416
First State Bank		
Certificates of deposit	100,000	100,000
Scottrade		
Student Investment Club		
Common stocks	188,518	188,518
State Investment Council Pooled Fund	45,518,650	51,665,615
State Treasurer - LGIP	17,741,430	17,741,430
Land Grant Permanent Fund	28,544,909	28,544,909
Total	$ 95,312,702	$ 101,459,667

NOTE B – CASH AND INVESTMENTS – CONTINUED

3. Investments - Continued

The Institute has no control over the State Treasurer's Investment pools and provides the following disclosure provided by the State Treasurer's Office concerning the Institute's investment in the New Mexico LGIP:

New Mexico LGIP AAAm rated $17,741,430 55 day WAM(R) and 78 day WAM (F)

The Institute has an undivided interest in assets of the State of New Mexico Land Grant Permanent Fund.

4. Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Institute does not have custodial credit risk policies for investments and does not have investments subject to custodial credit risk.

A summary of the Institute's investments at June 30, 2015, and its exposure to credit risk are as follows:

Investments	WAM Years	Rating	Fair Value
Items subject to credit risk:			
Money market funds	-	Not rated	$ 261,813
Debt securities	3.10	A-AAA	620,638
State Treasurer - LGIP	0.15	AAAm	17,741,430
Investments not subject to categorization			
State Investment Council pooled funds	-	Not rated	51,665,615
Total items subject to credit risk			70,289,496
Items not subject to credit risk:			
Certificates of deposit	-	Not rated	100,000
Mutual funds	-	Not rated	272,889
Common stocks	-	Not rated	2,252,373
Land grant permanent fund	-	Not rated	28,544,909
Total items not subject to credit risk			31,170,171
Total investments			$ 101,459,667

NOTE B – CASH AND INVESTMENTS – CONTINUED

5. Credit Risk

Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. The Institute is required to disclose credit ratings of their debt investments in order to assess credit risk. U.S. obligations, investments explicitly guaranteed by the U.S. Government, and non-debt investments are excluded from this requirement. Currently, the Institute does have a policy that restricts investments to specific investment ratings issued by nationally recognized statistical rating organizations. The policy states that cash equivalent reserves shall consist of interest bearing or discount instruments of the U.S. Government or agencies thereof; money market funds, corporate discounted instruments, corporate issued commercial paper rated at least A-1 by Moody's, time deposits U.S. banks. Exclusive of the U.S. government and agency issues, all other fixed income portfolio will be "A" or better rated as established by a recognized rating service and further reinforced by independent in-house credit analyses.

6. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Institute does not have a formal policy to limit its exposure to interest rate risk.

A summary of the investments and their respective maturities at June 30, 2015 and their exposure to interest rate risk are as follows:

NOTE B – CASH AND INVESTMENTS – CONTINUED

6. <u>Interest Rate Risk – Continued</u>

	Investment Maturities				
	Less than 1 Year	1-5 Years	6-10 Years	Greater than 10 Years	Fair Value
Items subject to interest rate risk:					
Money market funds	$ 261,813	$ -	$ -	$ -	$ 261,813
U.S. Government and corporate debt securities	102,834	352,775	164,346	683	620,638
State Treasurer LGIP	17,741,430				17,741,430
	$ 18,106,077	$ 352,775	$ 164,346	$ 683	18,623,881
Investments not subject to categorization					
State Investment Council					
Pooled fund (not rated)					51,665,615
Land Grant Permanent Fund (not rated)					28,544,909
Total items subject to interest rate risk					98,834,405
Items not subject to interest rate risk:					
Common stocks					2,252,373
Mutual funds					272,889
Certificates of deposit					100,000
Total investments					$ 101,459,667

NOTE C – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following at June 30, 2015:

Grant and contracts billed and unbilled	$ 9,653,376
Student tuition	906,885
General obligation bond cost-reimbursement and other receivables	2,934,316
Total receivables	13,494,577
Allowance for doubtful accounts	(424,953)
Total accounts receivable billed and unbilled, net	$ 13,069,624

NOTE D – CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Transfers	Retirements	Balance June 30, 2015
Land	$ 4,334,220	$ -	$ -	$ -	$ 4,334,220
Construction in progress	18,466,586	14,830,629	(27,900,028)	(308,135)	5,089,052
Total assets not being depreciated	$ 22,800,806	$ 14,830,629	$ (27,900,028)	$ (308,135)	$ 9,423,272
Non-major infrastructure networks	$ 30,245,908	$ -	$ -	$ -	$ 30,245,908
Land improvements	5,264,017	942,933	-	-	6,206,950
Buildings	163,561,314	26,957,095	-	-	190,518,409
Furniture, fixtures, and equipment	43,495,224	3,884,367	(12,499)	(899,044)	46,468,048
Software	1,745,277	-	-	-	1,745,277
Library materials	17,096,209	1,083,302	-	(29,080)	18,150,431
Total depreciable capital assets	$ 261,407,949	$ 32,867,697	$ (12,499)	$ (928,124)	$ 293,335,023
Non-major infrastructure networks	$ (11,621,646)	$ (994,628)	$ -	$ -	$ (12,616,274)
Land improvements	(2,824,164)	(183,836)	-	-	(3,008,000)
Buildings	(72,684,085)	(4,993,985)	-	-	(77,678,070)
Furniture, fixtures, and equipment	(35,154,360)	(2,599,066)	(354,323)	846,761	(37,260,988)
Software	(661,067)	(191,339)	-	-	(852,406)
Library materials	(11,052,690)	(740,958)	-	29,080	(11,764,568)
Total accumulated depreciation	$ (133,998,012)	$ (9,703,812)	$ (354,323)	$ 875,841	$ (143,180,306)
Capital assets summary					
Capital assets not being depreciated	$ 22,800,806	$ 14,830,629	$ (27,900,028)	$ (308,135)	$ 9,423,272
Depreciable capital assets, at cost	261,407,949	32,867,697	(366,822)	(928,124)	292,980,700
Total cost of capital assets	284,208,755	47,698,326	(28,266,850)	(1,236,259)	302,403,972
Accumulated depreciation	(133,998,012)	(9,703,812)	-	875,841	(142,825,983)
Capital assets, net	$ 150,210,743	$ 37,994,514	$ (28,266,850)	$ (360,418)	$ 159,577,989

NOTE E – LONG-TERM LIABILITIES – CONTINUED

Long-term liability activity for the year ended June 30, 2015 is as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion (Due in 2015)
Non-current liabilities					
Accrued compensated absences	$ 7,421,224	$ 4,197,402	$ (3,699,794)	$ 7,918,832	$ 3,484,954
Environmental cleanup	5,310,413	-	-	5,310,413	-
Bonds payable	12,065,000	-	(490,000)	11,575,000	- *
Bond premium, net	696,089	-	(40,688)	655,401	40,688
Net pension liability	85,336,787	3,018,249	(13,999,672)	74,355,364	
Net OPEB obligation	-	5,093,580	-	5,093,580	-
Total non-current liabilities	$110,829,513	$ 12,309,231	$ (18,230,154)	$ 104,908,590	$ 3,525,642

* The Institute paid the principal payment due July 1, 2015 prior to June 30, 2015.

1. Environmental Cleanup

The Institute is preparing a complaint to be filed in the United States Court of Federal Claims against the United States that will seek equitable contract adjustment, restoration of property and damages for the cleanup of sites and facilities on the Institute's property that are contaminated with depleted uranium (DU). As part of the Government's weapons and munitions research and development during the years 1972 to 1992, munitions containing DU, which is a heavy metal and has very low level radioactivity were tested at the Energetic Materials Research and Testing Center (EMRTC). The Institute's Radioactive Material License issued by the State of New Mexico for possession of the DU requires decommissioning of sites and facilities. The Institute had submitted its claim for breach of express contracts, pursuant to the Contract Disputes Act (CDA) breach of implied contracts, and negligence requiring restoration of property, to the contracting officers of various US government and military related organizations in May 2011. The claim under the CDA was denied on April 13, 2012. A claim was also submitted to Government contracting officers for cleanup of DU at the Institute under the Federal Tort Claims Act. The Government's agency handling the claim did not respond to the claim within the prescribed time which may be deemed by the Institute a final denial of the claim.

The pending claim seeks damages to cover the cleanup on the basis of breach of contract in the United States Court of Federal Claims. If this action is unsuccessful, the Institute may be liable for all or part of the cleanup cost. The cleanup cost has not been definitely estimated, but preliminary estimates range from approximately $5,000,000 to $19,000,000. It is uncertain at the date of these financial statements as to the outcome of the Institute's recovery actions against the United States or the potential cleanup amount that might be ultimately required. The Institute has accrued $5,310,413 within non-current liabilities as of June 30, 2015.

NOTE F – BONDS PAYABLE

Long-term debt of the Institute at June 30, 2015 consists of revenue bonds. On August 5, 2011, the Institute issued the NMIMT System Revenue Bonds, Series 2011, in the par amount of $13,395,000, maturing July 2031, and carrying interest rates from 3.00% to 5.00%. These bonds were Board approved in 2011 to fund the acquisition, construction, and equipping of a student housing facility, the construction of facilities to house a telescope and related improvements including the purchase of equipment and furnishings at the Magdalena Ridge Observatory, and other improvements to the facilities of the Institute.

The Institute has pledged future net income and net revenues received from the Institute-owned Auxiliary Enterprises and housing and other facilities, all gross proceeds of student tuition and fees except student social and cultural activities fees, the gross amount received by the Institute from the income from the Permanent fund and Income fund, and all income or revenues received by the Institute as indirect cost recovery and fixed fee reimbursement from restricted grants and contracts, to repay the bond debt. Annual principal and interest payments on the bond are expected to require about 1% of pledged revenues.

Total Institute revenue bonded debt is as follows:

Purpose	Interest Rates	Amount
Capital improvements	3.00-5.00%	$11,575,000

Annual debt service requirements for the Institute's revenue bonds to maturity are as follows:

2016	$ -	$ -
2017	500,000	557,350
2018	525,000	537,350
2019	540,000	516,350
2020-2024	3,130,000	2,197,750
2025-2029	3,980,000	1,340,500
2030-2032	2,900,000	294,750
Total	$ 11,575,000	$ 5,444,050

The Institute prepaid the bond principal of $460,000 on June 30, 2015 which was due July 1, 2015; therefore, no current portion is due.

NOTE F – BONDS PAYABLE – CONTINUED

The Institute has pledged future net income and net revenues received from Institute-owned Auxiliary Enterprises, housing and other facilities; all gross proceeds of student tuition and fees except student social and cultural activities fees; the gross amount received by the Institute from the income from the Permanent fund and Income fund; and all income or revenues received by the Institute as indirect cost recovery and fixed fee reimbursement from restricted grants and contracts to repay the bond debt. Annual principal and interest payments on the bond are expected to require about 6% of pledged revenues. Principal and interest paid for the current year and pledged revenues received were $1,072,000 and $18,258,000, respectively.

A bond premium of $655,401 remains unamortized as of June 30, 2015 with $40,688 being amortized during the year. Amortization of the bond premium in future years is $40,688 per year.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS

Employee Benefit Trust

The Board of Regents authorized the creation of the New Mexico Tech Employees Benefit Trust (Trust), a contributory benefit plan, to operate, control and maintain a program to provide certain health and life insurance benefits to the employees of the Institute and their families. Retired employees may participate in the Plan. The Plan is considered a post-employment benefit plan as defined by GASB 43, *Financial Reporting for Post-Employment Benefit Plans Other than Pension Plans*. The Trust is recorded as a fiduciary fund in the accompanying financial statements as a blended component unit. The Board of Regents serves as trustee and has delegated the day-to-day operations of the Trust to the executive staff of the Institute.

Plan Description

The Institute offers employees and their eligible dependents retiree benefits. The authority to establish and amend the benefit provisions and contribution requirements rests with the Board of Regents.

In order for a retiree of the Institute to be eligible for other postemployment benefits, the employee must be enrolled in the benefit prior to retirement and choose to continue the benefit or opt out. If the retiree chooses to opt out at retirement, the retiree will no longer be offered the benefit. Retirees may opt out at any time or may change plan options during the benefits open enrollment period. The Institute's contributions to the Trust are as follows:

NOTE G – OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Plan Description – Continued

Trust Contributions as a % of Payroll

	Employee	The Institute	Total
FY 2014	0.00%	1.25%	1.25%
FY 2015	0.00%	1.25%	1.25%
FY 2016 and after	0.00%	1.25%	1.25%

Eligible retirees of the Institute receive healthcare coverage through one self-funded medical plan, including prescription drugs, administered by Meritain Health and Catamaran. Eligible Medicare retirees (for retirees 65 years of age and over) continue to receive healthcare coverage through Meritain Health as the Supplement Plan including vision and dental. Retirees are also offered $10,000 Retiree basic life insurance.

For the Trust, at the valuation date of July 1, 2014, there were a total of 152 retirees and 465 active participants.

Funding Policy

The Plan and Trust received its initial actuarial valuation during FY 2015. July 1, 2014 was selected as the valuation date. In the July 1, 2014 actuarial valuation, the Institute's plan is considered to be unfunded. However, effective July 1, 2014, the Institute began increasing funding of its OPEB benefits with a Trust in which plan assets are established and dedicated to providing benefits to retirees and beneficiaries in accordance with the terms of the plan. Since the plan assets started accumulating as of July 1, 2014, they are not recognized in the current actuarial valuation. However, the plan assets will be reflected in future actuarial valuations.

Retiree contributions for medical and dental are required for both retiree and dependent coverage. Retirees are required to pay the full premiums less a subsidy provided by the Institute. Retirees are required to contribute a percentage of the premium based on their preretirement annual salary. The Institute currently funds its plan on a pay-as-you-go basis. The pay-as-you-go expense is the net expected cost of providing retiree benefits, and includes all expected claims and related expenses and is offset by retiree contributions. The pay-as-you-go expense of the Institute for fiscal year 2015 was $424,956, net of retiree contributions.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

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.

In the July 1, 2014 actuarial valuations, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4% annual discount rate for the Institute. In the July 1, 2014 actuarial valuations, the plans are considered to be unfunded as there are no assets to fund OPEB benefits on that date, and retiree benefits are expected to be paid annually on a cash basis. Effective July 1, 2014, the Institute increased contribution rates to fund its OPEB benefits. The annual discount rate of 4% is based on the Citigroup Pension Liability Index as of the valuation date. The actuarial valuation assumes an annual healthcare cost trend on an ultimate basis: pre-65 medical benefits/stop loss fees on an ultimate basis of 3.0%, prescription drug benefits on an ultimate basis of 3.0%, administrative fees and dental benefits on an ultimate basis at 3.0%. The unfunded actuarial accrued liability (UAAL) is amortized over the maximum acceptable period of 30 years and is calculated assuming a level dollar basis for each individual active participant through retirement.

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the Institute’s annual OPEB costs for the year, the amounts actually contributed to the plans, and changes in the Institute’s net OPEB obligations:

NOTE G – OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Annual OPEB Cost and Net OPEB Obligation – Continued

Annual Required Contribution of the Institute as of June 30, 2015		$ 5,518,536
Interest charge on net OPEB obligation		
Net OPEB obligation (asset), beginning of year	$ -	
Investment return rate (current)	4.00%	
Interest charge		-
Adjustment to ARC		
Net OPEB obligation (asset), beginning of year	$ -	
Amortization factor (15 years)	0.055606	
Adjustment to ARC		-
Annual OPEB cost as of June 30, 2015		5,518,536
Plan expenses paid by the Institute on behalf of Retirees during 2015		1,233,820
Retiree contributions during 2015		(808,864)
Net contributions paid by the Institute during 2015		424,956
Increase in Net OPEB obligation		5,093,580
Net OPEB obligation, beginning of year		-
Net OPEB obligation (asset), at end of year		$ 5,093,580

Normal cost		
As of July 1, 2014	$ 1,732,469	
With interest to June 30, 3015		$ 1,801,768
Amortization of UAAL		
Actuarial accrued liability at the valuation date of July 1, 2014	$ 64,270,477	
Available plan assets	-	
Unfunded actuarial accrued liability	$ 64,270,477	
Equivalent single amortization period (level dollar, closed)	30 years	
Amortization of UAAL with interest to June 30, 2015		3,716,768
Annual required contribution as of June 30, 2015		$ 5,518,536

NOTE G – OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Annual OPEB Cost and Net OPEB Obligation – Continued

Cumulative sum of annual required contribution from implementation date of July 1, 2014	$ -
Cumulative sum of annual cash contributions from implementation date of July 1, 2014	-
Net OPEB obligation (asset) as of July 1, 2014	$ -

Funding Progress of the Plan

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the OPEB obligation for fiscal year ended June 30, 2015, is as follows:

	July 1, 2014	June 30, 2015
Annual OPEB Cost		$ 5,518,536
Percentage of Annual OPEB Cost Contributed		7.7%
Net OPEB obligation as of June 30, 2015		$ 5,093,580
Actuarial accrued liability	$ 64,270,477	
Market value of plan assets	$ -	
Unfunded actuarial accrued liability (UAAL)	$ 64,270,477	
Funded ratio	0.00%	
Annual payroll	N/A	
Ratio of UAAL to annual payroll	N/A	

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plans were not funded. The Institute's UAAL, the present value of all future expected postretirement health payments and administrative costs attributable to past service, was $64,270,477, and the actuarial value of assets was $0, resulting in an UAAL of the full $64,270,477, or a funded ratio of 0%. The covered payroll (annual payroll of active employees covered by the plan) was $28,644,568, and the ratio of the UAAL to the covered payroll was 224%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, the healthcare cost trend, and the discount rate. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress and employer contributions, presented as required supplemental 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 AALs for benefits.

NOTE H – CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

The liability for claims and claims adjustment expenses, which is reported on an ultimate development basis, includes an amount for claims incurred but not reported. Estimates of the liability for amounts incurred but not reported as of June 30, 2015, have been based on the Institute's historical claims' experience. While management believes that these estimates are adequate, actual incurred but unpaid claims may vary significantly from the amount provided.

As of June 30, 2015, the changes in reserves for claims and claims adjustment expenses are as follows:

	2015
Liability for claims and claims adjustment expenses at beginning of year	$ 1,325,000
Incurred claims and claims adjustment expenses	5,102,213
Payments, net of recoveries	(5,932,809)
Liability for claims and claims adjustment expenses at end of year	$ 494,404

NOTE I – TERMINATION PROVISIONS

The Trust may be terminated at any time upon due notice by the Trust Committee or the Institute. Upon termination, all monies remaining in the Trust will be used to pay any unpaid claims or used to continue benefits described in the Trust document until all such monies have been exhausted. In no event, upon termination, shall any assets of the Trust revert back to the Institute. The Institute is not legally committed or obligated to fund deficits in the Trust but has advanced funds on an as needed basis as determined by the sole discretion of the Trust Committee (see Note G). The Institute is required to indemnify and pay the Trust up to $142,000 in reserves from the contributions made by participants.

NOTE J – HEALTH BENEFIT PLAN CHANGES

The Trust has been running a deficit because of high Health Benefit claims since the year ended June 30, 2012. The Institute is not legally responsible for the deficit in excess of $142,000 (See Notes G). In response to recently incurred deficits, the Trust has been revamped during the previous fiscal year by amending and restating the plan effective January 1, 2013. All three of the previous plans were terminated and three new plans were implemented beginning January 1, 2013. The new plans are Preferred Provider Organization (PPO) plans; $750, $1,000 and $1,500 deductible are available for employees. It is expected that the three new PPO plans will be more cost effective over time. During the year ended June 30, 2015, the regents voted to increase employee contribution

NOTE J – HEALTH BENEFIT PLAN CHANGES – CONTINUED

requirements to the plan by 16%. For FY 2015, increases to net deficit available for benefits exceeded decreases by $1,970,297 before accrual of the unfunded net OPEB obligation of $5,093,580. After the recognition of the net OPEB expense, the net decrease in net deficit available for benefits was $3,123,283.

NOTE K – WORKERS' COMPENSATION INSURANCE

The Institute is insured for workers' compensation through the State of New Mexico General Services Department – Risk Management Division (RMD). RMD provides workers' compensation for all employees as required by state law. The Institute remits payments to RMD for this coverage based on premium statements received from RMD. Total premiums for the year ended June 30, 2015 was $374,500, which has been charged to expenses.

NOTE L – DEFINED BENEFIT RETIREMENT PLAN

Plan description

The New Mexico Educational Employees Retirement Plan was created by the state's Educational Retirement Act, Section 22-11-1 through 22-11-52, NMSA 1978, as amended, to administer the New Mexico Educational Employees' Retirement Plan (Plan). The Plan is a cost-sharing, multiple employer plan established to provide retirement and disability benefits for certified teachers and other employees of the state's public schools, institutions of higher learning, and agencies providing educational programs. The Plan is a pension trust fund of the State of New Mexico. The New Mexico legislature has the authority to set or amend contribution rates.

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

Benefits Provided

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

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

NOTE L – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

<u>Benefits Provided – Continued</u>

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

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

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

A member on regular retirement who can prove retirement because of a disability may qualify for a COLA beginning July 1 in the third full year of retirement. A member is eligible for a disability benefit provided (a) he or she has credit for at least 10 years of service, and (b) the disability is approved by ERB. The monthly benefit is equal to 2% of FAS times years of service, but not less than the smaller of (a) one-third of FAS or (b) 2% of FAS times year of service projected to age 60. The disability benefit commences immediately upon the

NOTE L – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

Benefits Provided – Continued

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

Contributions

The contribution requirements of defined benefit plan members and the Institute are established in state statute under Chapter 10, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. For the fiscal year ended June 30, 2014 employers contributed 13.15% of employees' gross annual salary to the Plan. Employees earning $20,000 or less contributed 7.90% and employees earning more than $20,000 contributed 10.10% of their gross annual salary. For fiscal year ended June 30, 2015 employers contributed 13.90%, and employees earning $20,000 or less continued to contribute 7.90% and employees earning more than $20,000 contributed an increased amount of 10.70% of their gross annual salary. Contributions to the pension plan from the Institute were $5,135,439 for the year ended June 30, 2015.

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

The total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014. At June 30, 2015, the Institute reported a liability of $74,355,364 for its proportionate share of the net pension liability. The Institute's 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, 2014. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2014, the Institute's proportion was 1.3032 percent, which was a decrease of .1316 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Institute recognized pension expense of $3,018,263. At June 30, 2015, the Institute reported deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

NOTE L – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$1,107,636
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	6,759,247
Changes in proportion and differences between the Institute's contributions and proportionate share of contributions	-	6,132,789
The Institute's contributions subsequent to the measurement date	4,922,248	-
Total	$4,922,248	$13,999,672

$4,922,248 reported as deferred outflows of resources related to pensions resulting from Institute contributions subsequent to the measurement date June 30, 2014, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2016	$4,203,848
2017	4,203,848
2018	3,902,164
2019	1,689,812
	$13,999,672

NOTE L – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

Actuarial assumptions

As described above, the total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2013. The total ERB pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. Specifically, the liabilities measured as of June 30, 2014 incorporate the following assumptions:

1. All members with an annual salary of more than $20,000 will contribute 10.10% during the fiscal year ending June 30, 2014 and 10.7% thereafter.
2. 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.
3. COLAs for most retirees are reduced until ERB attains a 100% funded status.
4. These assumptions were adopted by ERB on April 26, 2013 in conjunction with the six-year experience study period ending June 30, 2012.

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 contribution rates included in the measurement are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Period	Amortized – closed 30 years from June 30, 2012 to June 30, 2042
Asset Valuation Method	5 year smoothed market for funding valuation (fair value for financial valuation)
Inflation	3.00%
Salary Increases	Composition: 3% inflation, plus 1.25% productivity increase rate, plus step rate promotional increases for members with less than 10 years of service
Investment Rate of Return	7.75%
Retirement Age	Experience based table of age and service rates
Mortality	90% of RP-2000 Combined Mortality Table with White Collar Adjustment projected to 2014 using Scale AA (one year setback for females)

NOTE L – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

Actuarial assumptions - Continued

The long-term expected rate of return on pension plan investments is determined annually using a building-block approach that includes the following: 1) rate of return projections are the sum of current yield plus projected changes in price (valuation, defaults, etc.), 2) application of key economic projections (inflation, real growth, dividends, etc.), and 3) structural themes (supply and demand imbalances, capital flows, etc.). These items are developed for each major asset class. Best estimates of geometric real rates of return for each major asset class included in the Plan's target asset allocation for 2014 and 2013 for 30- year return assumptions are summarized in the following table:

Asset Class	2014 Long-Term Expected Real Rate of Return	2013 Long-Term Expected Real Rate of Return
Cash	1.50%	0.75%
Treasuries	2.00%	1.00%
IG Corp Credit	3.50%	3.00%
MBS	2.25%	2.50%
Core Bonds	2.53%	2.04%
TIPS	2.50%	1.50%
High Yield Bonds	4.50%	5.00%
Bank Loans	5.00%	5.00%
Global Bonds (Unhedged)	1.25%	0.75%
Global Bonds (Hedged)	1.38%	0.93%
EMD External	5.00%	4.00%
EMD Local Currency	5.75%	5.00%
Large Cap Equities	6.25%	6.75%
Small/Mid Cap	6.25%	7.00%
International Equities (Unhedged)	7.25%	7.75%
International Equities (Hedged)	7.50%	8.00%
Emerging International Equities	9.50%	9.75%
Private Equity	8.75%	9.00%
Private Debt	8.00%	8.50%
Private Real Estate	7.75%	8.00%
Real Estate	6.25%	6.00%
Commodities	5.00%	5.00%
Hedge Funds Low Vol	5.50%	4.75%
Hedge Funds Mod Vol	5.50%	6.50%

NOTE L – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

Discount Rate

A single discount rate of 7.75% was used to measure the total ERB pension liability as of June 30, 2014 and June 30, 2013. This single discount rate was based on the expected rate of return on pension plan investments of 7.75%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were projected to be available to finance all projected future benefit payments of current pension plan members. Therefore the long term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The projection of cash flows used to determine this single discount rate assumed that Plan contributions will be made at the current statutory levels. Additionally, contributions received through the Alternative Retirement Plan (ARP), ERB's defined contribution plan, are included in the projection of cash flows. ARP contributions are assumed to remain at a level percentage of ERB payroll, where the percentage of payroll is based on the most recent five year contribution history.

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

The following table presents the Institute's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the Institute's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Institute's proportionate share of the net pension liability	$101,169,050	$74,355,364	$51,958,672

Pension plan fiduciary net position

Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for the year ending June 30, 2014 and 2013, which are publicly available at www.nmerb.org.

NOTE L – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

Funding Policy

The contribution requirements of plan members and the Institute are established in state statute under Chapter 22, Article 11, NMSA 1978. The requirements may be amended by acts of the legislature. The Institute's contributions to ERB (which include contributions related to the Alternative Retirement Plan) for fiscal years ending June 30, 2015, 2014, and 2013 were $5,135,439, $4,728,580, and $4,297,017, respectively, which is equal to the amount of the required contributions for each fiscal year.

Alternative Retirement Plan

Faculty and professional employees of New Mexico public universities and community colleges have the option of participating in the Alternative Retirement Plan (ARP), a defined contribution plan, in lieu of the Educational Retirement Act. They can opt to participate in either ERB's Defined Benefit Plan or ARP during the first 90 days of employment if they are in an eligible position. The benefit received upon retirement is based on the amount contributed by the employee during their career, subject to any investment gains or losses. Employees are 100% vested in both the employee and employer contributions upon enrollment in the ARP program, less a 3% administrative fee that is paid to the ERB.

Employees can make an annual election to switch to the ERB Defined Benefit Plan. After an employee has made contributions to the ARP for seven years, the employee has a 120-day window to enroll in the Defined Benefit Plan. Eligibility begins on the first day of the month after the date on which the employee has made seven years of contribution to the ARP. The seven-year mark is the only opportunity the employee will have to switch to the Defined Benefit Plan. If the employee makes the change, the employee cannot switch back to the ARP.

If the employees opt to move to the DBP, the money in the employee's ARP account will remain there. The employee must contribute to the Defined Benefit Plan for five years to vest in the plan and be eligible for retirement benefits. The employee cannot purchase service credit for the time in which the employee was enrolled in the ARP; however, the seven years of participation in the ARP will count toward eligibility requirements to retire under the ERB Defined Benefit Plan. ARP participants can apply for a distribution of their ARP contributions upon separation from the Institute. ARP participants direct their own investments which are held at either TIAA-CREF or Fidelity, and retirement benefits are tied to the value of the assets in the account at retirement. Upon retirement, ARP participants have three options:

- a monthly annuity based on the retiree's estimated life span
- payments received over a fixed term of years, or
- a lump sum payment

NOTE L – DEFINED BENEFIT RETIREMENT PLAN – CONTINUED

Alternative Retirement Plan – Continued

The employee contributes 10.7% of their gross covered salary. ERB employers pay a 3% contribution rate to cover the actuarial impact on the Defined Benefit Plan attributable to employees participating in the ARP. The Institute's contribution is included in the amount remitted to ERB above.

NOTE M – COMMITMENTS AND CONTINGENCIES

1. Operating Leases

The Institute is obligated under certain lease (rental) agreements, which are accounted for as operating leases. Incorporated in each lease agreement is a fiscal funding clause, which allows the Institute to cancel the operating lease if funding for future periods is not appropriated. The likelihood of such an occurrence is considered to be remote by the Institute. Total rent expense for the year ended June 30, 2015 was $688,886.

The institute entered into a lease agreement with New Mexico Tech Research Foundation (a related party) which began April 1, 2006 and ends March 31, 2017. Monthly payments under this lease amount to $7,513 and are included in the future minimum rental payment schedule below.

Future minimum rental payments required under operating leases is as follows for the years ending June 30:

Years Ending June 30,		
2016	$	500,544
2017		189,594
2018		86,595
2019		61,689
2020		59,940
2021 - 2025		180,000
2026 - 2030		180,000
2031		24,000
	$	1,282,362

NOTE M – COMMITMENTS AND CONTINGENCIES – CONTINUED

2. Contingencies

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

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

3. State Risk Management Pool

The Institute as a state institute defined in the New Mexico Tort Claims Act, is insured through the Risk Management Division of the State of New Mexico. Annual premiums are paid to the Office of Risk Management for coverage provided in the following areas:

a) Liability and civil rights protection for claims made by others against the Institute.

b) Coverage to protect the Institute’s property and assets.

The Institute participates in the State of New Mexico Risk Management Program (Risk Management), which provides liability and physical damage insurance. The Institute pays premiums for its participation. From time-to-time the Institute is subject to lawsuits including personnel and student liability matters in the ordinary course of business. No lawsuit settlements or outcomes have exceeded insurance coverage for the last 3 years.

The Institute is a defendant in legal actions arising from normal business activities. Management believes that those actions are without merit or that the ultimate liability, if any, resulting from them will not materially affect the Institute’s financial position or results of operations.

4. Other Commitments

At June 30, 2015, the Institute had issued purchase orders for materials and services which were not received and thus not reflected as liabilities in the accompanying basic financial statements. The amount of such commitments is $20,824,589.

Total construction commitments of $4,829,322 are not presented in the financial statements. These commitments represent unfinished contracts with various entities at June 30, 2015.

NOTE N – BOND APPROPRIATION ACCOUNTING

The Institute has periodically received severance tax and general obligation bond appropriations for capital asset projects on the campus of the Institute. Bond revenue from these appropriations is recorded only when eligibility requirements have been met. The eligibility requirements for capital projects financed by bonds are satisfied when all required documentation to support a drawdown of a bond fund is submitted and approved by the Board of Finance.

NOTE O – ENDOWMENTS

The Institute has donor-restricted and unrestricted endowments with the authority to use interest, income, dividends, or profits of endowments for specified purposes for the benefit of the institution and its students. Expendable funds are those funds that may be expended for either a stated purpose or for a general purpose as per the endowment gift terms. Nonexpendable funds are those required to be retained in perpetuity.

Endowment income is reported each year based on investment activity for the year as “additions to endowments” on the statement of revenues, expenses and changes in net position. The Institute has adopted the State of New Mexico Uniform Prudent Management of Institutional Funds Acts (UPMIFA) (Chapter 46, Article 9A, NMSA 1978) in accounting for net appreciation/depreciation of endowments. Under UPMIFA, an institution may appropriate for expenditures or accumulate as much as it determines prudent for the uses, benefits, purposes, and duration of the endowment. Each institution sets the amounts and/or percentage of net appreciation on endowment investments that are authorized for expenditure in its spending plan. The Institute’s spending plan, which is based on a total-return policy, authorizes the Institute to spend the net appreciation for the purposes stated in the terms of the endowments. The Institute’s policy is to make 4.5% of the average five-year market value of the invested funds available for expenditure, and the remaining returns retained in the funds to compensate for inflationary growth. In the case of reserves, allocated, and agency funds, the total returns will remain with the funds until these funds are required to be expended for the purposes for which they were established. Endowment net appreciation available for distribution for the established purpose during the fiscal year ended June 30, 2015 was $993,816.

NOTE P – RECONCILIATION OF BUDGET BASIS TO GAAP

Budget basis revenues	$ 149,006,960
Tuition discounts and allowances	(4,779,712)
Indirect cost recovery	(8,233,781)
Deposits held for other	18,504
Unbudgeted exhibits	1,660,843
LGPF investment income	549,328
Capital appropriation	12,769,687
Revenues per GAAP	$ 150,991,829

NOTE P – RECONCILIATION OF BUDGET BASIS TO GAAP – CONTINUED

Budget basis expenditures	$	153,204,051
Tuition discounts and allowances		(4,779,711)
Indirect cost recovery		(8,233,781)
Capital expenditures		(19,029,699)
Deposits held for other		(655,226)
Depreciation expense		9,703,812
OPEB expense		5,093,580
Net pension benefit		(1,903,985)
Unbudgeted exhibits		3,443,253
Expenditures per GAAP	$	136,842,294

NOTE Q – THE NEW MEXICO TECH RESEARCH FOUNDATION

1. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Foundation considers cash on hand, cash held in banks and highly liquid instruments with original maturities of three months or less to be cash and cash equivalents.

2. Notes Receivable

Notes receivable are stated at net realizable value. Management reviews the collectability of its notes receivable and, if necessary, records an allowance for its estimate of uncollectible accounts. Bad debt history and current facts and circumstances are the primary basis for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. There is no allowance for doubtful accounts deemed necessary at June 30, 2015 as the notes are secured by real estate.

3. Revenue and Cost Recognition

The Foundation's financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred.

Operating revenues and contribution are those received by the Foundation for events and activities that relate directly to the Foundation and operating expenses are those incurred for events and activities that relate to administration, scholarships and awards for students. Revenues from investments are considered non-operating.

NOTE Q – THE NEW MEXICO TECH RESEARCH FOUNDATION – CONTINUED

4. Net Position

Unrestricted net position represents resources whose use is not limited or restricted by donors. Unrestricted net position has arisen from exchange transactions, receipt of unrestricted contributions, and expirations of existing restrictions. Restricted expendable contributions are recorded as unrestricted to the extent the restrictions expire in the same reporting period.

Restricted expendable net position represents resources whose use is limited by donors for the support of the academic activities of the Institute faculty and/or students. Such restrictions are legally enforceable. Restricted expendable net position is released from restriction as the purpose restrictions are met. Restricted nonexpendable assets represent those that cannot be expended based on donor restriction. When both restricted and unrestricted funds are available, restricted funds are expended first.

Invested in capital assets is intended to reflect the portion of net position which is associated with non-liquid, capital assets.

5. Investments

The Board of Trustees has the sole authority and responsibility to make changes to the Foundations investment policies. There were significant changes to investment policy during the year. In conformity with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Chapter 46, Article 9A 1-10 NMSA 1978), the Foundation primarily invests through The New Mexico State Investment Council (SIC) or in various mutual funds held and managed by a national brokerage firm.

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Mutual funds are based on the Foundation's pro-rata share of unit value of the mutual funds. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) are reported as increases or decreases in unrestricted net position.

The Foundation has no limitations on the types of investments or deposits it can make within the scope of its investment policy. The following are the target allocations for the investments:

Asset Class	Long-Term Target	Allowable Range
Fixed Income	30%	25-50%
Equity	70%	50-75%

NOTE Q – THE NEW MEXICO TECH RESEARCH FOUNDATION – CONTINUED

5. Investments – Continued

Fair value is defined as the amount that the Foundation can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller. Due to the nature of investments, it is reasonable that changes in the value of investments will occur in the near future and changes could materially affect the amounts reported. The determination of fair values includes, among other things, published market prices, prices obtained from pricing services, and prices quoted by independent brokers at current exchange rates.

The Foundation has an agreement with the Institute for investment of the majority of the Foundation's funds. The majority of investments of the Foundation are held by the New Mexico State Investment Council. The Foundation's funds are combined with those of several other funds of the Institute. Income is allocated based on the proportionate market value of the investment of each participating fund. The insurance annuity is invested in underlying fixed income bond and index funds valued at fair value at June 30, 2015.

The SIC investments are stated at fair value in accordance with GASB Statement No. 31, with increases or decreases in fair value recognized in the statement of changes in net position at the end of each month. Investment transactions are recorded on the trade date. Dividends are recognized as income when declared. Current fair value of investments may fluctuate markedly from what is recorded at June 30 each year. The investments function similar to mutual funds and are secured by purchased financial securities.

Net appreciation/depreciation on donor restricted endowments and related investment income are recorded as an increase in net position until the amount is expended in accordance with donor specifications.

6. Charitable Remainder Unitrust

Charitable remainder unitrust assets are the result of an agreement between donors and the Foundation in which the trust was established by the donors and administered by the Foundation. The Foundation is required to pay a fixed percentage of the fair market value of the trust's assets each year to a designated beneficiary during the beneficiary's lifetime or through September 2015, whichever occurs first. The trust assets were measured at the fair value when received and are valued at fair value on an annual basis. A corresponding liability is measured at the present value of expected future cash flows to be paid to the beneficiary. The final payment to the beneficiary under this agreement occurred on September 1, 2015 and at that time the remainder of the assets in the Charitable remainder unitrust became the unrestricted assets of the Foundation.

7. Capital Assets

The Foundation records tangible and intangible capital assets purchased at cost and donations at their estimated fair value on the date of donation. The building is being depreciated using a straight-line method over a twenty-seven and a half years estimated useful life. The Foundation capitalizes property and equipment purchases with a cost over $5,000.

NOTE Q – THE NEW MEXICO TECH RESEARCH FOUNDATION – CONTINUED

8. Patents

The Foundation capitalizes the costs associated with the acquisition of patents, and amortizes these costs using the straight-line method over the twenty-year estimated useful life of the patents. Costs incurred to maintain and defend patents are expensed as incurred. The Foundation reviews the remaining useful life on the patent on an annual basis. All patents pending approval are held and not amortized until patent approval is final. If approval is denied, the reported cost to date of patent application will be written off.

Legal fees for patent expenditures that have no expectation to achieve patent approval in the future were expensed as incurred in the amount of $32,847 during the year ended June 30, 2015.

9. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates used in preparing these financial statements include the estimated useful life of capital and intangible assets, and valuation of investments and the insurance annuity.

10. Income Taxes

The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified by the Internal Revenue Service as a public charity. The Foundation engaged in no material unrelated activities and therefore no provision for income taxes has been made. The Foundation is classified as a supporting organization of the Institute and not a private foundation.

The Foundation applies the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, *Income Taxes*. There were no uncertain tax positions taken by the Foundation for the year ended June 30, 2015. The Foundation's policy is to classify income tax penalties and interest, when applicable, according to their natural classification. There were no income tax penalties or interest for the year ended June 30, 2015. Under the statute of limitations, the Foundation's tax returns are no longer subject to examination by tax authorities for years prior to 2012.

NOTE Q – NEW MEXICO TECH RESEARCH FOUNDATION – CONTINUED

11. Cash and Bank Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. The Foundation does not have a deposit policy for custodial credit risk and does not require collateral. As of June 30, 2015, the Foundation's deposits were exposed to custodial credit risk as follows:

	First State	Wells Fargo	Bank of America	Total
Total of deposits in the bank	$ 374,101	$ 10,486	$ 5,872	$ 390,459
FDIC coverage	(350,584)	(10,486)	(5,872)	(366,942)
Total uninsured funds	$ 23,517	$ -	$ -	$ 23,517

Custodial credit risk-deposits	
Account balance	$ 390,459
FDIC insured	(366,942)
Uninsured and uncollateralized	$ 23,517
Total deposits	$ 390,459
Add: Money Market Mutual Fund	33,163
Total deposits	$ 423,622

Deposit classification in the financial statements at June 30, 2015 follows:

Name of Depository	Account Name	Account Type	Bank Balance	Reconciling Items	Financial Statement Balance
First State Bank	Checking	Cash	$ 273,517	$ (249,971)	$ 23,546
First State Bank	Savings	Cash	584	-	584
First State Bank	Certificate	CD	100,000	-	100,000
Bank of America	Checking	Cash	5,872	-	5,872
Wells Fargo	Checking	Cash	10,486	-	10,486
Merrill Lynch	Investment	Money Market	33,163	-	33,163
			$ 423,622	$ (249,971)	$ 173,651

NOTE Q – NEW MEXICO TECH RESEARCH FOUNDATION – CONTINUED

12. Investments

None of the Foundation's investments are exposed to custodial credit risks as they are all registered. Also, the Foundation holds no debt securities and therefore the investments are not subject to credit or interest rate risk. A summary of the investments at June 30, 2015 are as follows:

Investments	Ratings	Fair Value
Held at Merrill Lynch investment account		
Equity securities	Not Rated	$ 3,314,143
Alternative investments	Not Rated	338,040
Mutual funds	Not Rated	1,389
		3,653,572
Investments not subject to categorization		
State Investment Council (SIC) pooled funds		
Fixed income		9,919,421
Equity		8,014,409
		17,933,830
Insurance annuity		1,832,269
Total investments		$ 23,419,671

13. Notes Receivable

The Foundation funded the construction of a building for a company which leases land from the Institute. The Foundation has a note receivable for the amount of the loan of $827,998 of which $166,000 is current and $661,998 is noncurrent. The note bears a variable rate of interest based on Wall Street Journal Prime (currently 3.25%), is payable monthly over 15 years and is secured by the building. The Foundation also has a note receivable in the amount of $153,307 of which $2,800 is current and $150,507 is noncurrent at June 30, 2015. The note bears a 6% interest rate and is payable monthly over 36 months with remaining balance due at maturity.

NOTE Q – NEW MEXICO TECH RESEARCH FOUNDATION – CONTINUED

14. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land and building held for investment	$ 613,213	$ -	$ (1,800)	$ 611,413
Other	130,500	-	-	130,500
Total capital assets not being depreciated	743,713	-	(1,800)	741,913
Capital assets being depreciated				
Building	1,648,127	-	-	1,648,127
Accumulated depreciation building	(675,597)	(59,932)	-	(735,529)
Total capital assets, net	$ 1,716,243	$ (59,932)	$ (1,800)	$ 1,654,511

The Foundation will not obtain the benefits of ownership of the land and building held for investment until after the grantors' passing, in accordance with the life estate agreement. The agreement stipulates that the grantors maintain the benefits of the property and incur costs related to maintenance of the property. The Foundation does not have right of use of the property during the grantors' lifetime. As a result, the house, land, and parking lot are all real estate held for investment not subject to depreciation.

15. Intangible Assets

Identifiable intangible assets consist of the following at June 30, 2015:

	Beginning Balance	Increases	Decreases	Ending Balance
Amortized patents				
Cost	$ 21,841	$ 61,762	$ -	$ 83,603
Less accumulated amortization	-	(22,512)	-	(22,512)
	21,841	39,250	-	61,091
Unamortized patents				
Cost	-	31,266	-	31,266
	$ 21,841	$ 70,516	$ -	$ 92,357

NOTE Q – NEW MEXICO TECH RESEARCH FOUNDATION – CONTINUED

16. Related Party Transactions and Donated Services

The Institute provides the Foundation's office space in exchange for property management services provided to the Institute by the Foundation. These transactions are not recorded in the Foundation's financial statements, as they are not significant and the value is not subject to reasonable estimation.

The Foundation owns an insurance annuity through New York Life with a fair value of $1,832,269 which is the Annuity payable at June 30, 2015. The insurance annuity was acquired to benefit the president of the Institute. The Foundation's annual contribution to the insurance annuity was $153,000 in 2015.

Certain of the Foundation's board members are also officers of the Institute.

The Foundation leases an apartment building to the Institute. The lease is classified as an operating lease, and expired in June, 2015 and was renewed after year end. Lease revenues were $90,427 for 2015.

The Foundation received $700,000 from the Institute and repaid $806,931 to the Institute during the year ended June 30, 2015, related to funding scholarships.

The Foundation funded $1,487,437 in scholarships and awards provided to the Institute during the year ended June 30, 2015.

The Foundation provided other support in the amount of $405,756 during 2015.

The Foundation provided $200,000 to the Advance Office for fundraising during 2015.

The Foundation received a stock donation of $381,441, which it passed on to the Institute during 2015.

17. Risk Management

The Foundation is exposed to various risks of loss from torts; theft of; damage to, and destruction of assets; business interruption; and errors and omissions and natural disasters. The Foundation is insured under the Institute's Risk Management for liability and casualty insurance, and through a private carrier for director and officer liability insurance. There have been no significant reductions in coverage from the prior years.

During the year ended June 30, 2014, the Foundation was named as a defendant in a lawsuit involving a dispute with a business partner. The complaint claimed failure by the Foundation to provide or disclose technical information related to the licensing of a patent which would allow the licensee to commercialize the patent, and failure to create a legal entity with an operating agreement. This matter was settled on October 7, 2014, with the Foundation agreeing to pay $475,000 to settle the matter in full. Of the total, $150,000 was covered by liability insurance. No other settlements have occurred that exceeded coverage in the prior three years.

NOTE Q – NEW MEXICO TECH RESEARCH FOUNDATION – CONTINUED

18. Donor Restricted Endowments

The Foundation solicits contributions to support the activities of the Institute. Contributions received may be unrestricted, restricted for a certain time or for a certain purpose, or restricted in perpetuity. Amounts which are restricted in perpetuity are classified as Restricted, non-expendable on the statement of net position, and were $2,775,843 at June 30, 2015.

Net appreciation/depreciation on donor restricted endowments and related investment income are recorded as an increase in net position until the amount is expended in accordance with donor specifications. The investment policy is in accordance with the State of New Mexico Uniform Prudent Management of Institutional Funds Act (Chapter 46, Article 9A 1-10 NMSA 1978). The investment income, including realized gains, from the restricted, non-expendable net position as well as balance of the unrestricted net position is generally available for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. During the current year, donor-restricted endowments had investment income of $22,900.

The Board of Trustees of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original contribution as of the contribution date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Foundation classifies as restricted, non-expendable net position (a) the original value of contribution to the endowment, (b) the original value of subsequent contribution to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor agreement at the time the contribution is added to the fund. During the current year, the Foundation reclassified $159,305 from unrestricted net position to restricted, non-expendable to cover certain donor endowments whose fair value was less than the original value (under water) of the contribution to the endowment.

NOTE R – THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION

1. Summary of Significant Accounting Policies

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Corporation considers cash and cash equivalents to be cash deposits and amounts held by its fiscal agent.

Revenue and Cost Recognition

The Corporation's financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized as soon as the liability is incurred.

NOTE R – THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION – CONTINUED

1. Summary of Significant Accounting Policies – Continued

Revenue and Cost Recognition – Continued

Operating revenues are typically derived by providing goods or services as well as recognition of income from sales of investments in exchange transactions. The Corporation did have one exchange transaction during the year ended June 30, 2015.

Operating expenses represent amounts paid to acquire or produce goods and services provided in return for operating revenues, and are necessary to carry out the mission of the Corporation. Examples of operating expenses are legal expenses, professional services, and certain taxes incurred from operations.

Non-operating revenues represent non-exchange transactions and investment income and unrealized appreciation in investments in which the Corporation received or gained value without directly giving a value in return. Examples of non-operating revenues include gains and losses from investments, interest income, and other income items. The Corporation had no non-operating expenses during the year ended June 30, 2015.

Net Position

Unrestricted net position represents resources whose use is not limited or restricted by time or purpose. Unrestricted net position has arisen primarily from the receipt of unrestricted investment gains less general and administrative expenses.

Restricted net position is net position that has third-party (statutory or granting agency) limitations on their use. There are no restricted net position assets at June 30, 2015.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Corporation considers cash and cash equivalents to be cash held in bank at June 30, 2015.

Notes Receivable

Notes receivable are stated at net realizable value. Management reviews the collectability of its notes receivable and, if necessary, records an allowance for its estimate of uncollectible accounts. Notes receivable are uncollateralized. Bad debt history and current facts and circumstances are the primary basis for this estimate. When an account is deemed uncollectible, it is charged off against the allowance. There is no allowance for doubtful accounts deemed necessary at June 30, 2015.

NOTE R – THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION – CONTINUED

1. Summary of Significant Accounting Policies – Continued

Private Equity Investments

Private equity investment represents ownership in closely held businesses, which are not publicly traded. Private equity investments are recorded in the financial statements on the accrual basis in accordance with US GAAP. These investments are recorded on the equity method of accounting in accordance with GASB 31 as the Corporation owns between 20% and 50% of the businesses and is able to exercise some level of control.

The Corporation's investment strategy for private equity investments is to directly invest in select information technology as well as research and development companies that support incubation to commercialization for such business activities associated with the Institute, which in turn operate with the objective of obtaining long-term growth and return on investment to the Corporation.

Private equity investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. There was no impairment loss of private equity investments during 2015.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates used in preparing these financial statements include appreciation or impairment loss of private equity investments and an allowance for doubtful accounts on the notes receivable.

Income Taxes

The Corporation applied for and received tax exempt status under Section 501(c)(3) of the Internal Revenue Code as of July 2014, effective July 1, 2013. The Corporation engaged in no material unrelated activities and therefore no provision for income taxes has been made. The Corporation is classified as a public charity supporting the Institute and not a private foundation.

NOTE R – THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION – CONTINUED

2. Cash and Bank Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. The Corporation does not have a deposit policy for custodial credit risk. As of June 30, 2015, the Corporation's deposits were exposed to custodial credit risk as follows:

	First State
Total of deposits in the bank	$ 138,461
Less FDIC coverage	(138,461)
Total uninsured funds	$ -

Deposit classification in the financial statements at June 30, 2015 follows:

Name of Depository	Account Name	Bank Account Type	Bank Balance	Reconciling Items	Financial Statement Balance
First State Bank	Checking	Cash	$ 138,461	$ -	$ 138,461

3. Related Party Transactions

The Institute provides, on a rent-free basis, the Corporation's office space. This amount is not significant to report as in-kind lease revenue with an offset to in-kind lease expense in the same amount.

The Corporation has an obligation due to the Institute in the amount of $58,013. Of this amount, $39,078 relates to amounts paid in prior years on behalf of the Corporation by the Institute for start up costs and legal fees. Additionally, during the year ended June 30, 2015, the Institute paid an additional $18,935 in legal fees.

Certain of the Corporation's board members are also officers of the Institute.

NOTE R – THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION – CONTINUED

4. Private Equity Investments

As of June 30, 2014, the Corporation owned 3,850,000 of the outstanding member units (fifty percent) of Computational Analysis and Network Enterprise Solutions, LLC (CAaNES) which had an equity investment value of $361,504. During 2015, the Corporation's equity balance in CAaNES was reduced to a net decrease of $210,598 through recording of income for 2014 and receipt of distributions before the sale/merger. On May 1, 2015, CAaNES merged into RiskSense, Inc. (RiskSense) a Delaware Corporation. This occurred through an exchange of 3,850,000 shares of stock in RiskSense for the same proportionate ownership of RiskSense. Simultaneously with the exchange in ownership, the Corporation agreed to reduce their ownership to thirty percent by selling the other twenty percent back to RiskSense for $1,500,000. The amount paid for purchase of 850,000 shares of stock in the amount of $1,500,000 was financed by RiskSense issuing two zero interest rate notes to the Corporation in the amount of $1,310,278 and $189,722. These two loans were discounted by $344,017 to impute interest at 4.25% resulting in a net principal amount of $1,155,983 being recorded as of May 1, 2015. The Corporation recognized a gain on this transaction in the amount of $1,071,742.

In accordance with the nonmonetary exchange guidance contained in GASB 31, the Corporation recognized the value of the thirty percent of RiskSense retained using the $1,500,000 paid for the twenty percent. This equated to an initial value of $2,250,000 being recorded as an investment in RiskSense and a resulting unrealized gain of $2,123,641.

Since no income for RiskSense has been reported, the Corporation's 3,000,000 shares of common stock valued at $.75 per share is stated at $2,250,000 as of June 30, 2015.

5. Notes Receivable

The Corporation holds a first unsecured note receivable from RiskSense with a face value of $1,310,278 dated May 1, 2015, as partial payment for 20% of the ownership in RiskSense. This note was made at zero percent interest; therefore the Corporation imputed interest on the note using a rate of 4.25% (prime + 1%), which resulted in the loan principal balance of $979,043 based on the present value of the note. The note will be repaid in ten annual payments of $131,028 beginning on or before December 31, 2017. This note may be subordinated to future senior financing not to exceed $1,000,000. Additionally, a change in ownership of RiskSense of fifty percent or more would cause all remaining amounts due under this note to become due and payable at that time. Unamortized discount is amortized to earnings on the straight-line method over the life of the loan.

NOTE R – THE NEW MEXICO TECH UNIVERSITY RESEARCH PARK CORPORATION – CONTINUED

5. Notes Receivable – Continued

The Corporation holds a second unsecured note receivable from CAaNES with a face value of $189,722 dated April 30, 2015, as partial payment for 20% of the ownership in RiskSense. This note was made at zero percent interest; therefore the Corporation imputed interest on the note using a rate of 4.25 percent (prime + 1%) which resulted in the loan principal balance of $176,940 based on the present value of the note. The note will be repaid with a single payment of $189,722 due by December 31, 2016. This note may be subordinated to future senior financing not to exceed $1,000,000. Additionally, a change in ownership of RiskSense of fifty percent or more would cause this note to become due and payable at that time. Unamortized discount is amortized to earnings on the straight-line method over the life of the loan.

The Corporation holds a third unsecured note receivable from CAaNES with a face value of $144,000 dated April 30, 2015, as distribution of a portion of 2013 undistributed earnings of CAaNES. This note was made at 4.25 percent (prime + 1%), and will be repaid with ten annual payments of $17,976 beginning December 31, 2016. This note also required a payment of $12,500 representing interest on the unpaid distributions since December 31, 2013. This note may be subordinated to future senior financing not to exceed $1,000,000.

The Corporation holds a fourth unsecured note receivable from CAaNES with a face value of $227,561 dated April 30, 2015, as distribution of a portion of 2014 undistributed earnings of CAaNES. This note was made at 4.25 percent (prime + 1%), and will be repaid with ten annual payments of $28,406 beginning on or before December 31, 2016. This note may be subordinated to future senior financing not to exceed $1,000,000.

NOTE S – NEW ACCOUNTING STANDARDS

GASB 72

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application* (GASB 72) provides guidance for determining a fair value measurement for financial accounting and reporting purposes and requires additional disclosures related to fair value measurements. GASB 72 defines *fair value* as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement sets fair value to be described as an exit price. GASB 72 requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. GASB 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels: Level 1 inputs are quoted prices (unadjusted) in active markets. Level 2 inputs are inputs - other than quoted prices - that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs.

NOTE S – NEW ACCOUNTING STANDARDS – CONTINUED

GASB 72 – Continued

Fair value application generally requires investments to be measured at fair value. An *investment* is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a-7 like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. GASB 72 requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

GASB 72 requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent). GASB 72 is applicable for financial statements for periods beginning after June 15, 2015 (FY 16).

GASB 73

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68* is effective for fiscal years beginning after June 15, 2015 (FY 16) - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016 (FY 17).

GASB 74

Governmental Accounting Standards Board Statement No. 74 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* is intended to enhance the decision-usefulness of the financial reports of OPEB plans, their value for assessing accountability and their transparency by providing information about measures of net OPEB liabilities and explanations of how and why those liabilities changed from year to year. GASB 74 basically parallels GASB 67 and replaces Statements No. 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB 74 requires enhanced note disclosures and is effective for financial statements for fiscal years beginning after June 15, 2016 (FY 17).

NOTE S – NEW ACCOUNTING STANDARDS– CONTINUED

GASB 75

Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB. This statement applies to government employers who provide OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB 75 is effective for fiscal years beginning after June 15, 2017 (FY18).

This Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. This Statement requires the liability of employers to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The total OPEB liability generally is required to be determined through an actuarial valuation. Similar to the provisions of GASB 68, the employer is required to recognize a liability equal to the net OPEB liability, changes in the net OPEB liability that have not been included in OPEB expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to OPEB, and employer contributions subsequent to the measurement date of the net OPEB liability are required to be reported as deferred outflows of resources. Additional note disclosures and supplementary information will be required to be presented in the financial statements of the employer. GASB 75 is effective for FY 2018. The Institute will be required to record the net OPEB liability related to the NMT Employees Benefit Trust and associated deferred outflows and inflows of resources.

NOTE S – NEW ACCOUNTING STANDARDS– CONTINUED

GASB 76

The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments
This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments. The requirements of this Statement are effective for FY 2016, and should be applied retroactively.

NOTE T – PRIOR PERIOD RESTATEMENT

The Institute implemented GASB Statement No. 68 for fiscal year 2015. The new statement required that the net pension liability be recorded for the pension plans in which the Institute participates. The Institute participates in the State of New Mexico pension plan for educators known as the Educational Retirement Board (ERB). Beginning net position has been restated for the ERB plan in the amount of $85,336,787.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Educational Retirement Board (ERB) Plan
Last 10 Fiscal Years*

June 30, 2015

2015	
Institute's proportionate share of the net pension liability (asset)	$74,355,364
Institute's covered-employee payroll	$41,456,404
Institute's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	179%
The ERB's net position as a percentage of the total pension liability	66.5%

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

SCHEDULE OF CONTRIBUTIONS
Educational Retirement Board (ERB) Pension Plan
Last 10 Fiscal Years*

June 30, 2015

2015	
Contractually required contribution at 13.9% of covered employee payroll	$5,762,440
Contributions in relation to the contractually required contribution	$5,135,439
Contribution deficiency (excess)	$627,001
The Institute’s covered-employee payroll	$41,456,404
Contributions as a percentage of covered-employee payroll	12.4%
The Institute's contributions subsequent to the measurement date	$4,922,248

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Institute will present information for those years for which information is available.

NOTES TO DEFINED BENEFIT RETIREMENT PLAN

For the Year Ended June 30, 2015

NOTE A – CHANGES OF BENEFIT TERMS

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

NOTE B – CHANGES OF ASSUMPTIONS

ERB conducts an actuarial experience study for the Plan on a biennial basis. Based on the six-year actuarial experience study presented to the Board of Trustees on April 26, 2013, ERB implemented the following changes in assumptions for fiscal years 2014 and 2013.

1. Fiscal year 2014 and 2013 valuation assumptions that changed based on this study:

    a. Lower wage inflation from 4.75% to 4.25%
    b. Lower payroll growth from 3.75% to 3.50%
    c. Minor changes to demographic assumptions
    d. Population growth per year from 0.75% to 0.50%

2. Assumptions that were not changed:

    a. Investment return will remain at 7.75%
    b. Inflation will remain at 3.00%

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)
Schedule of Funding Progress and Employer Contributions

Year Ended June 30, 2015

The schedule of funding progress and the schedule of employer contributions present multi-year trend information for the initial (first) actuarial valuation comparing the actuarial value of plan assets to the actuarial accrued liability, and the actual contributions of the Institute to the annual required contributions.

Schedule of Funding Progress - OPEB

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
7/1/2014	$ -	$ 64,270,477	$ 64,270,477	0%	$ 28,644,568	224%

Schedule of Employer contributions - OPEB

Actuarial Valuation Date	Annual Required Contributions (ARC)	Employer Actual Contributions	% Contributed
7/1/2014	$ 5,518,046	$ 424,956	7.70%

Summary of Key Actuarial Method and Assumptions

Valuation Date	July 1, 2014
Actuarial Cost Method:	Entry Age Normal, allocated on a level basis of each individual active participant.
Asset Valuation Method:	Market Value.
Interest:	Discount rate as of July 1, 2014: 4.00%, compounded annually. Discount rate as of July 1, 2015: 4.00%, compounded annually. Rate of Return on Assets: 4.00%, compounded annually.
Inflation Rate:	2.0%
Projected Salary Increase:	2.0%
Mortality:	RP-2014 Mortality tables for males and females, projected with scale MP-2014 to 2014.
Participation Rate:	85% of current Active Employees eligible to participate in the postretirement medical plan will elect single coverage after retirement; 50% will elect to cover their spouses as well.
Spousal Participation Rate:	33% of current Active Employees will be married at retirement. If spousal birthdates are not available, male spouses are assumed to be three years older than female spouses.
Expenses:	None.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) – CONTINUED
Schedule of Funding Progress and Employer Contributions – Continued

Year Ended June 30, 2015

Healthcare Cost Trend Rate

	Institute
Pre-65 Medical/Stop Loss Fees	3.0%
Prescription Drug/PostMedicare Medical	3.0%
Administrative Fee	3.0%
Dental	3.0%

The select trend rates remain constant each year for reaching the ultimate trend.

OTHER SUPPLEMENTARY INFORMATION

New Mexico Institute of Mining and Technology

COMBINED REVENUES AND EXPENDITURES - BUDGET COMPARISONS

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Beginning fund balances	$ 36,385,545	$ 47,358,275	$ 46,572,668	$ (785,607)
Revenues				
State general fund appropriations	82,123,926	82,123,926	38,657,845	(43,466,081)
Restricted revenue sources	73,880,147	73,880,147	69,522,774	(4,357,373)
Tuition and fees	10,766,701	13,484,264	14,296,372	812,108
Land and permanent fund	1,050,000	1,050,000	2,505,328	1,455,328
Endowment earnings/private gifts	200,000	200,000	275,368	75,368
Other	12,131,714	12,131,714	23,749,273	11,617,559
Total revenues	180,152,488	182,870,051	149,006,960	(33,863,091)
Total revenues and fund balance budgeted	216,538,033	230,228,326	195,579,628	(34,648,698)
Expenditures				
Instruction and general	37,441,658	43,259,372	37,623,244	(5,636,128)
Student social and cultural	482,100	1,069,054	811,666	(257,388)
Research	70,380,200	77,039,418	66,718,713	(10,320,705)
Public service	550,898	885,037	751,683	(133,354)
Internal service departments	6,129,983	5,930,895	5,459,495	(471,400)
Student aid	11,358,541	12,201,825	11,604,143	(597,682)
Auxiliary enterprises	5,904,110	5,874,224	5,224,278	(649,946)
Intercollegiate athletics	221,900	222,444	202,474	(19,970)
Independent operations	5,321,989	6,184,640	5,736,552	(448,088)
Capital outlay	43,475,000	42,786,233	17,544,218	(25,242,015)
Renewal and replacements	2,077,772	1,977,772	976,859	(1,000,913)
Retirement of indebtedness	1,053,401	1,053,401	550,726	(502,675)
Total expenditures	184,397,552	198,484,315	153,204,051	(45,280,264)
Net transfers	(261,826)	(261,826)	(380,260)	(118,434)
Change in net position-budgetary basis	(4,506,890)	(15,876,090)	(4,577,351)	11,298,739
Ending net position-budgetary basis	$ 31,878,655	$ 31,482,185	$ 41,995,317	$ 10,513,132

New Mexico Institute of Mining and Technology

UNRESTRICTED CURRENT FUNDS - REVENUES AND EXPENDITURES - BUDGET COMPARISONS

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Beginning fund balances	$ 36,385,545	$ 47,358,275	$ 46,572,668	$ (785,607)
Revenues				
Tuition	8,820,501	11,538,064	11,902,405	364,341
Miscellaneous fees	1,946,200	1,946,200	2,393,967	447,767
Government appropriation - federal	-	-	-	-
Government appropriation - state	82,123,926	82,123,926	38,657,845	(43,466,081)
Government appropriation - local	-	-	-	-
Government grants - federal	-	-	-	-
Government grants - state	-	-	-	-
Contracts - local	-	-	-	-
Private contracts	-	-		-
Endowments	200,000	200,000	275,368	75,368
Land and permanent fund	1,050,000	1,050,000	2,505,328	1,455,328
Private gifts	-	-	-	-
Sales and service	7,041,581	7,041,581	6,118,574	(923,007)
Other sources	5,090,133	5,090,133	17,630,699	12,540,566
Total revenues	106,272,341	108,989,904	79,484,186	(29,505,718)
Total revenues and fund balance budgeted	142,657,886	156,348,179	126,056,854	(30,291,325)
Expenditures				
Instruction and general	37,441,658	43,259,372	37,623,244	(5,636,128)
Student social and cultural	482,100	1,069,054	811,666	(257,388)
Research	9,421,700	16,080,918	8,887,999	(7,192,919)
Public service	550,898	885,037	751,683	(133,354)
Internal service departments	300,000	100,912	4,820,988	4,720,076
Student aid	5,137,892	5,981,176	4,976,314	(1,004,862)
Auxiliary enterprises	5,904,110	5,874,224	5,224,278	(649,946)
Intercollegiate athletics	221,900	222,444	202,474	(19,970)
Independent operations	4,450,974	5,313,625	4,696,171	(617,454)
Capital outlay	43,475,000	42,786,233	17,544,218	(25,242,015)
Renewal and replacements	2,077,772	1,977,772	976,859	(1,000,913)
Retirement of indebtedness	1,053,401	1,053,401	550,726	(502,675)
Total expenditures	110,517,405	124,604,168	87,066,620	(37,537,548)
Net transfers	(261,826)	(261,826)	787,061	1,048,887
Change in net position-budgetary basis	(4,506,890)	(15,876,090)	(6,795,373)	9,080,717
Ending net position-budgetary basis	$ 31,878,655	$ 31,482,185	$ 39,777,295	$ 8,295,110

New Mexico Institute of Mining and Technology

RESTRICTED CURRENT FUNDS - REVENUES AND EXPENDITURES - BUDGET COMPARISONS

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Beginning fund balances	$ -	$ -	$ -	$ -
Revenues				
Tuition	-	-	-	-
Miscellaneous fees	-	-	-	-
Government appropriation - federal	292,445	292,445	6,563,908	6,271,463
Government appropriation - state	71,015	71,015		(71,015)
Government appropriation - local	-	-	-	-
Government grants - federal	56,828,204	56,828,204	42,154,913	(14,673,291)
Government grants - state	7,200,000	7,200,000	2,746,460	(4,453,540)
Contracts - other	-	-	3,883,450	3,883,450
Private contracts	3,546,000	3,546,000	10,873,334	7,327,334
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	1,421,673	1,421,673
Sales and service	5,829,983	5,829,983	454,752	(5,375,231)
Other sources	112,500	112,500	1,424,284	1,311,784
Total revenues	73,880,147	73,880,147	69,522,774	(4,357,373)
Cash balance budgeted	-	-	-	-
Total revenues and fund balance budgeted	73,880,147	73,880,147	69,522,774	(4,357,373)
Expenditures				
Instruction and general	-	-	-	-
Student social and cultural	-	-	-	-
Research	60,958,500	60,958,500	57,830,714	(3,127,786)
Public service	-	-	-	-
Internal service departments	5,829,983	5,829,983	638,507	(5,191,476)
Student aid	6,220,649	6,220,649	6,627,829	407,180
Auxiliary enterprises	-	-	-	-
Intercollegiate athletics	-	-	-	-
Independent operations	871,015	871,015	1,040,381	169,366
Capital outlay	-	-	-	-
Renewal and replacements	-	-	-	-
Retirement of indebtedness	-	-	-	-
	73,880,147	73,880,147	66,137,431	(7,742,716)
Net transfers	-	-	(1,167,321)	(1,167,321)
Change in net position-budgetary basis	-	-	3,385,343	3,385,343
Ending net position-budgetary basis	$ -	$ -	$ 2,218,022	$ 2,218,022

New Mexico Institute of Mining and Technology

UNRESTRICTED CURRENT FUNDS - SUMMARY OF INSTRUCTION AND GENERAL - REVENUES AND EXPENDITURES - BUDGET COMPARISONS

Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Actual Over (Under) Budget
Beginning fund balances	$ 2,580,705	$ 6,484,652	$ 5,699,043	$ (785,609)
Revenues				
Tuition	8,820,501	11,538,064	11,902,405	364,341
Miscellaneous fees	1,105,600	1,105,600	1,278,587	172,987
Government appropriation - federal	-	-	-	-
Government appropriation - state	27,508,300	27,508,300	27,508,337	37
Government appropriation - local	-	-	-	-
Government grants - federal	-	-	-	-
Government grants - state	-	-	-	-
Contracts - local	-	-	-	-
Private gift/contracts	-	-	-	-
Endowment earnings	200,000	200,000	275,368	75,368
Land and permanent fund	1,050,000	1,050,000	2,505,328	1,455,328
Private gifts	-	-	-	-
Sales and service	-	-	-	-
Other sources	4,047,500	4,047,500	7,594,100	3,546,600
Total revenues	42,731,901	45,449,464	51,064,125	5,614,661
Expenditures				
Instruction	17,636,727	20,652,654	18,073,720	(2,578,934)
Academic support	3,730,962	4,071,546	3,170,017	(901,529)
Student services	2,232,553	2,734,436	2,014,491	(719,945)
Institutional support	8,604,703	10,564,023	7,938,532	(2,625,491)
Operation and maintenance of plant	5,236,713	5,236,713	6,426,484	1,189,771
Total expenditures	37,441,658	43,259,372	37,623,244	(5,636,128)
Net transfers	5,791,409	5,997,781	11,447,666	5,449,885
Change in net assets-budgetary basis	11,081,652	8,187,873	24,888,547	16,700,674
Ending fund balances-bugetary basis	$ 13,662,357	$ 14,672,525	$ 30,587,590	$ 15,915,065

New Mexico Institute of Mining and Technology

SCHEDULE OF DEPOSIT COLLATERAL

June 30, 2015

	Pledged Collateral: Safekeeping Location	Pledged Collateral: Type of Security	Maturity Date	First State Bank Socorro, NM	Wells Fargo Socorro, NM	Bank of America Socorro, NM	Total
Funds on deposit							
Deposits				$ 47,226,000	$ 1,607,623	$ 7,411	$ 48,841,034
Sweep account				-	-	-	-
FDIC insurance							
Demand deposits				(350,750)	(250,000)	(7,411)	(608,161)
Savings deposits				-	-	-	-
Total uninsured public funds				$ 46,875,250	$ 1,357,623	$ -	$ 48,232,873
Fifty percent collateral requirement per section 6-10-17 NMSA				$ 23,437,625	$ 678,812	$ -	$ 24,116,437
Pledged collateral	Federal Reserve Bank, Dallas, Texas	FFCB Non CBL CUSIP #31331QYJ0	3/28/2018	5,458,426	-	-	5,458,426
		FFCB Non CBL CUSIP #31331SVN0	12/28/2020	5,763,825	-	-	5,763,825
		FFCB Non CBL CUSIP #31331XX64	8/23/2021	4,782,960	-	-	4,782,960
		FFCB 2.20 CUSIP #3133ECK94	3/28/2023	4,894,280	-	-	4,894,280
		FHLB Non CBL CUSIP #3133X8EW8	8/15/2024	1,254,986	-	-	1,254,986
		FFCB 3.620 021125 CUSIP #31331KUD0	2/11/2025	3,841,020	-	-	3,841,020
		FFCB Non CBL CUSIP #31331VKU9	4/16/2025	3,625,323	-	-	3,625,323
		FFCB 2.63 CUSIP #3133EAG44	8/3/2026	1,919,370	-	-	1,919,370
		FHLB 3.00 CUSIP #3130A2YE3	9/11/2026	5,965,452	-	-	5,965,452
		FN WUB477 CUSIP # Various	Various	-	949,820	-	949,820
Total collateral				37,505,642	949,820	-	38,455,462
Excess of pledged collateral over the required amount				$ 14,068,017	$ 271,008	$ -	$ 14,339,025

New Mexico Institute of Mining and Technology

SCHEDULE OF MULTIPLE-YEAR CAPITAL PROJECTS FUNDED BY GENERAL OBLIGATION REVENUE BOND AND SEVERANCE TAX BOND CAPITAL OUTLAY APPROPRIATIONS FROM THE STATE

Year Ended June 30, 2015

Project Description	Authority/Chapter	Laws	Appropriation Period	Expiration	Total Appropriation	Bonds Sold to Date	Bonds Unsold	Amount Available	Prior Year Expenditures	Current Year Expenditures	Art in Public Places	Current Year Reversion Amount	Unencumbered Balance
General Obligation Revenue Bond													
GENERAL FUND													
General Obligation	Ch 54 Sec 10, Laws 2012		2013	6/30/2016	$ 18,000,000	$ 18,000,000	$ -	$ 18,000,000	$12,171,748	$ 5,648,252	$ 180,000	$ -	$ -
General Obligation	Ch65, Sec10, Laws 2014		2015	6/30/2018	15,000,000	15,000,000	-	15,000,000	-	581,615	150,000	-	14,268,385
Total General Obligation Revenue Bonds					$ 33,000,000	$ 33,000,000	$ -	$ 33,000,000	$12,171,748	$ 6,229,867	$ 330,000	$ -	$ 14,268,385
Severance Tax Bond Proceeds													
Severance Tax - 13A Geology Bldg	226	2013	2014	6/30/2017	$ 6,000,000	$ 6,000,000	$ -	$ 6,000,000	$ -	$ 5,940,000	$ 60,000	$ -	$ -
Severance Tax - 12SA MRO E&R Unit	64	2012	2014	6/30/2016	200,000	200,000	-	200,000	95,814	104,186	-	-	-
Severance Tax - 13A MRO Maint Rm	226	2013	2014	6/30/2017	235,000	235,000	-	235,000	15,402	158,528	-	-	61,070
Severance Tax - 13A Parking Lot	226	2013	2014	6/30/2017	100,000	100,000	-	100,000	69,669	30,331	-	-	-
	66	2014	2015	6/30/2018	90,000	90,000	-	90,000	-	90,000	-	-	-
	66	2014	2015	6/30/2018	75,000	75,000	-	75,000	-	75,000	-	-	-
	66	2014	2015	6/30/2018	25,000	25,000	-	25,000	-	25,000	-	-	-
Total Severance Tax Bonds					$ 6,725,000	$ 6,725,000	$ -	$ 6,725,000	$ 180,885	$ 6,423,045	$ 60,000	$ -	$ 61,070
Total Capital Appropriations					$ 39,725,000	$ 39,725,000	$ -	$ 39,725,000	$12,352,633	$ 12,652,912	$ 390,000	$ -	$ 14,329,455

New Mexico Institute of Mining and Technology

SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING $60,000 (EXCLUDING GRT) (UNAUDITED)

As of June 30, 2015

RFB#/RFP #	Type of Procurement	Awarded Vendor	$ Amount of Awarded Contract With NMGRT	$ Amount of Amended Contract With NMGRT	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
1507001S	RFP	DMH Consulting	$ 80,000.00	$ 114,072.60	DMH Consulting 7104 Christy Ave NE ABQ, NM 87109	N	N/A	Test and evaluate newly purchased broadband seismometers and accelerometers
I0008533S	RFP	FedEx	$ 370,363.60	$ 621,363.60	FedEx, 2706 Central Ave SE, ABQ, NM 87106	N	N/A	Printing and delivery services for 1st Responders program
		Starline Printing	$ 111,740.00	$ 491,400.00	Starline Printing, 7111 Pan American Hwy NE, ABQ, NM 87109	N	N/A	
I0009345E	Bid	A&A Pumping Svc	$36,711.63	-	A&A Pumping, 415 N 4th Street, Belen, NM 87002	N	N	Sanitary Disposal Services
					JN Pumping, P.O. Box 1903, Carlsbad, NM 88221	N	N	
I0009486E	Bid	Herrera School Buses	$ 60,734.42	$ 94,019.54	Herrera School Buses, 10605 Central Ave NW, ABQ, NM 87121	N	N/A	Charter Bus Services
					Greyhound Bus, 320 1st St SW, ABQ, NM 87102	N	N/A	
I1507003S	RFP	McAllister & Quinn	$ 123,000.00	(hourly rates $75 - $345 plus reimbursable expenses)	McAllister & Quinn, 103015th Street NW, Suite 590 West, Washington DC 20005	N	N	Grant Writing Services
		Alcalde & Faye	Hourly rates $200 - $300 + NMGRT + reimbursable expenses	-	Alcalde & Faye, 2111 Wilson Blvd, 3th Floor, Arlington, VA 22201	N	N	
					Resource Associates, PO Box 6517, Farmington, NM 87499	N	N	

New Mexico Institute of Mining and Technology

SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING $60,000 (EXCLUDING GRT) (UNAUDITED) – CONTINUED

As of June 30, 2015

RFB#/RFP #	Type of Procurement	Awarded Vendor	$ Amount of Awarded Contract With NMGRT	$ Amount of Amended Contract With NMGRT	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
1510004S	Bid	Goodmans	$ 344,755.99	$10,874.35 awarded amount	Goodmans, 4860 Pan American Frwy, NE, ABQ, NM 87109	N	N	Furniture
	Selected by line item who had the lowest price per item	Workspace Dynamics	284,178.67	$37,766.79 awarded amount	Workspace Dynamics, 4711 Lomas Blvd NE, ABQ, NM 87110	Y	N	
	Some bids were for a few items, some for all, some items were not equal as well	Beck	293,065.04	$211,102.80 awarded amount	Beck Total Office Systems, 5300 Eagle Rock Ave NE, ABQ, NM 87113	Y	N	
					Business Environments (NM Office Furniture), 5351 Wilshire Ave NE, ABQ, NM 87113	N	N	
					Contract Associates, 800 20th Street NW, ABQ, NM 87104	Y	N	
					Albuquerque Office, 3715 Hawkins St NE, ABQ, NM 871109	N	N	
					Commercial Concepts, 3622 E Noland Ct, Independence, MO 64055	N	N	
1511005S	Bid	Adagio One Inc.	$ 123,423.00	$ 144,957.99	Adagio One Inc., 13811 US Hwy 19 North, Largo, FL 33764	N	N	Cabinets and display cases
					Building Four Fabrications, 3588 Pierce Drive, Chamblee, GA 30341	N	N	
					Cinnabar Inc, 4571 Electronics Pl, LA, CA 90039	N	N	

New Mexico Institute of Mining and Technology

SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING $60,000 (EXCLUDING GRT) (UNAUDITED) – CONTINUED

As of June 30, 2015

RFB#/RFP #	Type of Procurement	Awarded Vendor	$ Amount of Awarded Contract With NMGRT	$ Amount of Amended Contract With NMGRT	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
1512006E	RFP	Knowledge-bridge Int'l	Fund as needed hrly rates $33.62 to $280.13 depending on analyst		KnowledgeBridge Int'l, 2652 Black Fir Ct, Reston VA 20191	N	N	Management Consulting
		A-T Solutions	Fund as needed; hrly rates $34.07 to $132.75 depending on analyst		A-T Solutions Inc, 10304 Spotsylvania Ave, Fredericksburt, VA 22408	N	N	
					Command Post Technologies, 1030 University Blvd, Suite 2218, Suffolk, VA 23435	N	N	
					Pecos Management, 2418 Juan Tabo Blvd NE, ABQ, NM 87112	N	N	
1503010S	RFP	Atkinson Co. Ltd	127,404.00		Atkinson Co. Ltd., 6501 Americas Pkwy NE, Suite 700, ABQ, NM 87110	Y	N	Audit Services
					KPMG, 6565 Americas Pkwy #700, ABQ, NM 87110	Y	N	
					Jaramillo Accounting Group, 4700 Lincoln Rd, NE ABQ, NM 87109	Y	N	
					Ricci & Co., 6200 Uptown Blvd NE, ABQ, NM 87110	Y	N	
					Moss Adams, 6565 Americas Pkwy #600, ABQ, NM 87110	Y	N	
					CliftonLarsonAllen LLP, 500 Marquette Ave, NEW #800, ABQ, NM 87102	Y	N	
					Axiom, 316 Osuna Rd NE #401, ABQ, NM 87107	Y	N	

New Mexico Institute of Mining and Technology

SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING $60,000 (EXCLUDING GRT) (UNAUDITED) – CONTINUED

As of June 30, 2015

RFB#/RFP #	Type of Procurement	Awarded Vendor	$ Amount of Awarded Contract With NMGRT	$ Amount of Amended Contract With NMGRT	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
1505011S	RFP	Storbeck/ Pimentel	Professional fee $50K; expenses $6K; out of pocket expenses $2K; Advertising $3K; consultant travel $3500; candidate travel tbd; background investigations $2K. PO issued for $107,227.50 w/estimated expenses, and w/tax	-	Storbeck/Pimentel, 66512 Painter Ave, Whittier, CA 90601	N	N	Executive Search Consultants
					AGB Search, 1133 20th Street NW, Suite 300, Washington DC 20036	N	N	
					Greenwood/Asher, 42 Business Center Drive, Suite 206, Miramar Beach, FL 32550	N	N	
I0009598E	Bid	D&H Pump	$50,777.95	60,120.07	D&H Pump Service, 1221 Tower Trail Lane, ELP, TX 79907	Y	N	Underground Petroleum Storage Tank Removal
			52,670.00		Western Technologies, 8305 Washington Pl NE, ABQ, NM 87113	N	N	
I0009669E	Bid	Ensign Bickford Aerospace	442,780.00	$90,460.00 and $13,258.00 funded as needed	Ensign Bickford Aerospace Bldg 44 Dock, 640 Hopmeadow St, PO Box 429, Simsbury, CT 06070	N	N	Ordnance Inventory
		Accurate only bid on 16 of 28 items	276,573.38		Accurate Energetic, 5891 Hwy 230 W, McEwen, TN 37101	N	N	

New Mexico Institute of Mining and Technology

SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING $60,000 (EXCLUDING GRT) (UNAUDITED) – CONTINUED

As of June 30, 2015

RFB#/RFP #	Type of Procurement	Awarded Vendor	$ Amount of Awarded Contract With NMGRT	$ Amount of Amended Contract With NMGRT	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
1411005S	Bid	ESA Construction	$509,034.01	634,034.00	ESA Construction, 3435 Girard NE, ABQ, NM 87107	Y	N	Construction - Cuttings Building
					Richardson & Richardson, 4100 Menaul Blvd NE, Suite 2E, ABQ, NM 87176	Y	N	
					Sweep Construction, 3314 Vassar Dr NE, ABQ, NM 87107	N	N	
					White Sands Construction, 1700 10th St #A, Alamogordo, NM 88310	Y	N	
					First Mesa Construction, 8819 2nd St NW, ABQ, NM 87114	Y	N	
					Bradbury Stamm Construction, 7110 2nd St NW, ABQ, NM 87107	Y	N	
					Grancor Construction, 2121 Menaul Blvd NE, ABQ, NM 87107	Y	N	

New Mexico Institute of Mining and Technology

SCHEDULE OF VENDOR INFORMATION FOR PURCHASES EXCEEDING $60,000 (EXCLUDING GRT) (UNAUDITED) – CONTINUED

As of June 30, 2015

RFB#/RFP #	Type of Procurement	Awarded Vendor	$ Amount of Awarded Contract With NMGRT	$ Amount of Amended Contract With NMGRT	Name and Physical Address per the procurement documentation, of ALL Vendor(s) that responded	In-State/ Out-of-State Vendor (Y or N) (Based on Statutory Definition)	Was the vendor in-state and chose Veteran's preference (Y or N) For federal funds answer N/A	Brief Description of the Scope of Work
I0009904F	Bid	Hertz Corp	61,361.00		Hertz Equipment Rental, 3601 Osuna Rd NE, ABQ, NM 87109	N	N	Genie Articulation Boom
					H&E Equipment Services, 1924 2nd St, NW, ABQ, NM 87107	N	N	
					United Rentals, 2800 University Blvd, NE, ABQ, NM 87107	N	N	
					Medley Material Handling, 3535 Princeton Dr NE, ABQ, NM 87107	N	N	
					Franks Supply Company, 3311 Stanford Dr NE, ABQ, NM 87107	Y	N	
					Blueline Rental, 3581 NM-47, Peralta, NM 87042	N	N	
					One Source Equipment, 15133 S Route 58, Plainfield, IL 60544	N	N	
I0009951F	Bid	Graybar	$94,463.17		Graybar, 281 Menaul Blvd NE, ABQ, NM 87107	N	N	Lighting for Library
					Summit Electric Supply, 2900 Stanford Dr NE, ABQ, NM 87107	Y	N	
					GEW Mechanical, 127 Aztec Rd NW, ABQ, NM 87107	Y	N	

New Mexico Institute of Mining and Technology

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2015

Federal Grantor Program Title	Award #	Funding Agency Identification Number/Contract ID	Catalog of Federal Domestic Assistance (CDFA) Number	Fiscal Year Subrecipient Expenditures	Fiscal Year Expenditures
RESEARCH AND DEVELOPMENT CLUSTER					
DEPARTMENT OF DEFENSE (DoD)					
ARMY					
US Army TACOM Picatinny	ABEC	W56HZV-08-C-0034	12.Unknown	$ -	$ 12,081
Army Research Laboratory	AIPM	W911NF-11-2-0036	12.Unknown	-	15,099
Department of Defense	AMY1	H98230-13-C-1356	12.Unknown	-	948,007
AIRFORCE					
Air Force Safety Center	FASC	F2KKBAC0354M0001	12.Unknown	-	-
NAVY					
Navy Engineering Logistics Office	NJT111	N41756-10-C-3367	12.Unknown	-	114
	NJT121	N41756-10-C-3367 CLIN 001	12.Unknown	-	(151,425)
	NJT131	N41756-10-C-3367 CLIN 0004	12.Unknown	-	(9,153)
	NJT141	N41756-10-C-3367 CLIN 0017	12.Unknown	-	13,554
	NJT151	N41756-10-C-3367 CLIN0010	12.Unknown	-	(3,771)
	NJT171	N41756-10-C-3367	12.Unknown	-	11,593
	NJT181	N41756-10-C-3367/ CLIN 0011	12.Unknown	-	(187)
	NJT231	N41756-10-C-3367 CLIN 0005	12.Unknown	-	14,923
	NJT262	N41756-10-C-3367/CLIN0015	12.Unknown	-	(1,001)
	NJT281	N41756-10-C-3367 CLIN 0012	12.Unknown	-	4,120
	NJT321	N41756-10-C-3367 CLIN 3	12.Unknown	-	(1,655)
	NJT331	N41756-10-C-3367	12.Unknown	-	2,363
	NJT381	N41756-10-C-3367 - CLIN 0013	12.Unknown	-	995
	NJT391	N41756-10-C-3367 CLIN 9	12.Unknown	-	(40,275)
Office of Naval Research	NLSC	N00014-14-1-0277	12.300	-	31,994
	NSIB	N00014-15-1-2265	12.300	-	1,810
Defense Threat Reduction Agency	RTMT	HDTRA1-14-1-0070	12.351	-	65,267
Defense Advanced Research Projects Agency	ROPT	HR0011-10-1-0057	12.910	-	253,191
Total DoD - R&D CLUSTER				**-**	**1,167,644**
ENVIRONMENTAL PROTECTION AGENCY (EPA)					
	BFKK	FP-91734801	66.514	-	10,165
	BFLT	FP-91750601	66.514	-	11,758
Total EPA - R&D CLUSTER				**-**	**21,923**
DEPARTMENT OF ENERGY (DOE)					
Fossil Energy (National Energy Technology Laboratory)	DDCK	DE-FE0004844	81.089	13,163	13,163
	DDCO	DE-FE0009878	81.089	-	224,701
	DNSF	DE-FE0005979	81.089	-	171,018
	DSWT	DE-FC26-05NT42591	81.Unknown	7,396,030	8,589,861
Environmental Management	DWIP	DE-EM0003555	81.214	-	184,052
Total DOE - R&D CLUSTER				**7,409,193**	**9,182,793**
BUREAU OF LAND MANAGEMENT (BLM)	RBPC	L10AC16108	15.239	-	38,082
	RNNM	L12AC20117	15.239	-	140,207
Total BLM - R&D CLUSTER				-	**178,289**
FEDERAL AVIATION ADMINISTRATION	RCST1	10-C-CST-NMT-002 TASK 228	20.109	-	53,665
	RCST2	CA 10-C-CST-NMT-4 TASK 293	20.109	-	10,510
	RCST3	CA10-C-CST-NMT-06 TASK 299	20.109	-	21,741
				-	**85,916**
NATIONAL PARK SERVICE	RFOS	P12AT00380/P12AC71216	15.Unknown	-	12,663
	RFOS2	P12AC11010	15.Unknown	-	4,472
	RMOD	P12AC11011	15.Unknown	-	14
	RMOD2	P13AC00970-CP-P13AC00969	15.944	-	20,258
	RSHC	P13AC01015_CP P13AC00969	15.944	-	20,933
Total NPS - R&D CLUSTER				**-**	**58,340**

See notes to schedule of expenditures of federal awards.

New Mexico Institute of Mining and Technology

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

For the Year Ended June 30, 2015

Federal Grantor Program Title	Award #	Funding Agency Identification Number/Contract ID	Catalog of Federal Domestic Assistance (CDFA) Number	Fiscal Year Subrecipient Expenditures	Fiscal Year Expenditures
NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION	RPGR	NA11NES4400007	11.440	$ -	$ 29,344
Total NOAA - R&D CLUSTER				-	**29,344**
DEPARTMENT OF STATE	RPSP30	S-LMAQM-13-CA-1287	19.Unknown	25,009	26,463
Total DOS - R&D CLUSTER				**25,009**	**26,463**
DEPARTMENT OF HOMELAND SECURITY	RSLT	2011-ST-062-000051	97.062	-	77,987
Total DHS - R&D CLUSTER				**-**	**77,987**
NSF-American Recovery & Reinvestment Act 2009	SHPO	AST-0909184	47.082	-	-
Total NSF-ARRA - R&D CLUSTER				**-**	**-**
NATIONAL SCIENCE FOUNDATION	SARE	OCE-1434550	47.050	-	41,361
	SBER	EAR-1464546	47.050	37,560	49,932
	SCCL	AGS-1021049	47.050	-	20,373
	SCGH	AST-1109803	47.049	-	126,847
	SCSL	1445703	47.050	-	12,739
	SCYC	DGE-1303051	47.076	-	58,408
	SDAT	ANT-1142069	47.078	-	42,167
	SDCB	EAR-0948335	47.050	-	1,585
	SDCT	AGS-1342001	47.050	-	241,709
	SDMC	EAR-1246903	47.050	-	72,052
	SDPA	ANT-1043580	47.078	-	47,615
	SDRF	EAR-1141435	47.050	-	12,526
	SDYN	EAR-1015100	47.050	-	114,812
	SEGC	AST-1009620	47.049	-	12,582
	SGDP	IOS-1354152	47.074	-	32,773
	SGRS	ANT-1141534	47.078	-	81,018
	SGSM	PLR-1304849	47.050	-	99,265
	SHWC	EAR-1344553	47.050	-	58,258
	SKAR	EAR-1141768	47.050	-	46,989
	SKRT	AGS-1205727	47.050	-	193,785
	SLSP	1102444	47.049	-	938
	SMES	AGS-1056254	47.050	-	54,749
	SMWN	DMR-1108466	47.049	-	116,263
	SPBC	EAR-1349361	47.050	-	73,803
	SREB	PLR-1142083	47.078	-	142,910
	SRFT	EAR-1053597	47.050	-	54,710
	SRIS	AST-1310800	47.049	40,490	163,525
	SSMB	EAR-1049966	47.050	-	5,865
	SSMB2	EAR-1348076	47.050	-	66,987
	SSZD	EAR-1141898	47.050	-	5,230
	STEP	ANT-1142115	47.078	-	31,384
	STIN	CMMI-1335199	47.041	-	87,630
	SVHA	EAR-1322089	47.050	-	86,545
Total NSF - R&D CLUSTER				**78,050**	**2,257,335**
U.S. GEOLOGICAL SURVEY	UGMQ	G13AC00186	15.Unknown	-	355
	UGNM	G14AC00228	15.810	-	143,877
	UHCC	G15AP00080	15.807	-	1,093
	UNCR	G10AC00463	15.819	-	13,503
Total USGS - R&D CLUSTER				**-**	**158,828**
NATIONAL AERONAUTICS & SPACE ADMINISTRATION	YFAA	NNX12AG15G	43.001	-	494,137
	YNEO	NNX15AG34G	43.001	-	10,199
	YNRA	NNX12AJ80G	43.001	-	163,403
	YSSC	NNX13AT08H	43.008	-	41,986
	YWIJ	NNX14AH47G	43.001	-	57,735
Total NASA - R&D CLUSTER				**-**	**767,460**
TOTAL RESEARCH AND DEVELOPMENT - R&D CLUSTER				**7,512,252**	**14,012,323**

See notes to schedule of expenditures of federal awards.

New Mexico Institute of Mining and Technology

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

For the Year Ended June 30, 2015

Federal Grantor Program Title	Award #	Funding Agency Identification Number/Contract ID	Catalog of Federal Domestic Assistance (CDFA) Number	Fiscal Year Subrecipient Expenditures	Fiscal Year Expenditures
OTHER CLUSTER					
DEPARTMENT OF STATE	RPSP6A	S-LMAQM-14-CA-1030	19.Unknown	$ -	$ 503,139
TOTAL DOS - OTHER CLUSTER				-	503,139
DEPARTMENT OF HOMELAND SECURITY	RT30	EMW-2011-CA-00094-S01	97.005	-	-
	RT40	EMW-2012-CA-K00146-S01	97.005	-	813,892
	RT50	EMW-2013-CA-00166-S01	97.005	1,660,904	12,688,038
	RT60	EMW-2014-CA-00063-S01	97.005	230,626	6,322,716
TOTAL DHS - OTHER CLUSTER				1,891,530	19,824,646
TOTAL OTHER CLUSTER				1,891,530	20,327,785
DEPARTMENT OF DEFENSE (DoD)					
ARMY	ACST	W56HZV-14-C-0143	12.Unknown	-	1,394
AIRFORCE	FCAV	IPA CAVILEER	12.Unknown	-	62,147
	FLUZ	FA9453-10-2-0259	12.800	131,323	1,307,701
	FPIC1	PIA FA9453-11-3-0001/@2/CPO #1	12.615	-	1,232,090
	FPIF1	FA9453-11-3-0001/ CPO #3-0305	12.615	94,474	94,474
	FTND	FA4877-15-P-B036	12.Unknown	-	17,975
NAVY	NAW015	N00421-12-2-N004	12.Unknown	-	(164)
	NAW018	N00421-12-2-N010	12.Unknown	-	17,069
	NAW019	N00421-12-2-N009	12.Unknown	-	29,231
	NCRG	IPA SCOTT T CRAIG 1/28/2014	12.Unknown	-	241,253
	NDPI	IPA DAVID PINE	12.Unknown	-	189,530
	NHBT	N41756-14-C-3297	12.Unknown	-	112,842
	NJT101	N41756-10-C-3367 (BF)	12.Unknown	-	(3,361)
	NMV1	N00173-01-2-C902	12.300	-	(153)
	NORD	PEAR DATED 3/16/15	12.Unknown	-	8,083
	NPIN	IPA DAVID PINE	12.Unknown	-	24,059
	NWAT	N00178-13-P-4092	12.Unknown	-	581
	RCAV	IPA CAVILEER 2012-2014	12.Unknown	-	80,418
	RORD	PEAR	12.Unknown	-	953
	RRJA	IPA-ROBERT J ARNOLD AGREEME	12.Unknown	-	246,511
	RRJB	IPA-ROBERT J ARNOLD AGREEME	12.Unknown	-	4,460
TOTAL DoD - OTHER CLUSTER				225,797	3,667,093
DEPARTMENT OF EDUCATION	REES	P031C110059	84.031	-	718,362
	RMST	P047M130504	84.047	-	253,354
	ROHA	P031M090020	84.031	-	113,720
	RSES	P031S100145	84.031	-	749,327
	RUBT	P047A120523	84.047	-	223,808
TOTAL DEPT OF ED - OTHER CLUSTER				-	2,058,571
DEPARTMENT OF LABOR	RFMF	MS-25424-14-55-R-35	17.600	-	45,094
	RFMG	BRIDGE FUNDING	17.600	-	80,482
	RPSP60	S-DSASD-09-CA-200/A9	19.Unknown	46,457	233,367
TOTAL DOL - OTHER CLUSTER				46,457	358,945

See notes to schedule of expenditures of federal awards.

New Mexico Institute of Mining and Technology

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

For the Year Ended June 30, 2015

Federal Grantor Program Title	Award #	Funding Agency Identification Number/Contract ID	Catalog of Federal Domestic Assistance (CDFA) Number	Fiscal Year Subrecipient Expenditures	Fiscal Year Expenditures
DEPARTMENT OF THE INTERIOR	RCKM	H2360097030-P13AC00765	15.Unknown	$ -	$ 12,670
	RCKP	P14AC00575-P14AC00029	15.944	-	296,185
TOTAL DOI - OTHER CLUSTER				**-**	**308,855**
ENVIRONMENTAL PROTECTION AGENCY	BTTA	X6-83536101	66.424	78,171	78,171
TOTAL EPA - OTHER CLUSTER				**78,171**	**78,171**
FEDERAL AVIATION ADMINISTRATION	RCST4	CA 10-C-CST-NMT-10, TASK 303	20.109	-	122,452
TOTAL FAA - OTHER CLUSTER				**-**	**122,452**
NATIONAL ENDOWMENT FOR THE ARTS	RPAS4	15-7800-7127	45.024	-	10,000
TOTAL NAT ENDOW FOR THE ARTS - OTHER CLUSTER					**10,000**
NATIONAL SCIENCE FOUNDATION	SCIT	DUE-0621363	47.076	-	15,937
	STEM	DUE-1161334	47.076	48,091	154,401
	STNG	DUE-1323744	47.076	-	9,726
TOTAL NSF - OTHER CLUSTER				**48,091**	**180,064**
OFFICE OF JUSTICE PROGRAMS	RSBB	2009-DG-BX-K002	16.580	-	(1,005)
	RSBT	2009-DG-BX-K002	16.580	-	1,061
	RSBZ	2009-DG-BX-K002	16.808	100,387	320,928
TOTAL OJP - OTHER CLUSTER				**100,387**	**320,984**
TOTAL OTHER CLUSTER FEDERAL DIRECT				**498,903**	**7,105,135**
RESEARCH & DEVELOPMENT CLUSTER - PASS THROUGH					
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION					
Arizona State University	MURS	13-050	11.431	-	24,782
Regents of the University of California	MCUS	51425062	11.618	-	6,452
TOTAL NOAA - R&D CLUSTER PASS THROUGH				-	**31,234**
DEPARTMENT OF DEFENSE					
Duke University	MPDS	10-DARPA-1096	12.910	-	36,839
Johns Hopkins University	MDMT	2001645111	12.630	-	96,407
Johns Hopkins University	MDMT3	2002153427	12.630	-	4,108
TOTAL DoD - R&D CLUSTER PASS THROUGH				**-**	**137,354**
NATIONAL SCIENCE FOUNDATION					
Incorporated Research Institutions for Seismology	PMDG	96-NMT-GEOICE	47.Unknown	-	184,138
	PSAG	04-NMT-SAGE	47.050	-	4,911,782
Regents of New Mexico State University	MCNH	Q01628	47.075	-	13,365
UNAVCO, Inc.	MPBO	EAR-0732947-06	47.050	-	(0)
	MPDC	016271	47.050	-	1,283
University of Alaska	MISU	FP30587-UAF13-0060	47.050	-	1,743
University of New Mexico	MENM	063026-8746-IIA-1301346	47.080	-	1,089,090
	MWAV	063030-8746	47.079	-	72,873
TOTAL NSF - R&D CLUSTER PASS THROUGH				**-**	**6,274,274**
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION					
Jet Propulsion Laboratory	MCMC	RSA#1427781/NMO711043	43.Unknown	-	78,381
	MDSF	1472119	43.Unknown	-	17,204
	PSRA	SUBCONTRACT# 1478543	43.Unknown	-	19,123
Regents of New Mexico State University	MCAN	Q01729	43.008	-	16,629
	MMRO	Q01522	43.008	-	3,831
	MREC	Q01562	43.001	-	4,403
	MSCS	Q01724	43.001	-	1,165
	MEST	Q01546	43.008	-	3,266
	MSGA8	Q01376 -NNX09AP69A	43.Unknown	-	3,617
	MSGA9	Q01451	43.Unknown	-	40,000
	MJIV	Q01719	43.008	-	840
Smithsonian Astrophysical Observatory	MRFM	GO3-14005X	43.Unknown	-	2,240
University of California	MSCR	2012-2737	43.001	-	1,123
TOTAL NASA - R&D CLUSTER PASS THROUGH				**-**	**191,822**

See notes to schedule of expenditures of federal awards.

New Mexico Institute of Mining and Technology

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

For the Year Ended June 30, 2015

Federal Grantor Program Title	Award #	Funding Agency Identification Number/Contract ID	Catalog of Federal Domestic Assistance (CDFA) Number	Fiscal Year Subrecipient Expenditures	Fiscal Year Expenditures
DEPARTMENT OF ENERGY					
Los Alamos National Laboratory	MCPV	305151	81.Unknown	$ -	$ 695
	MDEM	243409-1	81.Unknown	-	44,762
	MHWG	309981	81.Unknown	-	34,829
	MESM	315137	81.Unknown	-	17,491
	MLGR	162503-1	81.Unknown	-	8,102
	MMCA	287510	81.Unknown	-	6,751
	PTAL	77010-001-10	81.Unknown	-	47,059
Research Partnership to Secure Energy for America	PPTS	12123-16	81.Unknown	-	121,199
	PSTD	09123-03	81.Unknown	-	2,505
	PCET	11123-03	81.Unknown	-	234,810
Sandia National Laboratories	MADS	1317050	81.Unknown	-	17,855
	MCDN	1545638	81.Unknown	-	1,423
	MHAD	1376548	81.Unknown	-	38,833
	MMEG	1415664	81.Unknown	-	25,825
	MPTR	PO 1415058	81.Unknown	-	69,758
	MSAD	1324644	81.Unknown	-	2,147
	MSCP	1252698	81.Unknown	-	4,760
	MSMS	PO 1520051	81.Unknown	-	44,795
	MPOL3	1335747	81.Unknown	-	7,730
	MPOL4	1449569	81.Unknown	-	9,597
	MPOL5	1473233	81.Unknown	195,437	373,242
	MPOL6	1485148	81.Unknown	66,547	416,808
	MPOL65	1517800	81.Unknown	138,795	280,922
	MPOL7	1550726	81.Unknown	39,586	218,704
TOTAL DOE - R&D CLUSTER PASS THROUGH				**440,365**	**2,030,602**
FEDERAL AVIATION ADMINISTRATION					
New Mexico Spaceport Authority	MPAL	MOA 4/13/12	20.Unknown	-	3,083
TOTAL FAA - R&D CLUSTER PASS THROUGH				**-**	**3,083**
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Regents of New Mexico State University	MER12	Q01679	93.859	-	18,511
	MER13	Q01679	93.859	-	-
	MER14	Q01679	93.859	-	30,932
	MERB1	Q01679	93.859	-	111,599
	MERB2	Q01679	93.859	-	15,421
	MERB3	Q01679	93.859	-	110,527
	MERB4	Q01679	93.859	-	97,178
	MERB5	Q01679	93.859	-	34,160
	MERB6	Q01679	93.859	-	97,562
	MERB7	Q01679	93.859	-	26,902
	MERB9	Q01679	93.859	-	30,545
	MIN33	Q01346	93.859	-	75
	MIN34	Q01346	93.859	-	(87)
	MIN36	Q01346	93.859	-	2,914
University of New Mexico	MAFC	986090-8746	93.859	-	27,838
TOTAL DHHS - R&D CLUSTER PASS THROUGH				**-**	**604,077**
DEPARTMENT OF THE INTERIOR - US GEOLOGICAL SURVEY					
Regents of New Mexico State University	MPBC	Q01600	15.805	-	7,163
TOTAL DOI/USGS - R&D CLUSTER PASS THROUGH					**7,163**
TOTAL R&D CLUSTER - PASS THROUGH				**440,365**	**9,279,608**
OTHER CLUSTER - PASS THROUGH					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Los Alamos National Laboratory	MERM	88805-001-10/SUB NO. 296210	93.859	-	10,694
University of New Mexico	MCOS	MOA 8/8/12	93.Unknown	-	4,450
TOTAL DHHS - OTHER CLUSTER PASS THROUGH				**-**	**15,144**

See notes to schedule of expenditures of federal awards.

New Mexico Institute of Mining and Technology

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

For the Year Ended June 30, 2015

Federal Grantor Program Title	Award #	Funding Agency Identification Number/Contract ID	Catalog of Federal Domestic Assistance (CDFA) Number	Fiscal Year Subrecipient Expenditures	Fiscal Year Expenditures
NATIONAL SCIENCE FOUNDATION					
UNAVCO, Inc.	MGPS	S13-EAR1261833-S1	47.050	$ -	$ 119,778
	MCGM	PO 015801	47.082	-	37,856
Incorporated Research Institutions for Seismology	PSHA	04-NMT-SAGE REBILL ACCOUNT	47.050	-	594
Regents of New Mexico State University	MAMT	Q01617	47.076	-	27,842
TOTAL NSF - OTHER CLUSTER PASS THROUGH				**-**	**186,070**
DEPARTMENT OF HOMELAND SECURITY - EMERGENCY MANAGEMENT					
New Mexico DHSEM	MEVS	EMW-2014-EP-00039-S01	97.042	-	1,251
	MEMW	EMW-2013-EP-00079	97.042	-	4,822
TOTAL DHSEM - R&D CLUSTER PASS THROUGH				**-**	**6,073**
DEPARTMENT OF DEFENSE					
Battelle Memorial Institute	TLTO	US001-0000404966	12.Unknown	-	4,340
TOTAL DoD - OTHER CLUSTER PASS THROUGH				**-**	**4,340**
DEPARTMENT OF ENERGY					
Sandia National Laboratories	MFOX	1353582	81.Unknown	-	780
	MSAC	1431068	81.Unknown	-	45,237
	MSAS	1402202 WHEN EXECUTED	81.Unknown	-	165,921
	MSRM	1368709	81.Unknown	-	1,120
	MSTY	1419759	81.Unknown	-	80,815
	MSYS	1252613	81.Unknown	-	16,830
	MFAT2	1570695	81.Unknown	-	3,878
	MHEU	1566891	81.Unknown	-	27,003
Texas A & M Research Foundation	MMAT	K011076	81.Unknown	-	4,148
Research Partnership to Secure Energy for America	POPT	07-SCTA98-NMT/MOD 13	81.Unknown	-	14,427
Los Alamos National Laboratory	MMEF	SUB 249235-1/BA 88805-0001-10	81.Unknown	-	7,564
Pacific Northwest National Laboratory	MPNL	186113	81.Unknown	-	25,940
Sandia National Laboratories	MBCD	1241903	81.Unknown	-	171,206
	MCTD	PO 1493578	81.Unknown	-	18,611
	METR	1415731	81.Unknown	-	4,183
	METR2	1482604	81.Unknown	-	148,267
	METR3	1484257	81.Unknown	-	27,833
	MFAT	1466679	81.Unknown	-	66,797
	MGGR	1381505	81.Unknown	-	345
	MGUN2	1077079	81.Unknown	-	(703)
	MGUN3	1399125	81.Unknown	-	21,876
	MHSP	1314381	81.Unknown	-	71,145
	MHSP2	1470694	81.Unknown	-	29,930
	MMHC	PO1493621	81.Unknown	-	2,584
TOTAL DOE - OTHER CLUSTER				**-**	**955,736**
DEPARTMENT OF EDUCATION					
NM Higher Education Department	MITQ	14-950-1200-00004	84.Unknown	-	-
	MITQ2	15-950-1200-00004	84.Unknown	-	60,297
University of New Mexico	MEFM	P0122360	84.Unknown	-	4,951
	MTES	P0121150	84.Unknown	-	955
TOTAL DEPT OF ED - OTHER CLUSTER				**-**	**66,203**
TOTAL OTHER CLUSTER - PASS THROUGH				**-**	**1,233,566**
STUDENT FINANCIAL AID CLUSTER					
Pell Grant			84.063		2,165,265
Supplemental Educational Opportunity Grant SEOG			84.007		202,298
College Work Study			84.033		132,105
Perkins Loan			84.038		342,728
Direct Subsidized Stafford Loan			84.268		1,575,179
Direct Unsubsidized Stafford Loan			84.268		2,147,863
Direct Parent Loan for Undergraduate Students			84.268		236,176
Direct Graduate PLUS Loan			84.268		-
TOTAL SFA CLUSTER					**6,801,614**
Total FY2015 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS				**$ 10,343,050**	**$ 58,760,030**

See notes to schedule of expenditures of federal awards.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Amounts related to pass through grants are classified as private grants and contracts in the accompanying statement of revenues, expenses, and changes in net position.

NOTE B – STUDENT FINANCIAL ASSISTANCE

The Institute administers the Perkins Loan Program. Total outstanding loans under this U.S. Department of Education program at June 30, 2015 were $2,460,811. Total loan expenditures and disbursements, including administrative expenses, for the fiscal year ended June 30, 2015 were $342,728. The Schedule of Expenditures of Federal Awards only includes this amount, which represents administrative costs and additional advances, including the Institute's matching requirement expended for the year ended June 30, 2015.

During the fiscal year ended June 30, 2015, the Institute processed $3,959,218 of new loans under the Direct Student Loan Program, which includes Stafford Loans, Parents' Loans for Undergraduate Students, and Supplemental Loans for Students.

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CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

ATKINSON & CO. LTD.
6501 AMERICAS PKWY NE
SUITE 700
ALBUQUERQUE, NM 87110

PO BOX 25246
ALBUQUERQUE, NM 87125

T 505 843 6492
F 505 843 6817

ATKINSONCPA.COM

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

Board of Regents
New Mexico Institute of Mining and Technology
Socorro, New Mexico
and
Mr. Timothy Keller
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each discretely presented component unit and the fiduciary fund, and related notes, which collectively comprise the basic financial statements of the New Mexico Institute of Mining and Technology (the Institute), as of and for the year ended June 30, 2015. We have also audited the budgetary comparison schedules presented as supplementary information in the accompanying financial statements as of and for the year ended June 30, 2015 and the related notes to the financial statements and have issued our report thereon dated November 13, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Institute's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses described as 2013-002 and 2015-001.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, that we consider to be significant deficiencies described as 2015-002 and 2015-003.

Compliance and Other Matters

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

The Institute's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Institute'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 Institute's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Atkinson & Co., Ltd.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
November 13, 2015

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CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

ATKINSON & CO. LTD.
6501 AMERICAS PKWY NE
SUITE 700
ALBUQUERQUE, NM 87110

PO BOX 25246
ALBUQUERQUE, NM 87125

T 505 843 6492
F 505 843 6817

ATKINSONCPA.COM

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; REQUIRED BY OMB CIRCULAR A-133

Board of Regents
New Mexico Institute of Mining and Technology
Socorro, New Mexico
and
Mr. Timothy Keller
New Mexico State Auditor

Report on Compliance for Each Major Federal Program

We have audited New Mexico Institute of Mining and Technology's (the Institute) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended June 30, 2015. The Institute's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Institute's major federal programs based on our audits 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Institute'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 Institute's compliance.

Opinion on Each Major Federal Program

In our opinion the Institute 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, 2015.

Other Matters

The results of our auditing procedures disclosed no instances on noncompliance which are required to be reported in accordance with OMB Circular A-133.

Report on Internal Control Over Compliance

Management of the Institute 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 Institute'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 OMB Circular A-133, 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 Institute's internal control over compliance.

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

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

The purpose of this report on internal control 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Atkinson & Co., Ltd.

Atkinson & Co., Ltd.

Albuquerque, New Mexico
November 13, 2015

SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Prior Year Finding Description		**Status**
Findings – Financial Statement Audit		
2013-002	Purchase Order and Other Authorizations (Material Weakness)	Repeated and Modified
2014-001	Timesheet Error (Control Deficiency)	Resolved
2014-002	Component Unit (NM Tech Foundation) Financial Close and Reporting (Significant Deficiency)	Resolved
2014-003	Component Unit (Employee Benefit Trust) Financial Close and Reporting (Significant Deficiency)	Resolved
Findings in Accordance with 2.2.2 NMAC (State Audit Rule)		
None		
Findings – Federal Award Findings and Questioned Costs		
2014-004	Travel and Per Diem (Control and Compliance)	Resolved
2014-005	Per Diem Rates (Compliance)	Resolved

Current Year Finding Description

Findings – Financial Statement Audit

2013-002 Purchase Order and Other Authorizations (Material Weakness)
2015-001 Endowment Account Reconciliation and Tracking (Material Weakness)
2015-002 Pension Census Data Transmission (Significant Deficiency)
2015-003 Component Unit (NM Tech Foundation) Patent Reconciliation and Classification (Significant Deficiency)

Findings in Accordance with 2.2.2 NMAC (State Audit Rule)

None

Findings – Federal Award Findings and Questioned Costs

None

New Mexico Institute of Mining and Technology

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	X Yes ____ No
• Significant deficiencies identified?	X Yes ____ None reported
Non-compliance material to financial statements noted?	____ Yes X No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	____ Yes X No
• Significant deficiencies identified?	____ Yes X None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	____ Yes X No

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster
R&D Cluster	Research and Development Cluster
97.005	Department of Homeland Security

Dollar threshold used to distinguish between type A and type B programs	$1,762,801
Auditee qualified as low-risk auditee?	X Yes ____ No

2013-002 PURCHASE ORDER AND OTHER AUTHORIZATIONS (MATERIAL WEAKNESS)

CONDITION

In connection with our review of procurements, we reviewed certain invoices and purchase orders. In 5 out of 22 items tested with invoice amounts totaling approximately $45,412, the request date of the purchase orders were after invoice dates submitted by the vendor for payment. The disbursements appeared reasonable and necessary. Additionally, it was noted that change orders related to a major construction project were approved by an employee lacking the authority to obligate the Institute.

Corrective Action: Purchasing Services will continue to offer training and guidance for all procurement processes. A review of the current Purchasing Policy and Procedures will be conducted to determine if changes can be made to accommodate special circumstances such as purchases made out in the field or other emergency type situations and to determine appropriate sanctions for chronic violations of the policy (such as a written reprimand placed in the individual's personnel file and any other disciplinary action allowable by the NMT Employee Handbook, up to and including termination).

CRITERIA

NMSA 1978, Section 13-1-157 of the procurement code for goods as well as the procurement policy of a purchase order is required before the service or product is and authorization purposes. Only employees with statutory or Board-approved authorization may contractually obligate the Institute.

CAUSE

Some purchases must be made quickly and departments do not have time to complete the PO process before the goods or services are needed. However, there are instances where employees circumvent the controls.

EFFECT

Five out of 22 disbursements tested were out of compliance with the Institute's procurement policy. The protections of the purchase order control procedure were not applied before the incurring of an expenditure which increases the possibility of an inappropriate expenditure. The Institute was also obligated for significant construction expenditures without management's knowledge.

RECOMMENDATION

It is reemphasized that purchase orders should be obtained in advance of execution of the actual purchase for all department procurements. This should be monitored and enforced by finance and management, the purchasing department, and other responsible officials.

MANAGEMENT RESPONSE

The Purchasing Services Office conducts training every year at various times and dates to give faculty and staff a choice of when they may attend. Also, individual training is held with individuals that are identified as experiencing a high level of noncompliance. The subject of unauthorized purchases is discussed both in training and in emails sent out by Purchasing Services on a regular basis. When there is a violation of policy, the department is sent an email

2013-002 PURCHASE ORDER AND OTHER AUTHORIZATIONS (MATERIAL WEAKNESS) – CONTINUED

MANAGEMENT RESPONSE – CONTINUED
explaining the policy. One-on-one training is conducted if for departments who are chronically abusing the policy. Also, chronic abuse by an individual or department is subject to having all future department procurements, regardless of the dollar amount, be processed by requisition which requires Purchasing Services to place the order for them. The Purchasing Policy and Procedures are available on the Purchasing Services website and can be accessed at any time.

CORRECTIVE ACTION
In an effort to stress the severity and magnitude of this violation, a memo from the individual is now required detailing how and why policy was not followed, and how future violations will be avoided. In instances where federal funds are used, purchasing notifies restricted funds so they can document their files. An email is sent to the department explaining NMT Purchasing Policy, included is the portion of the policy regarding Unauthorized Purchases which lets the violator know they are responsible for the invoice for any unauthorized purchase. This is common language used by universities in New Mexico.

POINT OF CONTACT
Kimela Miller, Director Purchasing Services and Lonnie Marquez, VP for Administration & Finance.

2015-001 ENDOWMENT ACCOUNT RECONCILIATION AND TRACKING (MATERIAL WEAKNESS)

CONDITION
As a result of notification from NM Tech and our testing of endowment accounts the following deficiencies were noted:

- The current year endowment gains recorded did not agree to the actual current year gain from the endowment investment account. This is due to past three years gains not being distributed to the individual funds until FY15. Also, approximately $6,423,000 of the total endowment funds in the amount of $37,366,489 gifted over time were not invested in the SIC account and still remained in the comptroller's operating account. However, these donor funds continued to have gain allocated which was not actually earned. This in effect means that NMT was funding the income to these endowments out of operations.
- An investment account relating to an endowed gift had not been adjusted to fair value since the account's inception.
- Inadequate documentation to support creation and/or authorization for spending of endowment funds where the use of those funds is at the discretion of management or the Board of Regents.

2015-001 ENDOWMENT ACCOUNT RECONCILIATION AND TRACKING (MATERIAL WEAKNESS) – CONTINUED

CRITERIA
Per the Institute's investment policy, endowment corpus (principal) should be set aside for investment purposes and income earned from these invested funds shall be used as designated by the donor or governing body the annual amount of which is based on the Institute's spending policy. The purpose and authorized spending of endowment funds should be documented and monitored to ensure that funds are being used appropriately.

CAUSE
Staffing changes with inadequate information provided to successors and inadequate review of annual accounting entries. The lack of reconciliation of endowment accounts in net position to invested assets caused the Institute to transfer over $6 million to the investment account to ensure that endowment funds are all invested and incurring gains and losses on an equitable basis. The endowment was not being accounted for as an endowment causing the net position to be classified as unrestricted and increasing the risk that spending from this fund would exceed the amount allowed under the Institute's policy.

EFFECT
Individual endowment accounts were understated by approximately $6,423,000 and therefore general institutional funds were being used to fund endowments. Also, spending may not have been properly tracked for authorized purpose and restrictions.

RECOMMENDATION
The Institute has already made the effort to reconcile endowment accounts to invested funds and ensure that gains, losses, and spending allocations are accurate. We recommend documenting policies and procedures related to monitoring and accounting for endowments to ensure that institutional knowledge is available for successors to prevent future misstatements. We also recommend that management directed endowment spending be documented and approved by the Board of Regents at least annually. Finally, we recommend the Board of Regents revise the Institute's investment policy to include the New Mexico Uniform Prudent Management of Institutional Funds Act (NM UPMIFA), which implicitly calls upon the governing board to decide how they will interpret the requirements to preserve endowment funds.

MANAGEMENT RESPONSE
We concur with the findings.

2015-001 ENDOWMENT ACCOUNT RECONCILIATION AND TRACKING (MATERIAL WEAKNESS) – CONTINUED

CORRECTIVE ACTION PLAN
The NMIMT Investment Policy dated December 5, 2013, has been revised to include the adoption of the New Mexico Uniform Prudent Management of Institutional Funds Act (UPMIFA). Upon further research the NMIMT Investment Policy dated December 5, 2013 will be revised if found necessary, to include the adoption of the New Mexico Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Procedures have been revised to explicitly define the appropriate steps necessary for establishing endowment agreements through the advancement office. Donors will be advised of NMT's policy for endowed agreements to be certain the donor arrangement concurs with policy.

The fund set up process has been clearly outlined to identify the criteria for establishing a sequence of funds based on the unique donor arrangement as it pertains to the gifting and/or investment of funds where applicable.

Donor funds will be invested with SIC in a timely manner in order to allow for maximum growth potential.

Capital gain/loss will now be recorded to the various corpus funds on a quarterly basis and a year-end withdrawal of spending/scholarship funds will be deposited to the corpus' companion fund based on university policy. NMT Corpus funds will be reconciled to the SIC financial statements at the close of each quarter period including fiscal year-end and adjustments will be made to reflect the growth and the transfer of spending/scholarship funding within the corpora.

Advancement, Financial Aid and the Cost Accounting Office will work closely to regularly review all donor agreements to ensure that funds are being spent according to the specifications of the donor and NMIMT policy.

POINT OF CONTACT
Carrie Marsyla, Sr. Accounting Manager, Sponsored Projects and Lonnie Marquez, VP for Administration and Finance

2015-002 PENSION CENSUS DATA TRANSMISSION (SIGNIFICANT DEFICIENCY)

CONDITION
During our testing of census data submitted to the Institute’s pension plan, we noted that 6 of 25 employees' census data the NM Educational Retirement Board (ERB) had on record compared with the census data approved and certified by the Institute did not agree as to employee personnel records for date of hire or date of birth. The Institute's census data provided to ERB was free from error and had been reviewed and approved prior to transmittal to ERB.

CRITERIA
The census data submitted by NMT as a participating employer in the NM Educational Retirement plan is used by the Plan's actuary in computing the Plan's net pension liability. Errors in the data submitted to the plan can affect the results of the actuary's calculations. Additionally, these errors may cause difficulty for employees attempting to claim their benefits in the future.

CAUSE
Unknown.

EFFECT
The effect of errors on the amount of the net pension liability or employee benefits is not able to be quantified.

RECOMMENDATION
We recommend that the Institute perform a review of the census data after it is processed by ERB and correct any errors.

MANAGEMENT RESPONSE
The Human Resources Office enters employee information from the ERB “Employee Checklist and Employment Certification” form, which includes the employee’s birthdate and certifies the hire date of the employee. After the information is entered into the Banner system by HR, the form is forwarded to the Payroll Office to be included in the next ERB payment. The original form is then sent to ERB.

Based on this process, ERB should be entering this information into their system and there should not be any discrepancy between our information and theirs. Other than possible data entry errors, we do not know why their information would not match ours.

CORRECTIVE ACTION PLAN
Human Resources will evaluate the process currently being used and coordinate with the ERB to identify any problems that may be causing the discrepancy between our records.

POINT OF CONTACT
Joann Salome, Human Resources Director and Lonnie Marquez, VP for Administration and Finance

2015-003 COMPONENT UNIT (NM TECH FOUNDATION) PATENT RECONCILIATION AND CLASSIFICATION (SIGNIFICANT DEFICIENCY)

CONDITION
During audit testing of the capitalized patent costs as well as current year expenditures, the following issues were identified:

- The four patents that were previously capitalized at a total of $21,841, and which were awarded between 2001 and 2003, were not being amortized as required by accounting standards.
- We found that the costs for seven additional patents which had been awarded and four that had applications pending, had not been tracked by the individual patents.
- Additionally, because the costs are not being tracked for each of the patents, it would be difficult for management to perform a thorough and accurate evaluation to determine what if any costs should be capitalized for patents that are deemed to have a future value to the Foundation.

CRITERIA
Accounting standards require that an entity track and accumulate costs associated with assets that are capitalizable, such as patents. These assets are then amortized over their expected useful lives and tested for impairment in subsequent years based on the expected value they will bring to the entity.

CAUSE
Due to transitions in responsibility for certain accounting functions, the Foundation did not follow its policies and procedures to recognize capitalization versus expense classification and when to begin amortization regarding patents.

EFFECT
Capitalized costs for patents were understated by $93,028 and related accumulated amortization of these costs was understated by $22,512.

RECOMMENDATION
We recommend that management develop policies and procedures regarding reconciling costs associated with each of the individual patent applications as the costs are being incurred. Once a patent is awarded, management should perform an evaluation as to whether the subject patent is likely to generate future income to the Foundation from either the sale of the patent or allowing others to use the patent. If there is no future benefit to the Foundation these costs would be expensed at that time. However, we recommend that management continue to track the costs for the patents outside of the accounting system as a way for management and the Board to track these activities.

2015-003 COMPONENT UNIT (NM TECH FOUNDATION) PATENT RECONCILIATION AND CLASSIFICATION (SIGNIFICANT DEFICIENCY) – CONTINUED

MANAGEMENT RESPONSE AND CORRECTIVE ACTION PLAN
Management is currently asking the patent advisory committee to evaluate all patents to determine their potential, and advise the New Mexico Tech Research Foundation of their findings. Those patents deemed to have no potential value will be assessed for impairment in the future and then removed from the Foundation patent inventory. The remaining patent costs will be capitalized along with corresponding amortization.

POINT OF CONTACT
Jenny Ma, Accountant

New Mexico Institute of Mining and Technology

EXIT CONFERENCE

June 30, 2015

An exit conference was held on November 11, 2015, with the following in attendance:

For the New Mexico Institute of Mining and Technology:

Lonnie G. Marquez	Vice President for Administration and Finance
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Clarke Cagle, CPA, CCIFP, CGFM	Audit Director

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ATKINSON & CO. LTD.
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

ALBUQUERQUE, NM
T 505 843 6492
F 505 843 6817

RIO RANCHO, NM
T 505 891 8111
F 505 891 9169

ATKINSONCPA.COM