

2025 | 2024

# ANNUAL FINANCIAL REPORT



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New Mexico State University



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## Table of Contents

**Financial Statements and Schedules  
June 30, 2025 and 2024**

Official Roster.....	1
Report of Independent Auditors.....	2
Management's Discussion and Analysis (unaudited).....	6

**Basic Financial Statements**

Statements of Net Position - Proprietary Funds .....	19
Statements of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	21
Statements of Cash Flow - Proprietary Funds.....	23
Statements of Fiduciary Net Position.....	25
Statements of Changes in Fiduciary Net Position.....	26
Notes to Financial Statements.....	27

**Required Supplementary Information (unaudited)**

Schedule 1 - Schedule of Changes in Total Other Post-Employment Benefits Liability and Related Ratios (unaudited).....	75
Schedule 2 - Schedule of Proportionate Share of Net Pension Liability and Employer Contributions (unaudited).....	76

**Supplemental Schedules**

Schedule 3 - Combining Statement of Net Position.....	77
Schedule 4 - Combining Statement of Revenues, Expenses, and Changes in Net Position .....	79
Schedule 5 - Budgetary Comparison Schedules as of June 30, 2025.....	81
Schedule 6 - Bank Balances, Pledged Collateral Requirements, and Pledged Collateral by Financial Institution.....	85

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	87
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Schedule of Findings and Responses.....	89
-----------------------------------------	----

Summary Schedule of Prior Audit Findings.....	90
-----------------------------------------------	----

Schedule of Findings and Responses As Required by New Mexico State Statute 12-6-5, NMSA 1978.....	91
---------------------------------------------------------------------------------------------------	----

Exit Conference .....	92
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### **Board of Regents**

Ammu Devasthali  
*Chair*

Deborah Romero  
*Vice Chair*

Christopher Saucedo  
*Secretary-Treasurer*

Ricardo Gonzales  
*Member*

Marisol Olivas  
*Member*

### **Ex-Officio Members**

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*Governor*

Stephanie Rodriguez  
*Secretary of Higher Education*

### **Advisory Members**

Vimal Chaitanya  
*Faculty Senate Chair*

Donna Johnson  
*Employee Council Chair*

Wyatt Ziehe  
*President, ASNMSU*

### **Principal Administrative Officials**

Valerio Ferme  
*President*

Lakshmi Reddi  
*Provost & Chief Academic Officer,  
Interim*

Lisa Henderson  
*Chief Legal Affairs Officer*

Christian Kinsley  
*Vice President, Administration and  
Finance, Interim*

### **Principal Financial Officials**

D'Anne Stuart  
*Associate VP Administration & Finance*

Ross Justus  
*Controller*

Andres Trejo  
*Associate Controller*

Damian Lopez  
*Cost Accounting Officer*

## **Report of Independent Auditors**

The Board of Regents  
New Mexico State University  
and  
Joseph M. Maestas, PE, CFE  
New Mexico Auditor

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of New Mexico State University (the University) as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, fiduciary activities, and the discretely presented component unit of New Mexico State University as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matters***

##### *Reporting Entity*

As discussed in Note 2, the financial statements of the University are intended to present the financial positions and the changes in financial position, and cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of the State of New Mexico as of June 30, 2025 and 2024, and the changes in financial position, or cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Changes in Total Other Post-Employment Benefits Liability and Related Ratios (schedule 1), and the Schedule of Proportionate Share of Net Pension Liability and Employer Contributions (schedule 2) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Combining Statements of Net Position (schedule 3), Combining Statements of Revenue, Expenses, and Changes in Net Position (schedule 4), Budgetary Comparison Schedules (schedule 5), and Bank Balances, Pledge Collateral Requirements, and Pledge Collateral by Financial Institution (schedule 6), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the Combining Net Position (schedule 3), Combining Statements of Revenues, Expenses, and Changes in Net Position (schedule 4), Budgetary Comparison Schedules (schedule 5), and Bank Balances, Pledged Collateral Requirements, and Pledge Collateral by Financial Institution (schedule 6) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2025, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

*Baker Tilly US, LLP*

Albuquerque, New Mexico  
November 3, 2025

## **Management's Discussion and Analysis For the Years Ended June 30, 2025, 2024 and 2023 (Unaudited)**

### **Overview of Financial Statements and Financial Analysis**

Management's Discussion and Analysis is designed to provide an easily readable analysis of New Mexico State University's (the University or NMSU) financial activities for the fiscal years ended June 30, 2025, 2024 and 2023. Changes discussed below in this management discussion and analysis are approximate and actual changes can be calculated by using the basic financial statements. This overview is based on facts, decisions and conditions known as of the date of the independent auditors' report. There are five financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; the Statement of Cash Flows; Statement of Fiduciary Net Position; and Statement of Changes in Fiduciary Net Position. Please read this analysis in conjunction with the University's financial statements and accompanying notes to the financial statements. Separately issued component unit financial statements are available as detailed in Note 11.

### **Using This Annual Report**

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

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

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

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

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

Additional information may be obtained by contacting the Office of the Vice President for Administration and Finance at 575-646-2431 or [af@nmsu.edu](mailto:af@nmsu.edu).

For the years ended June 30, 2025, 2024 and 2023, the University's financial position was as follows:  
(In thousands)

<i>Condensed Net Position</i>	June 30, 2025	As restated June 30, 2024	June 30, 2023
<b>ASSETS</b>			
Current assets	\$ 256,126	\$ 250,815	\$ 229,149
Capital assets, net	549,449	521,540	493,787
Non-current assets	361,504	273,733	219,395
<b>TOTAL ASSETS</b>	<u>1,167,079</u>	<u>1,046,088</u>	<u>942,331</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>96,067</u>	<u>63,681</u>	<u>132,742</u>
<b>LIABILITIES</b>			
Current liabilities	111,803	102,460	96,714
Net pension liability	485,094	472,248	480,925
Other post-employment benefit liability	117,424	134,631	125,098
Other non-current liabilities	135,633	140,608	146,642
<b>TOTAL LIABILITIES</b>	<u>849,954</u>	<u>849,947</u>	<u>849,379</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>84,180</u>	<u>155,551</u>	<u>367,257</u>
<b>NET POSITION</b>			
Net investment in capital assets	444,508	417,479	391,163
Restricted	180,526	142,338	102,518
Unrestricted	(296,022)	(455,546)	(635,244)
<b>TOTAL NET POSITION</b>	<u>\$ 329,012</u>	<u>\$ 104,271</u>	<u>\$ (141,563)</u>
<i>Condensed Revenues, Expenses and Changes in Net Position</i>			
Operating revenues:			
Student tuition and fees (net)	\$ 45,520	\$ 45,781	\$ 50,344
Federal appropriations, grants and contracts	129,787	117,781	107,240
Other operating revenues	83,598	78,291	69,516
<b>TOTAL OPERATING REVENUES</b>	<u>258,905</u>	<u>241,853</u>	<u>227,100</u>
<b>EXPENSES</b>			
Operating expenses:			
Instruction	152,109	121,474	149,159
Research	105,240	86,540	102,436
Other operating expenses	375,552	321,440	357,006
<b>TOTAL OPERATING EXPENSES</b>	<u>632,901</u>	<u>529,454</u>	<u>608,601</u>
Net operating loss	(373,996)	(287,601)	(381,501)
Non-operating revenues and expenses:			
Income before other revenues	513,010	463,317	423,682
Other revenues	139,014	175,716	42,181
Other revenues	85,727	73,760	64,929
Increase in net position	<u>224,741</u>	<u>249,476</u>	<u>107,110</u>
<b>NET POSITION</b>			
Beginning of year	104,271	(145,205)	(248,673)
End of year	<u>\$ 329,012</u>	<u>\$ 104,271</u>	<u>\$ (141,563)</u>

### General Overview for 2025 and 2024

In fiscal year 2025, total assets of the institution increased by \$121 million primarily related to increases in investments, net capital assets and net accounts receivable. Due to the increase in interest rates, more funds have been placed into investments, which has contributed to the \$3 million increase in short-term investments and \$31 million increase in long-term investments. Net accounts receivable increased by \$49 million due to \$19 million increase in contracts and grants and \$24 million due to state appropriation receivables. Deferred outflows increased by \$32 million and deferred inflows decreased by \$71 million due to the results of the most recent valuation of the pension and other post-employment liabilities and their related amortizations.

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

- Increase in net capital assets of \$28 million resulting from \$48 million spent in construction, \$24 million spent on other capital assets, offset by \$43 million in depreciation and \$1 million of net disposals.
- Increase in investments held in trust of \$13 million is due to investment earnings and new endowments sponsored by the State.
- Decrease of \$8 million in accounts payable due to timing of procurement card payments and construction activity at year-end.
- Decrease of \$7 million in long-term liabilities due to payments on revenue bonds and note, offset by the increase in changes in how expenses are paid through the third-party auxiliary administrator.

Primary components that contributed to the \$225 million net increase in net position from the prior year include:

- Increase in Capital appropriations of \$10 million to a total of \$75 million.
- Reduction in benefits expense of \$50 million resulting from a favorable impact from the pension valuation.
- Investment and land lease income of \$32 million.
- Increase in Federal contracts and grants of \$12 million.
- Increased State appropriations of \$39 million.

The Statement of Cash Flows shows a net decrease in cash of \$4 million. The decrease was mostly attributable to the accumulation of accounts receivable offset by the increase in State appropriations.

### General Overview for 2024 and 2023

In fiscal year 2024, total assets of the institution increased by \$104 million primarily related to increases in cash, investments and net capital assets. The \$67 million increase in cash is attributable to increased investment income, state appropriations, and increased grant activity. The \$32 million increase in restricted cash is due to 2023 General Funds distributions received. Short term investments and investments held in trust each increased \$12 million due to favorable returns from investments. These increases were partially offset by a decrease of \$17 million in accounts receivable from changes with our auxiliary operations and the third-party administrator. Deferred outflows decreased by \$69 million, deferred inflows decreased by \$212 million.

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

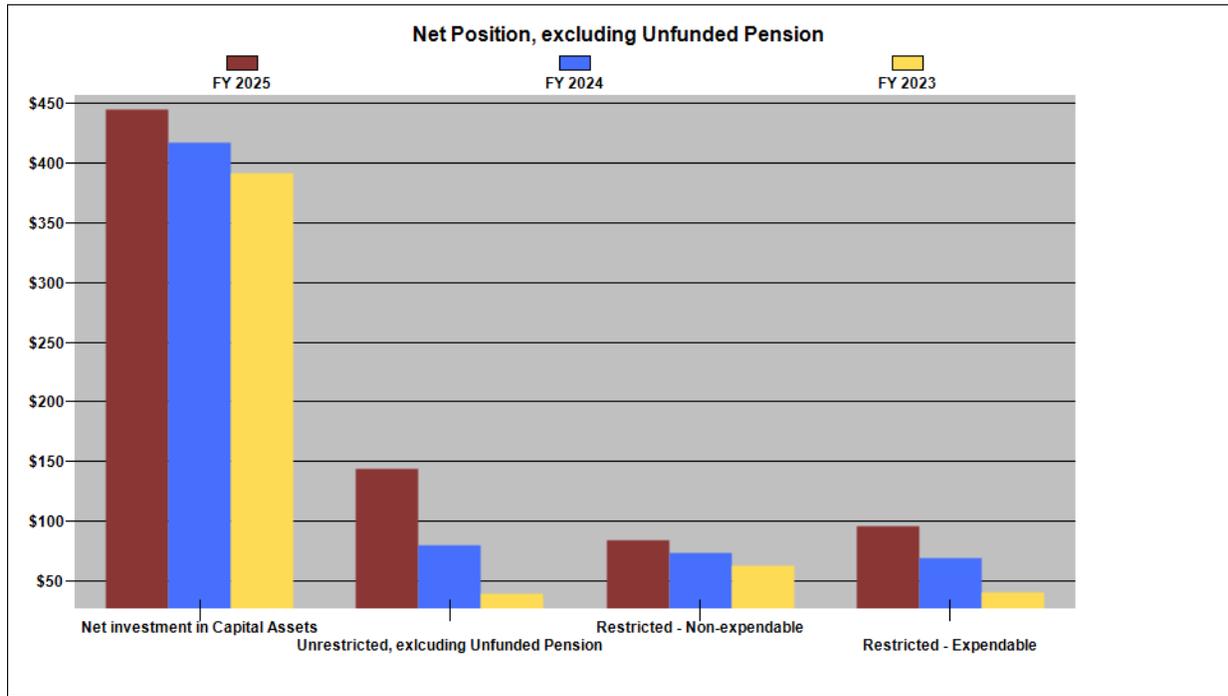
- Increase in net capital assets of \$28 million resulting from \$37 million spent in construction, \$33 million spent on other capital assets, offset by \$41 million in depreciation and amortization and \$1 million of net disposals.
- Decrease of \$17 million in net accounts receivable due to a reduction in amounts due from auxiliary operations due to the changes in payment receipt processes with the third-party administrator. This increase was partially offset by an increase in student tuition and fees receivable.
- Decrease of \$4 million in accounts payable due to timing of procurement card payments and construction activity at year-end.
- Decrease of \$7 million in accrued liabilities due to changes in how expenses are paid through the third-party auxiliary administrator.

Primary components that contributed to the \$245 million net increase in net position from the prior year include:

- Increase in capital appropriations of \$33 million to a total of \$66 million.
- Reduction in benefits expense of \$93 million resulting from the a more favorable impact from the pension valuation.
- Investment income and land lease and permanent fund revenue of \$38 million, representing an increase of \$21 million from the prior year.
- Increase in federal contracts and grants of \$11 million.
- Increased state appropriations of \$17 million.

The Statement of Cash Flows shows a net increase in cash of \$67 million. The increase was mostly attributable to the collection of accounts receivable and the increase in investment income.

The following graph illustrates the comparison of net position (in millions) by category for fiscal years 2025, 2024 and 2023. The effect of the implementation of GASB 68 related to the net unfunded pension liability has been excluded from the graph to provide a clearer picture of the unrestricted net position.



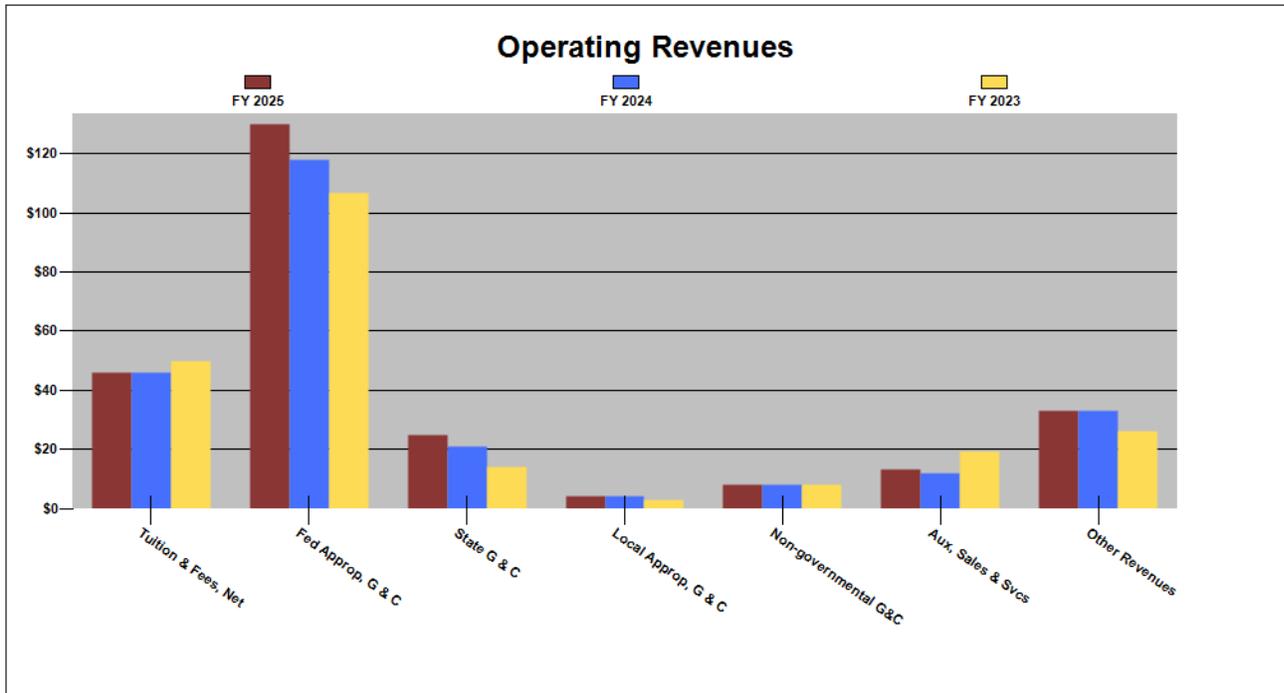
### Operating Revenues for 2025 and 2024

Total operating revenues increased by \$17 million in fiscal year 2025 compared to 2024. Federal grants and contracts increased by \$12 million and other operating revenues increased by \$5 million. Total tuition and fees increased by \$9 million, but the scholarship allowances also increased by \$9 million resulting in no change to the net tuition revenue. The higher scholarship allowance is due to continued increases in pell grant and opportunity revenues, which increases the discount rate.

Operating Revenues for 2024 and 2023

Total operating revenues increased by \$15 million in fiscal year 2024 compared to 2023. Federal appropriations, grants and contracts increased by \$11 million and other operating revenues increased by \$8 million. These were offset by a reduction of net student tuition and fees of \$5 million. Total tuition and fees increased by \$6 million, but the scholarship allowances increased by \$11 million resulting in the net \$5 million decrease. The higher scholarship allowances is due to continued increases in Pell Grant, lottery and opportunity revenues which increases the discount rate.

The following graph illustrates a comparison of operating revenues (in millions) by type for fiscal years 2025, 2024 and 2023.



### Operating Expenses for 2025 and 2024

Operating expenses increased by \$103 million in fiscal year 2025 from the prior year. This increase is a result of a higher reduction of benefit expense in 2024 of \$93 million as compared to \$50 million in 2025. Although both are reductions in expense, the 2024 adjustment was \$43 more than 2025. Other changes include the following activities:

Salary expenses increased \$21 million due to compensation increases of 3% and filling vacant positions.

Scholarship expense increased by \$7 million as part of ongoing efforts to attract and retain students.

Utilities decreased by \$5 million as natural gas and electricity costs continue to stabilize.

Supplies and other services expenses increased by \$20 million as the personnel continued to transition back on-site.

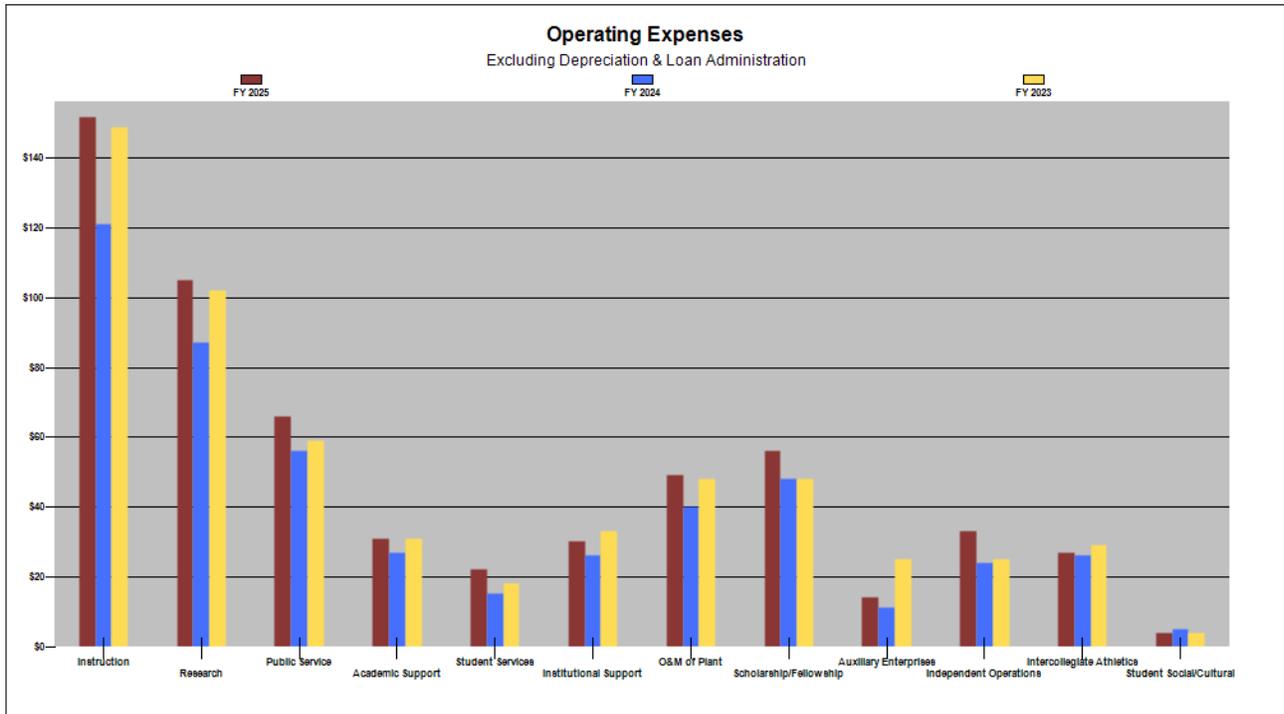
Professional fees expenses increased by \$9 million.

### Operating Expenses for 2024 and 2023

Operating expenses decreased by \$80 million in fiscal year 2024 from the prior year. This decrease is a result of a reduction of benefit expense of \$93 million in 2024 versus the reduction of \$17 million in 2023, representing an increase of \$76 million of reduced benefit expense from the pension valuation and related amortization. Other changes include the following activities:

- Salary expenses increased \$25 million due to compensation increases of 3% and filling vacant positions.
- Decreased professional fees of \$9 million, mostly attributable to reduction in consulting and outsourced activities.

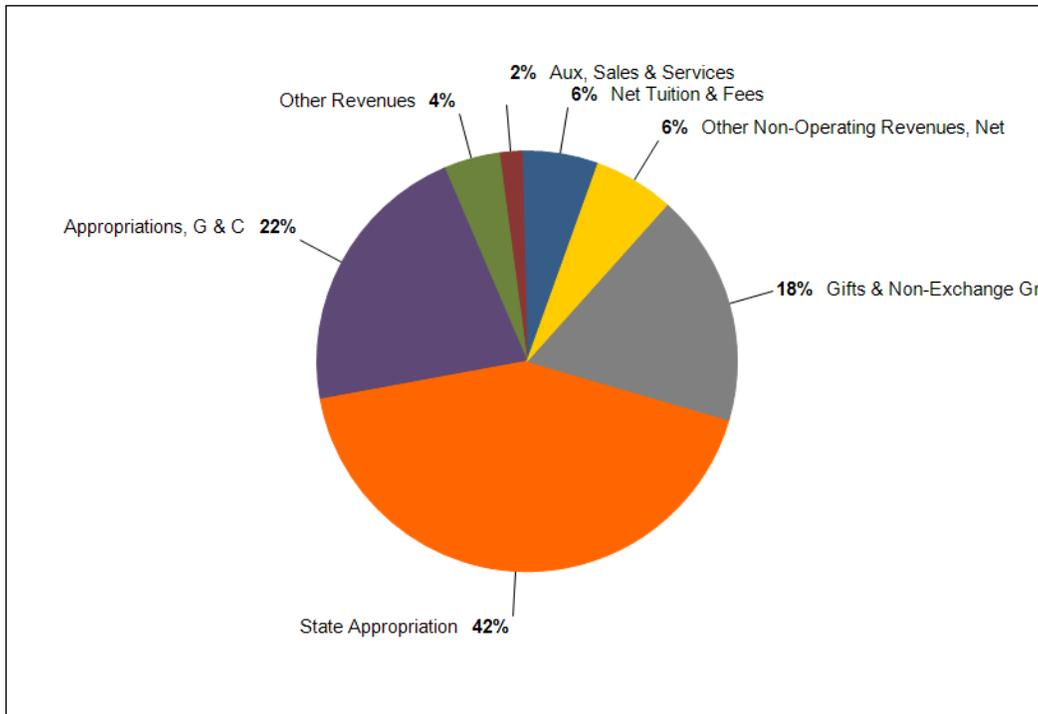
The following graph illustrates a comparison of operating expense (in millions) by function, excluding depreciation and amortization as well as loan administration but including the impact of pension and OPEB adjustments, for fiscal years 2025, 2024 and 2023.



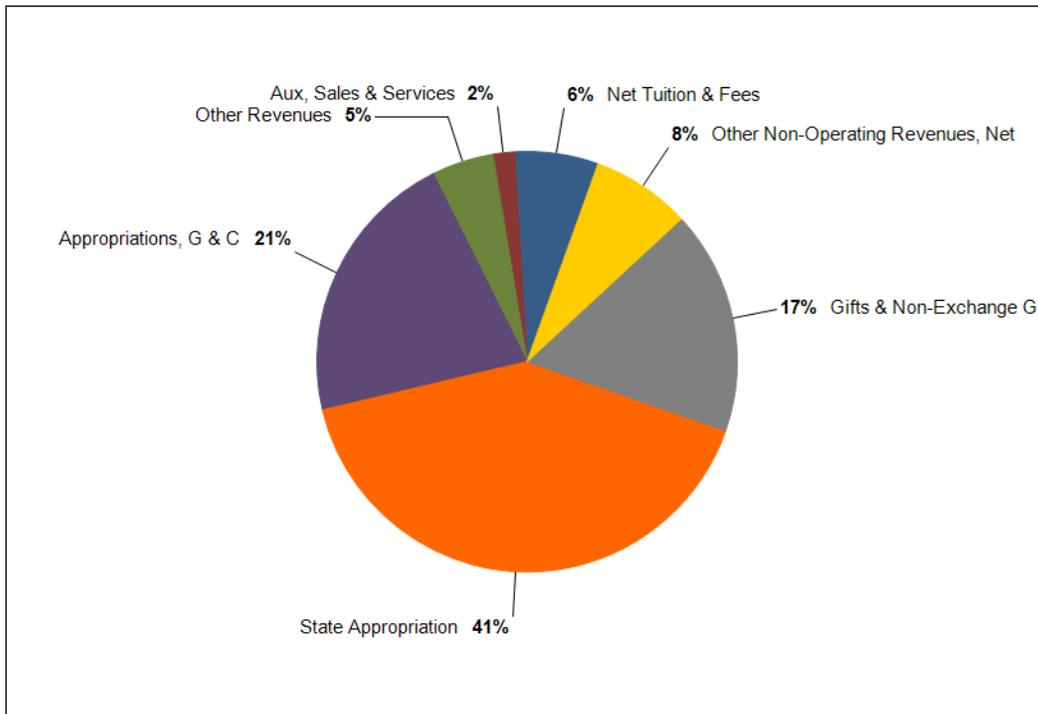
The Statement of Revenues, Expenses, and Changes in Net Position reflects income of \$139 million before other revenues in fiscal year 2025, income of \$176 million before other revenues in fiscal year 2024, and income of \$42 million before other revenues in fiscal year 2023. The change in accounting principle in fiscal year 2024 is due to the implementation of GASB 101.

The following graphs reflect the University's sources of revenue available to meet current operating costs for fiscal years 2025, 2024 and 2023.

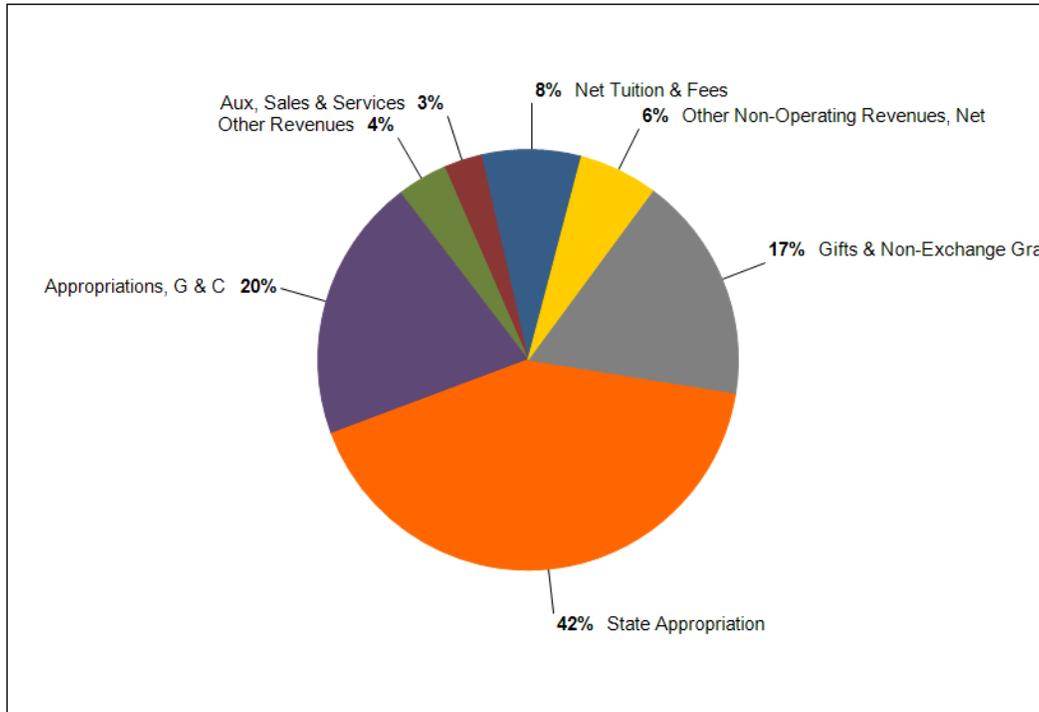
### 2025 Revenues



### 2024 Revenues



### 2023 Revenues



### Capital Asset and Debt Administration

During fiscal year 2025, net capital assets increased by \$28 million due to increased levels of construction and renovation activities as well as regular equipment purchases. Projects that increased capital assets included current period expenditures for the Milton Hall data center for \$3 million, agriculture modernization facility of \$9 million, the football locker room of \$10 million, O'Donnell Hall renovation of \$4 million, and Dona Ana Community College parking lot repairs of \$2 million. In addition to construction costs, there were increases in capital assets related to capital equipment purchases of \$16 million, capital library purchases of \$2 million, and new IT subscriptions for \$4 million. These additions were offset by total depreciation and amortization expense of \$43 million. Debt from bonds and related notes decreased by \$9 million in fiscal year 2025 due to principal payments. The lease liability decreased by \$2 million due to new subscriptions of IT software net of related lease payments. There was an increase in accrued compensated absences of \$2 million due to the valuation of accrued annual and sick leave, in accordance with GASB 101.

During fiscal year 2024, net capital assets increased by \$28 million due to increased levels of construction and renovation activities as well as regular equipment purchases. Projects that increased capital assets included current period expenditures for the agriculture modernization facility of \$7 million, the Dona Ana Community College creative media technologies building of \$5 million, campus-wide road concrete repair for \$2.6 million, football stadium improvements of \$2 million and a nursing skills and simulation center for \$2 million. In addition to construction costs, there were increases in capital assets related to capital equipment purchases of \$20 million, capital library purchases of \$3 million, and new IT subscriptions for \$7 million. These additions were offset by total depreciation and amortization expense of \$41 million. Debt from bonds and related notes decreased by \$9 million in fiscal year 2024 due to principal payments. The lease liability increased by \$4 million due to new subscriptions of IT software net of related lease payments.

## Budget Comparison

In comparing the total original budgeted revenue to the revised budgeted revenue for fiscal year 2025, there was a net increase of approximately \$167.3 million, and an increase of approximately \$177.7 million in revised budgeted expenditures. A portion of this increase over the original budget reflects the normal practice of making sure the institution has sufficient spending authority, and a portion reflects changes in sources and spending this year as described below.

The significant increases to the revenue budget were:

- Federal government sources of \$30.6 million
- State appropriations of \$28.6 million
- Other sources of \$78.5 million.

The increases in budgeted federal government revenue were due to \$9.8 in research, \$9.9 million for Pell awards in financial aid, and \$9.1 million in public service. Increases in budgeted state appropriations were a result of additional legislative funding appropriations which were made available in fiscal year 2025. The increase in projected revenues for other sources was a result of projected increases in indirect cost recovery and also to provide budget expenditure authority in several areas including instruction and general, research, public service, auxiliary enterprises, athletics, and independent operations.

Expenditure budgets increased for instruction and general (\$58.5 million) primarily in instruction and institutional support and independent operations (\$34.6 million) to allow for expenditure authority contingencies in anticipation of additional state appropriations for New Mexico Department of Agriculture. In addition, student aid was increased by \$27.2 million, research increased by \$22.5 million, public service increased by \$16.9 million, and intercollegiate athletics increased by \$11.1 million to allow for expenditure authority. Capital outlay expenditure budget increased \$34.6 million primarily to allow for activity related to the series 2022 bond issuance in addition to scheduled construction projects.

Actual revenues earned in fiscal year 2025 were lower than the revised budget by \$129.3 million and actual expenditures were lower than the revised budget by \$235.8 million. This variance reflects conservative budgeting practices to make sure spending authority was in place.

The main contributors to the revenue budget variance were:

- Federal grants and contracts revenue of \$43.3 million, and
- Other source for \$64.1 million,

The main contributors to the expense budget variance—28% of the variance—were in instruction and general (\$65.8 million), capital outlay (\$57.3 million), student aid (\$33.1 million), and research (\$31.3 million). Because the University budgets capital projects in their entirety, multi-year projects may result in mismatches of budget to actual revenues and expenses in any one year.

Total revenues were more than expenditures, resulting in an increase in the overall fund balance of \$76.7 million. The current funds contributed to an increase of \$33.1 million in fund balance while the plant funds contributed \$43.6 million.

### Factors Impacting Future Periods

The state provided an overall increase in appropriations during the 2025 legislative session. Among the highlights for NMSU and higher education:

- \$7 million increase in recurring operating funds for the NMSU system including graduate student support, and wrap-around student services,
- \$1.9 million in additional funding to the university's agricultural entities, the Department of Agriculture, Agricultural Experiment Station, and Cooperative Extension Service,
- \$1 million to the New Mexico Produced Water Consortium and \$400 thousand in new, recurring funding for NMSU-Alamogordo's nursing program,
- \$31 million in new non-recurring funding including support for an institute of artificial intelligence and machine learning (\$2 million), for infrastructure related to water treatment (\$4.015 million), support for strategic water supply program (\$4 million), New Mexico Department of Agriculture (\$19.3 million), veterinary scholarships, externships, and residency programs (\$450 thousand), and athletics debt (\$1.5 million),
- \$.9 million over three years for the College Assistance Migrant Program,
- \$12 million to establish a statewide online education program in partnership with other state education institutions,
- \$26.9 million in funding for capital outlay projects for the NMSU system,
- \$45 million to higher education to provide funding for a 4% across the board compensation increase for Instruction & General, plus \$3.857 million to offset the employer share of medical insurance premium increases,
- \$40 million in non-recurring for Building Renewal and Replacement and Demolition for higher education,
- \$3 million in non-recurring for Equipment Renewal and Replacement for higher education,

Other higher education special appropriations include:

- \$3 million for Practicums for Behavior Health or Addiction for Student Counseling
- \$5 million for the teacher loan repayment program • \$10 million for adult education programs
- \$1.25 million for high school equivalency tests
- \$2.7 million for equipment purchases for noncredit workforce training programs
- \$10 million for the technology enhancement fund
- \$1.55 million for the veterinarian loan repayment fund
- \$2 million for the expansion of the workforce training economic support pilot program

All campuses saw increased enrollment for Fall 2025. The University System saw enrollment growth for the fourth straight year, excluding the impact of NMSU-Carlsbad's transition to SENMC in 2023. Increases in enrollment at branch community college campuses was 6.2% at Dona Ana and 5.5% at Alamogordo while Grants campus experienced a 4.4% increase. Main campus saw a 4.4% increase from fall 2024. The continued enrollment increases are favorable for the tuition revenue outlook for the NMSU system.

The outlook for state appropriations is promising. In August 2025, the New Mexico Legislative Finance Committee General Fund Recurring Revenue Outlook indicated a stronger than expected revenue projections for the state of New Mexico. The state is projecting recurring revenues fiscal year 2026 at approximately \$13.71 billion, up \$81.2 million from the December 2024 estimate, and FY27 recurring revenues are estimated to grow 2.9 percent over FY26 to an estimated \$14.11 billion. This would result in an increase in recurring revenues estimated at \$3.27 billion more for FY27. Despite a decline in growth, the report indicates that the amount available for appropriation remains high due to fiscal restraint in recurring appropriations and higher base revenues. Revenues for FY25 are estimated at \$13.65 billion, up \$604.5 million, or 4.6 percent from FY24. Current projections favor growth of over 3.5% for FY28 and beyond.

One significant factor influencing spending in future periods is the current federal grant and contract climate. While the University has not seen an overall decrease in federal grants and contract revenue or related indirect cost recovery, it is beginning to see signs of increasing non-renewals or discontinuation of certain federal grants and contracts. The university is establishing funding contingency plans to alleviate some of the anticipated impacts of this trend.

The University has received significant one-time state appropriation funds over the last several years. As these funds are spent over the next few years, these activities will result in a decrease in fund balance as the appropriation funds are utilized. Two examples of this are \$12 million for the statewide expansion of online degrees and programs and \$19.3 million to the New Mexico Department of Agriculture.

**New Mexico State University**  
**Statements of Net Position - Proprietary Funds**  
**As of June 30, 2025**

	University	Discrete Component Unit
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 9,191,647	\$ 8,542,391
Restricted cash and cash equivalents	26,404,091	-
Cash and cash equivalents held in trust by component unit for NMSU	133,441	133,441
Cash and cash equivalents held in trust by others	13,520,523	-
Short-term investments	57,569,462	25,360,462
Accounts receivable, net	140,436,320	8,888,653
Due from component unit	1,988,717	-
Inventories	5,028,829	-
Prepaid expenses and other assets	1,069,299	575,470
Long-term receivable - current portion	783,869	5,550,182
Total current assets	<u>256,126,198</u>	<u>49,050,599</u>
Non-current assets		
Unrestricted cash and cash equivalents	72,084,082	1,599,914
Restricted cash and cash equivalents	73,387,222	-
Investments held in trust by component unit for NMSU	101,753,651	101,753,651
Other long-term investments	95,137,262	315,911,891
Long-term receivable	19,142,341	-
Capital assets, net	549,448,641	188,534
Total non-current assets	<u>910,953,199</u>	<u>419,453,990</u>
Total assets	<u>1,167,079,397</u>	<u>468,504,589</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
	<u>96,066,601</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	17,321,030	295,475
Due to NMSU	-	1,988,717
Other accrued liabilities	23,138,751	514,351
Accrued interest payable	1,176,513	-
Held in trust for NMSU	-	133,440
Unearned revenue	44,474,853	34,492
Held in trust by NMSU	2,100,506	-
Long-term liabilities - current portion	23,591,403	201,777
Total current liabilities	<u>111,803,056</u>	<u>3,168,252</u>
Non-current liabilities		
Accrued benefit reserves	807,745	-
Held in trust for NMSU	-	101,753,651
Other long-term liabilities	134,825,924	1,625,401
Net pension liability	485,093,834	-
Other post-employment benefit liability	117,423,798	-
Total non-current liabilities	<u>738,151,301</u>	<u>103,379,052</u>
Total liabilities	<u>849,954,357</u>	<u>106,547,304</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
	<u>84,179,727</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	444,507,641	188,534
Restricted for:		
Donor	-	241,854,871
Non-expendable:		
Endowments	84,191,643	-
Expendable:		
Endowments	100,404	-
General activities	9,401,447	-
Federal student loans	3,250,003	-
Capital projects	81,320,083	-
Related entity activities	2,263,146	-
Unrestricted	(296,022,453)	119,913,879
Total net position	<u>\$ 329,011,914</u>	<u>\$ 361,957,284</u>

**New Mexico State University**  
**Statements of Net Position - Proprietary Funds**  
**As of June 30, 2024, as restated**

	University	Discrete Component Unit
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 59,626,925	\$ 5,189,977
Restricted cash and cash equivalents	10,206,176	-
Cash and cash equivalents held in trust by component unit for NMSU	2,072,259	2,072,259
Cash and cash equivalents held in trust by others	25,380,907	-
Short-term investments	54,747,123	34,537,706
Accounts receivable, net	91,874,849	8,119,840
Due from component unit	1,656,156	-
Inventories	4,070,033	-
Prepaid expenses	818,662	479,011
Long-term receivable - current portion	362,232	10,304,006
Total current assets	<u>250,815,322</u>	<u>60,702,799</u>
Non-current assets		
Unrestricted cash and cash equivalents	51,327,749	4,591,210
Restricted cash and cash equivalents	50,545,151	-
Investments held in trust by component unit for NMSU	88,674,297	88,674,297
Other long-term investments	64,253,032	268,883,389
Long-term receivable	18,932,586	-
Capital assets, net	521,539,703	218,495
Total non-current assets	<u>795,272,518</u>	<u>362,367,391</u>
Total assets	<u>1,046,087,840</u>	<u>423,070,190</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>63,681,460</u>	<u>-</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	25,149,315	156,594
Due to NMSU	-	1,656,156
Other accrued liabilities	22,639,379	624,654
Accrued interest payable	1,133,866	-
Held in trust for NMSU	-	2,072,259
Unearned revenue	25,566,003	34,491
Held in trust by NMSU	2,176,832	-
Long-term liabilities - current portion	25,794,662	194,080
Total current liabilities	<u>102,460,057</u>	<u>4,738,234</u>
Non-current liabilities		
Accrued benefit reserves	659,630	-
Held in trust for NMSU	-	88,674,297
Other long-term liabilities	139,948,543	1,679,367
Net pension liability	472,247,945	-
Other post-employment benefit liability	134,631,060	-
Total non-current liabilities	<u>747,487,178</u>	<u>90,353,664</u>
Total liabilities	<u>849,947,235</u>	<u>95,091,898</u>
DEFERRED INFLOWS OF RESOURCES	<u>155,551,133</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	417,478,641	218,495
Restricted for:		
Donor	-	226,379,417
Non-expendable:		
Endowments	73,390,618	-
Expendable:		
Endowments	508,589	-
General activities	7,028,475	-
Federal student loans	4,112,287	-
Capital projects	54,952,597	-
Related entity activities	2,345,552	-
Unrestricted	(455,545,827)	101,380,380
Total net position, as restated	<u>\$ 104,270,932</u>	<u>\$ 327,978,292</u>

# New Mexico State University

## Statements of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended June 30, 2025

	University	Discrete Component Unit
<b>REVENUES</b>		
Operating revenues:		
Student tuition and fees (gross)	\$ 145,397,111	\$ -
Less: scholarship allowances	(99,877,605)	-
Student tuition and fees (net)	45,519,506	-
Federal appropriations, grants and contracts	129,786,814	-
State grants and contracts	24,784,889	-
Local appropriations, grants and contracts	3,665,375	-
Non-governmental grants, contracts and gifts	8,317,222	17,742,898
Sales and services	7,581,031	-
Auxiliary enterprises (net of scholarship allowances)	5,863,915	-
Other operating revenues	33,386,661	-
Total operating revenues	258,905,413	17,742,898
<b>EXPENSES</b>		
Operating expenses:		
Instruction	152,108,704	-
Research	105,240,153	-
Public service	66,252,652	-
Academic support	30,814,739	-
Student services	21,568,319	-
Institutional support	30,117,215	-
Operation and maintenance of plant	48,993,205	-
Scholarships and fellowships	56,347,525	-
Auxiliary enterprises	13,629,175	-
Independent operations	32,902,790	-
Intercollegiate athletics	26,597,024	-
Student social and cultural	4,375,447	-
Loan administration (net)	604,265	-
Depreciation and amortization	43,349,623	43,611
Other operating expenses	-	25,261,091
Total operating expenses	632,900,836	25,304,702
Net operating loss	(373,995,423)	(7,561,804)
Non-operating revenues (expenses):		
State appropriations	327,464,075	-
Federal Pell grants	56,921,491	-
State lottery scholarship	24,507,658	-
New Mexico opportunity scholarship	43,047,808	-
Local tax levy revenue	8,579,974	-
Gifts and non-exchange grants	14,054,647	-
Investment income	25,615,098	27,261,656
Land lease and permanent fund revenue	6,787,643	-
Building fees	4,165,198	-
Loss on disposal of plant	(1,391,735)	-
Additions to quasi endowments	26,834	-
Interest and other expenses on capital asset-related debt	(4,188,590)	-
Other non-operating revenues	7,419,633	14,279,140
Net non-operating revenues	513,009,734	41,540,796
Income before other revenues	139,014,311	33,978,992
Capital appropriations	75,498,849	-
Capital grants, gifts, and other income	3,765,006	-
Additions to permanent endowments	6,462,816	-
Increase in net position	224,740,982	33,978,992
<b>NET POSITION</b>		
Beginning of year	104,270,932	327,978,292
End of year	\$ 329,011,914	\$ 361,957,284

# New Mexico State University

## Statements of Revenues, Expenses, and Changes in Net Position - Proprietary Funds For the Year Ended June 30, 2024, as restated

	University	Discrete Component Unit
<b>REVENUES</b>		
Operating revenues:		
Student tuition and fees (gross)	\$ 136,282,109	\$ -
Less: scholarship allowances	(90,501,291)	-
Student tuition and fees (net)	45,780,818	-
Federal appropriations, grants and contracts	117,780,563	-
State grants and contracts	21,451,904	-
Local appropriations, grants and contracts	3,530,869	-
Non-governmental grants, contracts and gifts	8,315,193	18,294,606
Sales and services	5,325,439	-
Auxiliary enterprises (net of scholarship allowances)	6,189,293	-
Other operating revenues	33,478,870	-
Total operating revenues	241,852,949	18,294,606
<b>EXPENSES</b>		
Operating expenses:		
Instruction	121,474,277	-
Research	86,540,329	-
Public service	56,481,517	-
Academic support	26,878,600	-
Student services	15,200,676	-
Institutional support	26,426,127	-
Operation and maintenance of plant	39,946,521	-
Scholarships and fellowships	48,461,444	-
Auxiliary enterprises	11,493,370	-
Independent operations	24,060,745	-
Intercollegiate athletics	26,129,385	-
Student social and cultural	4,578,337	-
Loan administration (net)	366,791	-
Depreciation and amortization	41,415,750	29,299
Other operating expenses	-	27,169,044
Total operating expenses	529,453,869	27,198,343
Net operating loss	(287,600,920)	(8,903,737)
Non-operating revenues (expenses):		
State appropriations	288,146,369	-
Federal Pell grants	46,113,179	-
State lottery scholarship	20,747,881	-
New Mexico opportunity scholarship	42,367,019	-
Local tax levy revenue	8,251,700	-
Gifts and non-exchange grants	12,122,933	-
Investment income	24,052,095	31,054,655
Land lease and permanent fund revenue	14,275,261	-
Building fees	4,173,492	-
Loss on disposal of plant	(608,000)	-
Additions to quasi endowments	18,996	-
Interest and other expenses on capital asset-related debt	(4,255,748)	-
Other non-operating revenues	7,911,116	5,491,639
Net non-operating revenues	463,316,293	36,546,294
Income before other revenues	175,715,373	27,642,557
Capital appropriations	65,543,955	-
Capital grants, gifts, and other income	4,538,252	-
Additions to permanent endowments	3,677,899	-
Increase in net position	249,475,479	27,642,557
<b>NET POSITION</b>		
Beginning of year, as previously reported	(141,563,099)	-
Change in accounting principle (Note 2)	(3,641,448)	-
Beginning of year, as restated	(145,204,547)	300,335,735
End of year	\$ 104,270,932	\$ 327,978,292

**New Mexico State University**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2025**

	University
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees and other student payments received	\$ 44,034,905
Grants and contracts received	166,232,303
Payments to suppliers	(189,586,990)
Payments for travel	(15,209,316)
Payments to employees and for employee benefits	(428,117,018)
Disbursement of net aid to students	(66,064,390)
Sales, services, and auxiliary enterprises	(14,126,726)
Other operating revenues	32,703,423
Net cash used in operating activities	<u>(470,133,809)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State appropriations	327,464,075
Gifts and grants for other than capital purposes	138,531,604
Tax levy revenue	8,579,974
Private gifts for endowment	(827,768)
Other non-operating revenues	7,567,748
Net cash provided by non-capital financing activities	<u>481,315,633</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital gifts, grants and contracts	79,290,692
Purchases/construction/renovation of capital assets	(72,650,298)
Principal paid on capital debt and leases	(15,532,754)
Interest and fees paid on capital debt and leases	(3,800,225)
Building fees received from students	4,165,198
Net cash used in capital and related financing activities	<u>(8,527,387)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	94,400,531
Proceeds held in trust by the Foundation	(1,938,818)
Interest on investments	27,340,814
Purchase of investments	(126,895,125)
Net cash used by investing activities	<u>(7,092,598)</u>
Net decrease in cash and cash equivalents	(4,438,161)
Cash and cash equivalents - beginning of year	199,159,167
Cash and cash equivalents - end of year	<u>\$ 194,721,006</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (373,995,423)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization expense	43,349,623
Change in assets and liabilities:	
Increase in accounts receivable	(48,894,032)
Increase in prepaid expenses	(250,637)
Increase in inventory	(958,796)
Increase in loans receivable	(631,392)
Decrease in accounts payable and other accrued liabilities	(4,720,772)
Increase in unearned revenue	18,908,850
Decrease in held in trust by NMSU	(76,326)
Decrease in net pension/OPEB liability and related deferred inflows/outflows of resources	(102,864,904)
Net cash used in operating activities	<u>\$ (470,133,809)</u>

**New Mexico State University**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Year Ended June 30, 2024, as restated**

	University
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees and other student payments received	\$ 43,123,807
Grants and contracts received	155,579,166
Payments to suppliers	(162,776,544)
Payments for travel	(15,449,385)
Payments to employees and for employee benefits	(399,591,987)
Disbursement of net aid to students	(59,011,750)
Sales, services, and auxiliary enterprises	39,034,046
Other operating revenues	37,744,657
Net cash used in operating activities	<u>(361,347,990)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State appropriations	288,146,369
Gifts and grants for other than capital purposes	121,351,012
Tax levy revenue	8,251,700
Private gifts for endowment	(1,319,840)
Other non-operating revenue	7,911,116
Net cash provided by non-capital financing activities	<u>424,340,357</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital gifts, grants and contracts	70,101,206
Purchases/construction/renovation of capital assets	(69,776,081)
Principal paid on capital debt and leases	(13,787,062)
Interest and fees paid on capital debt and leases	(4,349,445)
Building fees received from students	4,173,492
Net cash used by capital and related financing activities	<u>(13,637,890)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from sales and maturities of investments	42,810,366
Proceeds held in trust by NMSU Foundation	(829,623)
Interest on investments	30,762,262
Purchase of investments	(54,679,200)
Net cash provided by investing activities	<u>18,063,805</u>
Net increase in cash and cash equivalents	67,418,282
Cash and cash equivalents - beginning of year	131,740,885
Cash and cash equivalents - end of year	<u>\$ 199,159,167</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (287,600,920)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	41,415,750
Change in assets and liabilities:	
Decrease in accounts receivable	17,765,864
Increase in prepaid expenses	(20,088)
Increase in inventory	(20,126)
Increase in loans receivable	(1,049,931)
Decrease in accounts payable and other accrued liabilities	(9,274,579)
Increase in unearned revenue	9,638,444
Increase in held in trust by NMSU	1,431,142
Decrease in net pension liability and related deferred inflows and outflows of resources	(133,633,546)
Net cash used by operating activities	<u>\$ (361,347,990)</u>

**New Mexico State University**  
**Statement of Fiduciary Net Position**  
**As of June 30, 2025 and 2024**

	Custodial Funds 2025	Custodial Funds 2024
	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 6,800,357	\$ 5,482,036
Accounts receivable	135,188	336,449
Total assets	<u>6,935,545</u>	<u>5,818,485</u>
<b>LIABILITIES</b>		
Accounts payable	34,052	50,514
Total liabilities	<u>34,052</u>	<u>50,514</u>
<b>NET POSITION</b>		
Restricted for:		
Individuals, organizations, and other governments	6,901,493	5,767,971
Total net position	<u>\$ 6,901,493</u>	<u>\$ 5,767,971</u>

**New Mexico State University**  
**Statement of Changes in Fiduciary Net Position**  
**For the Years Ended June 30, 2025 and 2024**

	Custodial Funds 2025	Custodial Funds 2024
	<u>2025</u>	<u>2024</u>
<b>ADDITIONS</b>		
Tax remittance from other governments	\$ 4,972,143	4,609,594
Miscellaneous	17,912	765,048
Total additions	<u>4,990,055</u>	<u>5,374,642</u>
<b>DEDUCTIONS AND SPECIAL ITEM</b>		
Debt payments for other governments	3,495,159	7,932,241
Other expense	361,374	367,568
Total deductions and special item	<u>3,856,533</u>	<u>8,299,809</u>
Net increase in fiduciary net position	1,133,522	(2,925,167)
<b>NET POSITION</b>		
Beginning of year	5,767,971	8,693,138
End of year	<u>\$ 6,901,493</u>	<u>\$ 5,767,971</u>

## Note 1 – Organization

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

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

## Note 2 – Summary of Significant Accounting Policies

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

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

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

The University will issue the Single Audit Report under separate cover. This report will be forthcoming once the final version of the Uniform Guidance Compliance Supplement has been officially released.

GASB Statement 101, Compensated Absences, was adopted in fiscal year 2025 and requires a reconciliation of the previous balances with the GASB 101 adjustments shown below:

Line item	2024		
	Original Amount	Adjustment	Revised Amount
<b>Liabilities</b>			
Long-term liabilities - current portion	\$ 22,334,424	\$ 3,460,238	\$ 25,794,662
Other Long-term liabilities	\$ 139,083,483	\$ 865,060	\$ 139,948,543
<b>Expenses</b>			
Total operating expenses	\$ 528,770,019	\$ 683,850	\$ 529,453,869
<b>Net Position</b>			
Unrestricted	\$ (451,220,529)	\$ (4,325,298)	\$ (455,545,827)

The changes for 2024 were applied to the beginning balances.

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

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented in a single column using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when an obligation has been incurred. Eliminations are not performed between the University and the Foundation. The University is an enterprise fund of the State of New Mexico and, as such, is included in the State of New Mexico's Annual Comprehensive Financial Report (ACFR). The University's financial statements are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities of the State of New Mexico that is attributable to the transactions of the University.

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

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

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

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

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

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

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

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

**Long-term Receivables.** Long-term receivables primary categories are: 1) Perkins student loans; 2) Finance building sale; and, 3) Receivable from leases. The University has determined that all long term receivables are fully collectible.

	2025	2024
Perkins student loans	\$ 939,307	\$ 1,559,618
Finance building sale	625,000	625,000
Lease receivable	18,361,903	17,110,200
Long-term receivable	<u>\$ 19,926,210</u>	<u>\$ 19,294,818</u>

The University leases ground space under a variety of long-term arrangements, with expiration dates ranging from 2026 to 2085. In accordance with GASB Statement No. 87 (Leases), lease receivables and deferred inflows of resources are recorded at the net present value of the expected lease payments, calculated using discount rates appropriate to each individual lease.

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

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

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

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

The University's depreciation expense is computed using the straight-line method. Amortization expense is computed using a straight-line method based on remaining term of underlying lease. Land and land improvements are not depreciated. Estimated useful lives for major asset classes are as follows:

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

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

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

**Current Liabilities.** Current liabilities include accounts payable, other accrued liabilities and accrued interest payable. Other accrued liabilities include accrued current payroll and fringe benefits and current portion of unclaimed property. The fringe benefits included consist of the employee and employer portions of taxes, insurance, retirement and other compensation related withholdings. Also included in current liabilities is the current portion of long-term debt and unearned revenue. Unearned revenue represents revenue collected but not earned as of June 30, 2025 and 2024. This amount is primarily composed of revenue for grants and contracts, prepaid student tuition and fees and special events. The University did not have any outstanding short-term debt for the years ended June 30, 2025 and 2024.

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

The Foundation's other long-term liabilities consist of the liabilities related to charitable gift annuities and charitable remainder unitrusts for which the Foundation serves as trustee. These liabilities are recorded at the present value of anticipated payments to the income beneficiaries. These are computed using the estimated life of each income beneficiary at June 30 each year and the applicable IRS discount interest rates, which for June 2025 and 2024, was 5.0% and 5.6%, respectively.

#### **Annual and Sick Leave Policies.**

*Annual leave:* Regular full-time exempt and non-exempt employees will earn annual leave at a rate of 21 working days per year. Leave is prorated for regular employees working at least half-time. University policy allows employees to accumulate a maximum of 30 unused annual leave days. Up to 240 hours accumulated annual leave may be carried forward each July 1, and may be paid upon termination of employment for regular employees only. Effective June 30, 2017, leave accrued in excess of 240 hours at the close of business on June 30 of each year shall be forfeited. Non regular term appointment employees will forfeit all unused accrued leave on July 1, and upon termination of term appointment.

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

Effective fiscal year 2025 the University implemented GASB 101 which required recognition of a liability for leave that is earned, accumulates, and is more likely than not to be used for time off or otherwise paid out. Implementation of GASB 101 impacted previously reported compensated absences liability balance as well as the current year balance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

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

	2025	2024
<b>Deferred Outflows of Resources</b>		
Related to net pension liability	\$ 91,157,758	\$ 55,612,253
Related to net OPEB liability	4,236,155	7,261,982
Net loss on defeasance of bonds payable	672,688	807,225
Total deferred outflows of resources	<u>96,066,601</u>	<u>63,681,460</u>
<b>Deferred Inflows of Resources</b>		
Related to net pension liability	\$ 45,608,115	\$ 119,306,812
Related to net OPEB liability	20,209,709	19,134,121
Related to leases	18,361,903	17,110,200
Total deferred inflows of resources	<u>\$ 84,179,727</u>	<u>\$ 155,551,133</u>

**Reclassifications.** Certain amounts in the 2024 financial statements and notes thereto have been reclassified to conform to 2025 financial statement presentation.

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

### Note 3 - Cash and Investments

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

The Foundation (see Note 11) invests endowment and similar funds for the benefit of the University under the terms of a revocable agreement. These assets are invested in the Pool and as of June 30, 2025 and 2024, the University owned 411,082 and 403,095 shares which represented 24.38% and 24.66% of the total shares in the pool, respectively. The fair value per share as of June 30, 2025 and 2024 was \$239.16 and \$219.75, respectively.

**Cash.** The University's deposits are in demand and time deposit accounts at local financial institutions. The University requires a minimum of 50 percent collateralization of all uninsured funds deposited with a financial institution, with the exception of overnight repurchase agreements, which require 102 percent collateralization. All collateral is held in third-party safekeeping in the name of the University. The majority of the total deposits were invested in interest bearing accounts at June 30, 2025 and 2024.

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

Section 6-10-10 and 46-9A-1 through 46-9A-10 NMSA 1978, existing bond covenants, or other externally placed restrictions. At June 30, 2025 and 2024, all investments are either held in the name of the University by its agent, or held by the University. Investments that will mature in less than one year are considered short-term. The investments not held by the Foundation consisted of U.S. agency securities, U.S. treasury securities, domestic securities and corporate bonds at June 30, 2025 and 2024. The Foundation's short-term investments in marketable securities consisted entirely of U.S Government and Agency securities at June 30, 2025 and 2024.

Investments held at Foundation were \$101,753,651 and \$88,674,297 at June 30, 2025 and 2024, respectively, and represent longer term investments in limited partnerships, debt and equity securities, and real estate holdings including, but not limited to, pooled or common trust funds holding such types of securities, subject to any specific limitation set forth in the applicable gift instrument.

At June 30, 2025 and 2024, the investments of the University and its Discrete Component Unit consisted of the following:

	2025 Fair Value	2024 Fair Value
<b>University</b>		
U.S. Agency Securities	\$ 105,413,823	\$ 85,512,743
U.S. Treasury Securities	44,403,642	28,578,360
Domestic Equity Securities and Corporate Bonds	2,889,260	4,909,052
Pooled Investments Held by Others		
Corporate Stocks and Bonds	9,567,382	4,651,847
U.S. Government and Agency Securities	4,726,960	4,232,477
Limited Partnerships - Alternative	86,423,352	78,742,027
Real Estate Holdings	1,035,956	1,047,946
Total Investments	<u>\$ 254,460,375</u>	<u>\$ 207,674,452</u>
<b>Foundation</b>		
Corporate Stocks and Bonds	\$ 19,571,144	\$ 26,841,515
U.S. Government and Agency Securities	36,485,605	28,201,966
Mortgage Backed Securities	-	-
Limited Partnerships - Alternative	282,001,561	245,175,560
Other Investments	3,214,043	3,202,054
Total Investments	<u>\$ 341,272,353</u>	<u>\$ 303,421,095</u>

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

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

As an entity with a beneficial interest, the University receives monthly distributions of income from the LGPF as required by law. The University's beneficial interest and income received from this beneficial interest as of and for the years ending June 30, 2025 and 2024 are as follows:

	2025	2024
Balance of the University's beneficial interest as of June 30	\$118,820,294	\$101,066,821
Income received from the University's beneficial interest in the LGPF for the period ending June 30	\$ 4,028,190	\$ 3,580,167

**Assets held by the Foundation for the University.** The following is a schedule of the composition of pooled cash and investments held by the Discrete Component Unit for the University at June 30, 2025 and 2024.

	2025	2024
Equities	10 %	9 %
Fixed income	6 %	9 %
Cash and cash equivalents	3 %	3 %
Investments not securities	81 %	79 %
	<u>100 %</u>	<u>100 %</u>

**Collateralization of Deposits.** At June 30, 2025 and 2024, the recorded values of the University's cash and time deposits with financial institutions were \$5,378,642 and \$19,837,629, respectively. Bank balances, which differ from the reported values due to reconciling items, are categorized and presented in the following table:

	2025	2024
<b>University and Fiduciary Fund</b>		
Amount insured by the Federal Deposit Insurance Corporation (FDIC)	\$ 512,862	\$ 402,022
Amount collateralized with securities held by the pledging financial institution	14,777,923	23,404,074
Uncollateralized	70,026	49,186
Total cash and time deposit bank balances	<u>15,360,811</u>	<u>23,855,282</u>
Reconciling Items:		
Add: cash equivalents	182,488,757	157,350,408
Add: cash equivalents held by others	13,653,964	27,453,166
Less: other reconciling items	(9,982,169)	(4,017,653)
Total reported cash balance	<u>\$201,521,363</u>	<u>\$204,641,203</u>
<b>Foundation</b>		
Amount insured by the FDIC	\$ 250,000	\$ 250,000
Amount in excess of FDIC, Lloyd's of London and Security Investor Protection Corporation (SIPC)	8,639,562	6,731,186
Amount at Merrill Lynch insured by SIPC, Lloyd's of London and the FDIC	893	1,400,000
Amount at Charles Schwab insured by SIPC, Lloyd's of London and the FDIC	1,251,850	1,400,000
Total reported cash balance	<u>\$ 10,142,305</u>	<u>\$ 9,781,186</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2025:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>Fiduciary Fund Accounts</b>				
<b>First National Bank of Alamogordo</b>				
Operational	Checking non-interest bearing	\$ 231,707	\$ -	\$ 231,707
<b>Wells Fargo Bank of New Mexico</b>				
Operational	Debt Service	5,478,772	-	5,478,772
Operational	Cash Management	1,089,878	-	1,089,878
<b>Total Cash and Cash Equivalents - Fiduciary Funds</b>		<u>\$ 6,800,357</u>	<u>\$ -</u>	<u>\$ 6,800,357</u>
<b>Wells Fargo Bank of New Mexico</b>				
Operational	Checking non-interest bearing	\$ -	\$ (9,877,648)	\$ (9,877,648)
Operational	Student ACH	-	11,237	11,237
Operational	Debt Service	758,122	-	758,122
Operational	General	-	83,258	83,258
Operational	Payroll	-	(291,457)	(291,457)
Operational	Credit Card	-	71,848	71,848
Operational	Cash Transfers	-	14,691	14,691
Operational	Deposit	-	5,902	5,902
Operational	Money Market (WFS)	171,319,331	-	171,319,331
Operational	Cash Management	7,701,151	-	7,701,151
Operational	Money Market (Trust)	2,253,537	-	2,253,537
<b>Stifel</b>				
Stifel	Money Market	1,025	-	1,025
<b>Cash on Hand</b>				
Cash on hand	Cash	70,026	-	70,026
<b>Citizen's Bank of Las Cruces</b>				
Certificate of deposit	Time Deposit	31,156	-	31,156
<b>Federated Investment Manager</b>				
Dividend reinvestment	Money Market	8,914,863	-	8,914,863
<b>New Mexico Finance Authority</b>				
Operational	Acquisition Fund	13,520,523	-	13,520,523
<b>New Mexico State University Foundation, Inc.</b>				
NMSU endowments	Cash	133,441	-	133,441
<b>Total Cash and Cash Equivalents - University</b>		<u>\$ 204,703,175</u>	<u>\$ (9,982,169)</u>	<u>\$194,721,006</u>
<b>Total Cash and Cash Equivalents</b>		<u>\$ 211,503,532</u>	<u>\$ (9,982,169)</u>	<u>\$201,521,363</u>

The following table provides information on the University's cash and cash equivalents at June 30, 2024:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>Fiduciary Fund Accounts</b>				
<b>First National Bank of Alamogordo</b>				
Operational	Debt Service	\$ 120,877	\$ -	\$ 120,877
<b>Wells Fargo Bank of New Mexico</b>				
Operational	Debt Service	4,042,251	-	4,042,251
Operational	Cash Management	1,318,908	-	1,318,908
<b>Total Cash and Cash Equivalents - Fiduciary Funds</b>		<u>\$ 5,482,036</u>	<u>\$ -</u>	<u>\$ 5,482,036</u>
<b>Wells Fargo Bank of New Mexico</b>				
Operational	Checking non-interest bearing	\$ -	\$ (3,809,092)	\$ (3,809,092)
Operational	Student ACH	-	12,096	12,096
Operational	Debt Service	827,906	-	827,906
Operational	General	-	82,389	82,389
Operational	Payroll	-	(347,780)	(347,780)
Operational	Credit Card	-	38,412	38,412
Operational	Cash Transfers	-	6,502	6,502
Operational	Student Transfers	-	(215)	(215)
Operational	Deposit	-	35	35
Operational	Money Market (WFS)	140,294,183	-	140,294,183
Operational	Cash Management	17,465,009	-	17,465,009
Operational	Money Market (Trust)	2,164,035	-	2,164,035
<b>Stifel</b>				
Stifel	Money Market	1,120	-	1,120
<b>Cash on Hand</b>				
Cash on hand	Cash	49,186	-	49,186
<b>Citizen's Bank of Las Cruces</b>				
Certificate of deposit	Time Deposit	31,145	-	31,145
<b>Federated Investment Manager</b>				
Dividend reinvestment	Money Market	14,891,070	-	14,891,070
<b>New Mexico Finance Authority</b>				
Operational	Acquisition Fund	25,380,907	-	25,380,907
<b>New Mexico State University Foundation, Inc.</b>				
NMSU endowments	Cash	2,072,259	-	2,072,259
<b>Total Cash and Cash Equivalents - University</b>		<u>\$ 203,176,820</u>	<u>\$ (4,017,653)</u>	<u>\$199,159,167</u>
<b>Total Cash and Cash Equivalents</b>		<u>\$ 208,658,856</u>	<u>\$ (4,017,653)</u>	<u>\$204,641,203</u>

The following table provides information on the the University's investments, including reconciling items, at June 30, 2025.

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>FHN Financial</b>				
U.S. agency securities	Investment	39,958,975	-	39,958,975
<b>Stifel</b>				
Domestic equity securities	Investment	239,431	-	239,431
<b>Raymond James</b>				
U.S. agency securities	Investment	50,972,790	-	50,972,790
<b>Wells Fargo Securities</b>				
U.S. agency securities	Investment	14,482,058	-	14,482,058
<b>Wells Fargo Trust</b>				
U.S. treasury securities	Investment	44,403,642	-	44,403,642
<b>Wells Fargo Securities</b>				
Domestic corporate bonds	Investment	2,015,595	-	2,015,595
<b>Principal Funds</b>				
Domestic equity securities	Investment	595,588	-	595,588
<b>Franklin Templeton</b>				
Domestic equity securities	Investment	38,646	-	38,646
<b>New Mexico State University Foundation, Inc.</b>				
NMSU endowments	Investment	101,753,650	-	101,753,650
<b>Total Investments</b>		<u>\$ 254,460,375</u>	<u>\$ -</u>	<u>\$ 254,460,375</u>

The following table provide information on the the University's investments, including reconciling items, at June 30, 2024.

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>FHN Financial</b>				
U.S. agency securities	Investment	60,758,583	-	60,758,583
<b>Stifel</b>				
Domestic equity securities	Investment	251,866	-	251,866
<b>Raymond James</b>				
U.S. agency securities	Investment	7,875,100	-	7,875,100
<b>Raymond James</b>				
Domestic corporate bonds	Investment	1,991,080	-	1,991,080
<b>Wells Fargo Securities</b>				
U.S. agency securities	Investment	16,879,060	-	16,879,060
<b>Wells Fargo Trust</b>				
U.S. treasury securities	Investment	28,578,360	-	28,578,360
<b>Wells Fargo Trust</b>				
Domestic corporate bonds	Investment	2,024,100	-	2,024,100
<b>Principal Funds</b>				
Domestic equity securities	Investment	531,109	-	531,109
<b>Franklin Templeton</b>				
Domestic equity securities	Investment	37,369	-	37,369
<b>Innovation</b>				
Domestic equity securities	Investment	73,528	-	73,528
<b>New Mexico State University Foundation, Inc.</b>				
NMSU endowments	Investment	88,674,297	-	88,674,297
<b>Total Investments</b>		<u>\$ 207,674,452</u>	<u>\$ -</u>	<u>\$ 207,674,452</u>

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2025, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>Wells Fargo Bank of New Mexico</b>				
Program	Checking non interest bearing	\$ 4,268,953	\$ 10,301	\$ 4,279,254
Program	ACH	678,545	-	678,545
Operations	Checking non interest bearing	3,202,179	(25,941)	3,176,238
<b>Merrill Lynch</b>				
Less Cash Allocated to NMSU for AHIT	Held in Trust	(100,404)	-	(100,404)
<b>Charles Schwab</b>				
LTIP	Money Market	227,360	-	227,360
Charitable gift annuity	Money Market	136,774	-	136,774
Student trading	Money Market	3,443	-	3,443
Operating reserve	Money Market	503,747	-	503,747
Programmatic	Money Market	5,012	-	5,012
Real Estate Holdings, LLC	Money Market	884,273	-	884,273
<b>Investment Cash - Wells Fargo</b>				
LTIP	Money Market	107,130	-	107,130
Real Estate Holdings, LLC	Money Market	273,077	-	273,077
Investment cash - Merrill Lynch				
Managers:				
Private equity	Money Market	4	-	4
ALT Investments	Money Market	889	-	889
Less Cash Allocated to NMSU for AHIT	Held in Trust	(33,037)	-	(33,037)
<b>Total Cash and Cash Equivalents</b>		<u>\$ 10,157,945</u>	<u>\$ (15,640)</u>	<u>\$ 10,142,305</u>
Corporate Stocks and Bonds	Investment	\$ 36,485,605	-	\$ 36,485,605
U.S. Government and Agency Securities	Investment	19,571,144	-	19,571,144
Limited Partnerships - Alternative	Investment	282,001,561	-	282,001,561
<b>Real Estate Holdings</b>				
Real Estate Holdings	Investment	3,214,043	-	3,214,043
<b>Total Investments</b>		<u>\$ 341,272,353</u>	<u>\$ -</u>	<u>\$341,272,353</u>

Information on the Foundation's cash and cash equivalents and deposit accounts and investments, including reconciling items, at June 30, 2024, is provided below:

Account	Type of Account	Financial Institution Balance	Reconciling Items	Book Balance
<b>Wells Fargo Bank of New Mexico</b>				
Program	Checking non interest bearing	\$ 4,078,982	\$ (57,928)	\$ 4,021,054
Program	ACH	16,309	-	16,309
Program	Wire	2,675	-	2,675
Operations	Checking non interest bearing	889,923	(134,690)	755,233
<b>Merrill Lynch</b>				
Program	Money Market	325,251	-	325,251
Less Cash Allocated to NMSU for AHIT (Program)	Held in Trust	(508,589)	-	(508,589)
<b>Charles Schwab</b>				
LTIP	Money Market	64,811	-	64,811
Charitable gift annuity	Money Market	110,700	-	110,700
Student trading	Money Market	24,124	-	24,124
Operating reserve	Money Market	10,922	-	10,922
Programmatic	Money Market	567,122	-	567,122
Real Estate Holdings, LLC	Money Market	845,126	-	845,126
<b>Investment Cash - Wells Fargo</b>				
LTIP	Money Market	188,653	-	188,653
Real Estate Holdings, LLC	Money Market	427,731	-	427,731
Investment cash - Merrill Lynch				
Managers:				
Private Equity	Money Market	305,661	-	305,661
ALT Investments	Money Market	4,188,072	-	4,188,072
Less Cash Allocated to NMSU for AHIT	Held in Trust	(1,563,669)	-	(1,563,669)
<b>Total Cash and Cash Equivalents</b>		<u>\$ 9,973,804</u>	<u>\$ (192,618)</u>	<u>\$ 9,781,186</u>
Corporate Stocks and Bonds	Investment	\$ 26,841,515	-	\$ 26,841,515
U.S. Government and Agency Securities	Investment	28,201,966	-	28,201,966
Limited Partnerships - Alternative	Investment	245,175,560	-	245,175,560
<b>Real Estate Holdings</b>				
Real Estate Holdings	Investment	3,202,054	-	3,202,054
<b>Total Investments</b>		<u>\$ 303,421,095</u>	<u>\$ -</u>	<u>\$303,421,095</u>

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

A summary of the investments at June 30, 2025, and their exposure to interest rate risk based on the length of the investment follows:

	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
<b>University</b>					
U.S. agency securities	\$ 105,413,823	\$ 17,909,180	\$ 87,504,643	\$ -	\$ -
Domestic corporate bonds	2,015,595	-	2,015,595	-	-
U.S. treasury securities	44,403,642	39,660,282	4,743,360	-	-
	<u>151,833,060</u>	<u>\$ 57,569,462</u>	<u>\$ 94,263,598</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Items not subject to interest rate risk:</b>					
Equity securities	873,665				
Pooled Investments					
Domestic equity securities	9,567,382				
Domestic corporate bonds	4,726,960				
Limited partnerships - Alternative	86,423,352				
Real estate holdings (Investments not securities)	1,035,956				
Total Investments	<u>\$254,460,375</u>				
<b>Foundation</b>					
U.S. government and agency securities	\$ 19,571,144	\$ 19,571,144	\$ -	\$ -	\$ -
		<u>\$ 19,571,144</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Items not subject to interest rate risk:</b>					
Corporate stocks	36,485,605				
Limited partnerships - Alternative	282,001,561				
Other investments	3,214,043				
Total Investments	<u>\$341,272,353</u>				

A summary of the investments at June 30, 2024, and their exposure to interest rate risk based on the length of the investment follows:

	Fair Value	Less than 1 Year	1 - 5 Years	6 - 10 Years	Greater than 10 Years
<b>University</b>					
U.S. agency securities	\$ 85,512,743	\$ 24,177,683	\$ 61,335,060	\$ -	\$ -
Domestic corporate bonds	4,015,180	1,991,080	2,024,100	-	-
U.S. treasury securities	28,578,360	28,578,360	-	-	-
Pooled Investments					
	<u>118,106,283</u>	<u>\$ 54,747,123</u>	<u>\$ 63,359,160</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Items not subject to interest rate risk:</b>					
Domestic equity securities	893,872				
Pooled Investments					
Domestic equity securities	4,232,477				
Domestic corporate bonds	4,651,847				
Limited partnerships - Alternative	78,742,027				
Real estate holdings (Investments not securities)	1,047,946				
Total Investments	<u>\$207,674,452</u>				
<b>Foundation</b>					
U.S. government and agency securities	\$ 28,201,966	\$ 28,201,966	\$ -	\$ -	\$ -
		<u>\$ 28,201,966</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Items not subject to interest rate risk:</b>					
Corporate stocks	26,841,515				
Limited partnerships - Alternative	245,175,560				
Other investments	3,202,054				
Total Investments	<u>\$303,421,095</u>				

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

A summary of the investments at June 30, 2025, and their exposure to credit risk follows:

	Rating	Fair Value
<b>University</b>		
U.S. agency securities	S&P/Moody's - AA+/Aaa	\$ 105,413,823
U.S. treasury securities	S&P/Moody's - AA+/Aaa	44,403,642
Corporate bonds	S&P/Moody's - AA+/Aaa	2,015,595
Domestic equity securities	Not rated	873,665
Pooled Investments		
Domestic equity securities	Not rated	9,567,382
Corporate bonds	A1 to BAA1	4,726,960
Limited partnerships - Alternative	Not rated	86,423,352
Real estate holdings (investments not securities)	Not rated	1,035,956
<b>Total Investments</b>		<u>\$ 254,460,375</u>
<b>Foundation</b>		
U.S. government and agency securities	Moody's---Aaa	\$ 19,571,144
Corporate stocks	Not rated	36,485,605
Limited partnerships - Alternative	Not rated	282,001,561
Other investments (investments not securities)	Not rated	3,214,043
<b>Total Investments</b>		<u>\$ 341,272,353</u>

A summary of the investments at June 30, 2024, and their exposure to credit risk follows:

	Rating	Fair Value
<b>University</b>		
U.S. agency securities	S&P/Moody's - AA+/Aaa	\$ 85,512,743
U.S. treasury securities	S&P/Moody's - AA+/Aaa	28,578,360
Corporate bonds	S&P/Moody's - AA+/Aaa	4,015,180
Domestic equity securities	Not rated	893,872
Pooled Investments		
Domestic equity securities	Not rated	4,232,477
Corporate bonds	A1 to BAA1	4,651,847
Limited partnerships - Alternative	Not rated	78,742,027
Real estate holdings (investments not securities)	Not rated	1,047,946
<b>Total Investments</b>		<u>\$ 207,674,452</u>
<b>Foundation</b>		
U.S. government and agency securities	Moody's---Aaa	\$ 28,201,966
Corporate stocks	Not rated	26,841,515
Limited partnerships - Alternative	Not rated	245,175,560
Other investments (investments not securities)	Not rated	3,202,054
<b>Total Investments</b>		<u>\$ 303,421,095</u>

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

**Custodial Credit Risk – Deposits.** This is the risk that in the event of a bank failure, the University's deposits may not be returned. Neither the University, nor its discretely presented component unit, the Foundation, has a deposit policy for custodial credit risk. As of June 30, 2025 and 2024, total bank balances of the University were \$211,370,091 and \$206,586,597, respectively. None of these balances are subject to custodial credit risk.

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

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

#### Level 1

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

#### Level 2

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

#### Level 3

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

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

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

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

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

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

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

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

The following table presents the fair value measurements of University assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025.

2025	Balance as of June 30, 2025	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Debt Securities</b>				
U.S. treasury securities	\$ 44,403,642	\$ 44,403,642	\$ -	\$ -
Agency securities (GSEs)	105,413,823	-	105,413,823	-
Domestic corporate bonds	2,015,595	-	2,015,595	-
<b>Total Debt Securities</b>	<u>151,833,060</u>	<u>44,403,642</u>	<u>107,429,418</u>	<u>-</u>
<b>Equity Securities</b>				
Common	873,665	873,665	-	-
<b>Total Equity Securities</b>	<u>873,665</u>	<u>873,665</u>	<u>-</u>	<u>-</u>
<b>Total Investments by Fair Value Level</b>	<u>152,706,725</u>	<u>\$ 45,277,307</u>	<u>\$ 107,429,418</u>	<u>\$ -</u>
<b>Investments held by Foundation</b>				
Corporate stocks and bonds	\$ 4,726,960	\$ 4,726,960	\$ -	\$ -
Mutual funds	9,567,382	9,567,382	-	-
Real estate holdings	1,035,956	-	-	1,035,956
<b>Total investments Held by Foundation by Fair Value Level</b>	<u>15,330,298</u>	<u>\$ 14,294,342</u>	<u>\$ -</u>	<u>\$ 1,035,956</u>
<b>Investments Held by Foundation measured by NAV</b>				
		<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Limited Partnerships - Alternative</b>				
Private markets	\$ 10,690,608	\$ 10,718,751	None (1)	None (1)
Private credit	5,759,067	7,124,847	None (1)	None (1)
Global equity	45,175,516	-	Monthly	16 Days
Opportunistic credit	16,969,262	-	Monthly	15 Days
<b>Total Limited Partnerships - Alternative</b>	<u>78,594,453</u>	<u>17,843,598</u>		
<b>Hedge Fund Investments</b>				
Multi-strategy	2,797,540	215,391	Monthly	30 Days
Equity long/short	4,875,226	621,079	Monthly	30 Days
<b>Total Hedge Fund Investments</b>	<u>7,672,766</u>	<u>836,470</u>		
<b>Domestic Venture Capital Investments</b>				
Venture capital	156,133	3,050		
<b>Total Domestic Venture Capital Investments</b>	<u>156,133</u>	<u>3,050</u>	None (1)	None (1)
<b>Total Investments Held by Foundation measured by NAV</b>	<u>86,423,352</u>	<u>\$ 18,683,118</u>		
<b>Total Investments</b>	<u>\$ 254,460,375</u>			

(1) It is estimated that the underlying assets of the funds would be liquidated over a period of approximately two to eight years.

The following table presents the fair value measurements of University assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024.

2024	Balance as of June 30, 2024	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Debt Securities</b>				
U.S. treasury securities	\$ 28,578,360	\$ 28,578,360	\$ -	\$ -
Agency securities (GSEs)	85,512,743	-	85,512,743	-
Domestic corporate bonds	4,015,180	-	4,015,180	-
<b>Total Debt Securities</b>	<u>118,106,283</u>	<u>28,578,360</u>	<u>89,527,923</u>	<u>-</u>
<b>Equity Securities</b>				
Common	820,344	820,344	-	-
Nonredeemable securities	73,528	-	-	73,528
<b>Total Equity Securities</b>	<u>893,872</u>	<u>820,344</u>	<u>-</u>	<u>73,528</u>
<b>Total Investments by Fair Value Level</b>	<u>119,000,155</u>	<u>\$ 29,398,704</u>	<u>\$ 89,527,923</u>	<u>\$ 73,528</u>
<b>Investments held by Foundation</b>				
Corporate stocks and bonds	\$ 4,232,477	\$ 4,232,477	\$ -	\$ -
Mutual funds	4,651,847	4,651,847	-	-
Real estate holdings	1,047,946	-	-	1,047,946
<b>Total investments Held by Foundation by Fair Value Level</b>	<u>9,932,270</u>	<u>\$ 8,884,324</u>	<u>\$ -</u>	<u>\$ 1,047,946</u>
<b>Investments Held by Foundation measured by NAV</b>				
		<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Limited Partnerships - Alternative</b>				
Private markets	\$ 5,396,272	\$ 6,997,777	None (1)	None (1)
Private credit	2,877,108	3,519,581	None (1)	None (1)
Global equity	39,021,546	-	Monthly	16 Days
Opportunistic credit	22,309,736	-	Monthly	16 Days
<b>Total Limited Partnerships - Alternative</b>	<u>69,604,662</u>	<u>10,517,358</u>		
<b>Hedge Fund Investments</b>				
Multi-strategy	3,432,081	267,309	Quarterly	90 Days
Equity long/short	5,420,599	773,942	None (1)	None (1)
<b>Total Hedge Fund Investments</b>	<u>8,852,680</u>	<u>1,041,251</u>		
<b>Domestic Venture Capital Investments</b>				
Venture capital	284,685	3,929		
<b>Total Domestic Venture Capital Investments</b>	<u>284,685</u>	<u>3,929</u>	None (1)	None (1)
<b>Total Investments Held by Foundation measured by NAV</b>	<u>78,742,027</u>	<u>\$ 11,562,538</u>		
<b>Total Investments</b>	<u>\$ 207,674,452</u>			

(1) It is estimated that the underlying assets of the funds would be liquidated over a period of approximately two to eight years.

The following table presents the fair value measurements of Foundation assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2025.

2025	Balance as of June 30, 2025	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Corporate Stocks and Bonds</b>				
Foreign emerging markets	\$ 395,542	\$ 395,542	\$ -	\$ -
<b>Total Corporate Stocks and Bonds</b>	<u>395,542</u>	<u>395,542</u>	<u>-</u>	<u>-</u>
<b>Other Investments</b>				
Mutual funds	36,090,063	36,090,063	-	-
Government bonds	19,571,143	19,571,143	-	-
Real estate holdings	3,214,044	-	-	3,214,044
<b>Total Other Investments</b>	<u>58,875,250</u>	<u>55,661,206</u>	<u>-</u>	<u>3,214,044</u>
<b>Total Investments by Fair Value Level</b>	<u>59,270,792</u>	<u>\$ 56,056,748</u>	<u>\$ -</u>	<u>\$ 3,214,044</u>
<b>Investments Held by Foundation measured by NAV</b>				
		<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Limited Partnerships - Alternative</b>				
Private markets	\$ 33,165,865	\$ 33,210,558	None (1)	None (1)
Private credit	17,866,978	22,075,345	None (1)	None (1)
Global equity	142,680,847	-	Monthly	16 Days
Opportunistic credit	63,996,710	-	Monthly	15 Days
<b>Total Limited Partnerships - Alternative</b>	<u>257,710,400</u>	<u>55,285,903</u>		
<b>Hedge Fund Investments</b>				
Multi-strategy	8,678,652	667,361	Monthly	30 Days
Equity long/short	15,127,862	1,924,328	Monthly	16 Days
<b>Total Hedge Fund Investments</b>	<u>23,806,514</u>	<u>2,591,689</u>		
<b>Domestic Venture Capital Investments</b>				
Venture capital	484,647	9,450		
<b>Total Domestic Venture Capital Investments</b>	<u>484,647</u>	<u>9,450</u>	None (1)	None (1)
<b>Total Investments Held by Foundation measured by NAV</b>	<u>282,001,561</u>	<u>\$ 57,887,042</u>		
<b>Other Investments held by Foundation</b>				
Accrued interest income and other short term investments	-			
<b>Total Investments</b>	<u>\$ 341,272,353</u>			

(1) It is estimated that the underlying assets of the funds would be liquidated over a period of approximately two to eight years.

The following table presents the fair value measurements of Foundation assets recognized in the accompanying Statement of Net Position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2024.

2024	Balance as of June 30, 2024	Quoted Prices in Active Markets For Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<b>Corporate Stocks and Bonds</b>				
Foreign emerging markets	\$ 152,805	\$ 152,805	\$ -	\$ -
<b>Total Corporate Stocks and Bonds</b>	<u>152,805</u>	<u>152,805</u>	<u>-</u>	<u>-</u>
<b>Other Investments</b>				
Mutual funds	25,288,068	25,288,068	-	-
Government bonds	28,201,966	28,201,966	-	-
Real estate holdings	3,202,054	-	-	3,202,054
<b>Total Other Investments</b>	<u>56,692,088</u>	<u>53,490,034</u>	<u>-</u>	<u>3,202,054</u>
<b>Total Investments by Fair Value Level</b>	<u>56,844,893</u>	<u>\$ 53,642,839</u>	<u>\$ -</u>	<u>\$ 3,202,054</u>
<b>Investments Held by Foundation measured by NAV</b>				
		<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
<b>Limited Partnerships - Alternative</b>				
Private markets	\$ 18,774,512	\$ 23,656,538	None (1)	None (1)
Private credit	8,791,153	10,754,261	None (1)	None (1)
Global equity	119,669,548	-	Monthly	16 Days
Opportunistic credit	73,707,221	-	Monthly	15 Days
<b>Total Limited Partnerships - Alternative</b>	<u>220,942,434</u>	<u>34,410</u>		
<b>Hedge Fund Investments</b>				
Multi-strategy	9,628,888	749,951	Monthly	30 Days
Equity long/short	15,383,782	2,196,465	Monthly	16 Days
<b>Total Hedge Fund Investments</b>	<u>25,012,670</u>	<u>2,946,416</u>		
<b>Domestic Venture Capital Investments</b>				
Venture capital	621,098	8,571		
<b>Total Domestic Venture Capital Investments</b>	<u>621,098</u>	<u>8,571</u>	None (1)	None (1)
<b>Total Investments Held by Foundation measured by NAV</b>	<u>246,576,202</u>	<u>\$ 37,365,786</u>		
<b>Other Investments held by Foundation</b>				
Accrued interest income and other short term investments	-			
<b>Total Investments</b>	<u>\$ 303,421,095</u>			

(1) It is estimated that the underlying assets of the funds would be liquidated over a period of approximately two to eight years.

**Note 4 – Accounts Receivable and Unearned Revenue**

Accounts receivable consists of the following at June 30, 2025 and 2024:

	2025	2024
<b>University</b>		
Student tuition and fees	\$ 70,296,380	\$ 66,281,819
Federal, state, and private grants and contracts	78,685,404	59,786,714
Auxiliary receivable	15,777,253	10,938,499
State appropriations	25,230,000	1,646,600
Other	979,408	705,056
Less: allowance for doubtful accounts	<u>(50,532,125)</u>	<u>(47,483,839)</u>
Net accounts receivable	<u>\$140,436,320</u>	<u>\$ 91,874,849</u>
Due from Discrete Component Unit	1,988,717	1,656,156
<b>Fiduciary Fund</b>		
Net miscellaneous accounts receivable	<u>\$ 135,188</u>	<u>\$ 336,449</u>
<b>Foundation</b>		
Net miscellaneous accounts receivable	<u>\$ 8,888,653</u>	<u>\$ 8,119,840</u>

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

Unearned revenue consists of the following at June 30, 2025 and 2024:

	2025	2024
<b>University</b>		
Student tuition and fees	\$ 1,280,970	\$ 1,799,295
Federal, state, and private grants and contracts	37,931,263	19,354,570
Other	<u>5,262,620</u>	<u>4,412,138</u>
Total unearned revenue	<u>\$ 44,474,853</u>	<u>\$ 25,566,003</u>
<b>Foundation</b>		
Total unearned revenue	<u>\$ 34,492</u>	<u>\$ 34,491</u>

**Note 5 – Capital Assets**

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

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

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

Changes in capital asset balances for the year ended June 30, 2025, were as follows:

	Balance July 1 2024	Additions	Transfers	Retirements	Balance June 30 2025
<b>University</b>					
Capital assets not depreciated:					
Land and land improvements	\$ 14,165,270	\$ -	\$ -	\$ -	\$ 14,165,270
Construction in progress	25,426,464	47,939,814	(23,764,702)	-	49,601,576
Total capital assets not being depreciated	<u>\$ 39,591,734</u>	<u>\$ 47,939,814</u>	<u>\$ (23,764,702)</u>	<u>\$ -</u>	<u>\$ 63,766,846</u>
Capital assets being depreciated and amortized:					
Buildings	\$ 879,955,835	\$ 1,235,058	\$ 20,477,620	\$ (6,606,117)	\$ 895,062,396
Infrastructure	99,619,444	562	3,287,082	-	102,907,088
Equipment	147,237,154	15,784,437	-	(4,105,932)	158,915,659
Software	13,288,549	411,793	-	(90,505)	13,609,837
Library books	107,102,187	2,421,213	-	(174,438)	109,348,962
Intangible right-to-use lease assets	2,772,552	374,542	-	(131,124)	3,015,970
Subscription-based IT arrangements	19,710,503	4,482,879	-	(831,409)	23,361,973
Total other capital assets	<u>1,269,686,224</u>	<u>24,710,484</u>	<u>23,764,702</u>	<u>(11,939,525)</u>	<u>1,306,221,885</u>
Less accumulated depreciation for:					
Buildings	(504,011,758)	(22,469,661)	-	5,748,310	(520,733,109)
Infrastructure	(71,192,251)	(3,538,760)	-	-	(74,731,011)
Equipment	(103,695,620)	(7,904,075)	-	3,833,086	(107,766,609)
Software	(12,960,008)	(95,873)	-	90,505	(12,965,376)
Library books	(84,471,789)	(3,166,064)	-	174,438	(87,463,415)
Less accumulated amortization for:					
Intangible right-to-use lease assets	(1,477,862)	(511,240)	-	111,921	(1,877,181)
Subscription-based IT arrangements	(9,928,967)	(5,663,950)	-	589,528	(15,003,389)
Total accumulated depreciation and amortization	<u>(787,738,255)</u>	<u>(43,349,623)</u>	<u>-</u>	<u>10,547,788</u>	<u>(820,540,090)</u>
Capital assets being depreciated and amortized, net	<u>\$ 481,947,969</u>	<u>\$ (18,639,139)</u>	<u>\$ 23,764,702</u>	<u>\$ (1,391,737)</u>	<u>\$ 485,681,795</u>
<b>Capital asset summary:</b>					
Capital assets not being depreciated and amortized	\$ 39,591,734	\$ 47,939,814	\$ (23,764,702)	\$ -	\$ 63,766,846
Other capital assets, at cost	1,269,686,224	24,710,484	23,764,702	(11,939,525)	1,306,221,885
Total cost of capital assets	<u>1,309,277,958</u>	<u>72,650,298</u>	<u>-</u>	<u>(11,939,525)</u>	<u>1,369,988,731</u>
Less: accumulated depreciation and amortization	<u>(787,738,255)</u>	<u>(43,349,623)</u>	<u>-</u>	<u>10,547,788</u>	<u>(820,540,090)</u>
Capital assets, net	<u>\$ 521,539,703</u>	<u>\$ 29,300,675</u>	<u>\$ -</u>	<u>\$ (1,391,737)</u>	<u>\$ 549,448,641</u>
<b>Foundation</b>					
Capital assets	\$ 452,064	\$ 13,650	\$ -	\$ (174,953)	\$ 290,761
Less: accumulated depreciation	(233,569)	(43,611)	-	174,953	(102,227)
Capital assets, net	<u>\$ 218,495</u>	<u>\$ (29,961)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188,534</u>

Changes in capital asset balances for the year ended June 30, 2024, were as follows:

	Balance July 1 2023	Additions	Transfers	Retirements	Balance June 30 2024
<b>University</b>					
Capital assets not depreciated:					
Land and land improvements	\$ 13,371,645	\$ 793,625	\$ -	\$ -	\$ 14,165,270
Construction in progress	11,505,238	36,653,321	(21,645,292)	(1,086,803)	25,426,464
Total capital assets not being depreciated	<u>\$ 24,876,883</u>	<u>\$ 37,446,946</u>	<u>\$ (21,645,292)</u>	<u>\$ (1,086,803)</u>	<u>\$ 39,591,734</u>
Capital assets being depreciated and amortized:					
Buildings	\$ 863,794,730	\$ 2,001,438	\$ 14,590,418	\$ (430,751)	\$ 879,955,835
Infrastructure	92,489,930	74,640	7,054,874	-	99,619,444
Equipment	131,972,853	19,811,521	-	(4,547,220)	147,237,154
Software	13,428,169	30,926	-	(170,546)	13,288,549
Library books	104,547,941	2,684,736	-	(130,490)	107,102,187
Intangible right-to-use lease assets	1,704,608	1,218,171	-	(150,227)	2,772,552
Subscription-based IT arrangements	12,242,404	7,468,099	-	-	19,710,503
Total other capital assets	<u>1,220,180,635</u>	<u>33,289,531</u>	<u>21,645,292</u>	<u>(5,429,234)</u>	<u>1,269,686,224</u>
Less accumulated depreciation for:					
Buildings	(482,206,563)	(21,980,845)	-	175,650	(504,011,758)
Infrastructure	(67,766,232)	(3,426,019)	-	-	(71,192,251)
Equipment	(100,550,456)	(7,467,395)	-	4,322,231	(103,695,620)
Software	(13,014,930)	(114,123)	-	169,045	(12,960,008)
Library books	(81,337,046)	(3,265,231)	-	130,488	(84,471,789)
Less accumulated amortization for:					
Intangible right-to-use lease assets	(1,165,457)	(462,632)	-	150,227	(1,477,862)
Subscription-based IT arrangements	(5,229,462)	(4,699,505)	-	-	(9,928,967)
Total accumulated depreciation and amortization	<u>(751,270,146)</u>	<u>(41,415,750)</u>	<u>-</u>	<u>4,947,641</u>	<u>(787,738,255)</u>
Capital assets being depreciated and amortized, net	<u>\$ 468,910,489</u>	<u>\$ (8,126,219)</u>	<u>\$ 21,645,292</u>	<u>\$ (481,593)</u>	<u>\$ 481,947,969</u>
<b>Capital asset summary:</b>					
Capital assets not being depreciated and amortized	\$ 24,876,883	\$ 37,446,946	\$ (21,645,292)	\$ (1,086,803)	\$ 39,591,734
Other capital assets, at cost	1,220,180,635	33,289,531	21,645,292	(5,429,234)	1,269,686,224
Total cost of capital assets	1,245,057,518	70,736,477	-	(6,516,037)	1,309,277,958
Less: accumulated depreciation and amortization	<u>(751,270,146)</u>	<u>(41,415,750)</u>	<u>-</u>	<u>4,947,641</u>	<u>(787,738,255)</u>
Capital assets, net	<u>\$ 493,787,372</u>	<u>\$ 29,320,727</u>	<u>\$ -</u>	<u>\$ (1,568,396)</u>	<u>\$ 521,539,703</u>
<b>Foundation</b>					
Capital assets	\$ 636,299	\$ 190,422	\$ -	\$ (374,657)	\$ 452,064
Less: accumulated depreciation	(578,808)	(29,299)	-	374,538	(233,569)
Capital assets, net	<u>\$ 57,491</u>	<u>\$ 161,123</u>	<u>\$ -</u>	<u>\$ (119)</u>	<u>\$ 218,495</u>

## Note 6 – Long-Term Liabilities

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2025, are as follows:

	Balance July 1 2024	Additions	Reductions	Balance June 30 2025	Current Portion (due in 2026)
<b>University</b>					
Bonds and contracts payable:					
Revenue bonds payable	\$ 117,805,853	\$ -	\$ (7,782,291)	\$ 110,023,562	\$ 6,860,000
Subordinate revenue note, notes from direct borrowing	5,830,000	-	(1,325,000)	4,505,000	1,410,000
Lease liability	11,431,635	4,857,421	(6,425,464)	9,863,592	1,286,924
	<u>135,067,488</u>	<u>4,857,421</u>	<u>(15,532,755)</u>	<u>124,392,154</u>	<u>9,556,924</u>
Total bonds and contracts					
Other liabilities:					
Accrued compensated absences	24,524,620	17,394,839	(14,975,132)	26,944,327	8,261,751
Other post employment benefits	139,662,475	9,377,239	(25,843,188)	123,196,526	5,772,728
Net pension liability	472,247,945	58,797,752	(45,951,863)	485,093,834	-
Accrued benefit reserve	659,630	148,115	-	807,745	-
Other	1,119,682	188,436	-	1,308,118	-
	<u>638,214,352</u>	<u>85,906,381</u>	<u>(86,770,183)</u>	<u>637,350,550</u>	<u>14,034,479</u>
Total other liabilities					
Total long-term liabilities	<u>\$ 773,281,840</u>	<u>\$ 90,763,802</u>	<u>\$(102,302,938)</u>	<u>\$ 761,742,704</u>	<u>\$ 23,591,403</u>
	<b>Balance July 1 2024</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30 2025</b>	<b>Current Portion (due in 2026)</b>
<b>Foundation</b>					
Gift annuities payable	\$ 1,873,447	\$ 13,535	\$ (199,752)	\$ 1,827,178	\$ 201,777
Other long-term liabilities	<u>\$ 1,873,447</u>	<u>\$ 13,535</u>	<u>\$ (199,752)</u>	<u>\$ 1,827,178</u>	<u>\$ 201,777</u>

A summary of changes in long-term liabilities for the University and Discrete Component Unit for the year ended June 30, 2024, are as follows:

	Balance July 1 2023	Additions	Reductions	Balance June 30 2024	Current Portion (due in 2025)
<b>University</b>					
Bonds and contracts payable:					
Revenue bonds payable	\$ 125,394,122	\$ -	\$ (7,588,269)	\$ 117,805,853	\$ 6,945,000
Subordinate revenue note direct borrowing	7,070,000	-	(1,240,000)	5,830,000	1,325,000
Lease liability	7,704,159	8,686,269	(4,958,793)	11,431,635	4,993,146
	<u>140,168,281</u>	<u>8,686,269</u>	<u>(13,787,062)</u>	<u>135,067,488</u>	<u>13,263,146</u>
Total bonds and contracts					
Other liabilities:					
Accrued compensated absences, as restated	22,910,363	14,994,316	(13,380,059)	24,524,620	7,500,102
Other post employment benefits	130,659,104	14,034,785	(5,031,414)	139,662,475	5,031,414
Net pension liability	480,925,203	27,362,819	(36,040,077)	472,247,945	-
Accrued benefit reserve	659,630	-	-	659,630	-
Other	1,016,430	103,252	-	1,119,682	-
	<u>636,170,730</u>	<u>56,495,172</u>	<u>(54,451,550)</u>	<u>638,214,352</u>	<u>12,531,516</u>
Total other liabilities					
Total long-term liabilities	<u>\$ 776,339,011</u>	<u>\$ 65,181,441</u>	<u>\$ (68,238,612)</u>	<u>\$ 773,281,840</u>	<u>\$ 25,794,662</u>
	<b>Balance July 1 2023</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30 2024</b>	<b>Current Portion (due in 2025)</b>
<b>Foundation</b>					
Gift annuities payable	\$ 1,445,773	\$ 391,032	\$ (199,833)	\$ 1,873,447	\$ 194,080
Other long-term liabilities	<u>\$ 1,445,773</u>	<u>\$ 391,032</u>	<u>\$ (199,833)</u>	<u>\$ 1,873,447</u>	<u>\$ 194,080</u>
			<b>Changes in Estimate</b>		

**Bonds Payable.** All outstanding University revenue bonds as of June 30, 2025 were issued as parity bonds and are all tax exempt. All bonds are payable solely from, and secured by, a pledge of and a non-exclusive first lien on certain pledged revenues. The revenues pledged to meet these debt obligations are student tuition and fees, sales and services, other operating income, investment income, and building fees. The pledged revenues for fiscal years 2025 and 2024 are \$252,652,996 and \$233,333,272, respectively. Interest payments are made twice a year, on October 1 and April 1 while principal is paid annually on April 1. Allowable premiums, and discounts on bonds payable are recorded in total and amortized according to the bonds outstanding method, which approximates the effective interest method.

The bond interest expense incurred for the fiscal years 2025 and 2024 was \$4,767,563 and \$4,973,987, respectively, net of interest income.

Total University bonds issued and outstanding at June 30, 2025 and 2024 :

	Total Issued	Outstanding	
		2025	2024
Bond Series 2013A, 2013B, 2013C (1.89% - 5.27%) Final Maturity 2030	56,200,000	7,745,000	9,440,000
Refunding and Improvement Revenue Bonds			
Bond Series 2017A, 2017B, 2017C (1.75% - 5.00%) Final Maturity 2042	73,240,000	53,335,000	56,630,000
Refunding and Improvement Revenue Bonds			
Bond Series 2019A and 2019B (2.00% - 5.00%) Final Maturity 2040	24,985,000	15,915,000	17,865,000
Improvement Revenue Bonds			
Bond Series 2022 (3.60% - 5.00%) Final Maturity 2042	28,065,000	28,055,000	28,060,000
Total Bonds Payable	182,490,000	105,050,000	111,995,000
Plus: Unamortized Net Premium	20,646,409	4,973,562	5,810,853
Bonds Payable, net	<u>\$ 203,136,409</u>	<u>\$ 110,023,562</u>	<u>\$ 117,805,853</u>

The maturity schedule for the University bonds payable at June 30, 2025, follows:

Year Ending June 30	Principal	Interest
2026	\$ 6,860,000	\$ 4,567,350
2027	6,770,000	4,266,994
2028	7,060,000	3,969,987
2029	7,375,000	3,656,752
2030	7,825,000	3,327,467
2031-2035	31,600,000	12,224,535
2036-2040	28,180,000	5,623,279
2041-2042	9,380,000	667,257
Total	<u>\$ 105,050,000</u>	<u>\$ 38,303,621</u>

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

The interest expense incurred on the note was \$168,812 and \$207,532 for fiscal years ended June 30, 2025 and 2024, respectively.

The maturity schedule for the subordinate revenue note at June 30, 2025, follows:

Year Ending June 30	Principal	Interest
2026	\$ 1,410,000	\$ 138,304
2027	1,500,000	95,017
2028	1,595,000	48,967
Total	<u>\$ 4,505,000</u>	<u>\$ 282,288</u>

**Lease Liability.** The University acquires various types of equipment under lease agreements. All lease agreements contain a fiscal funding clause, which allows the lease agreements to be canceled if funding for future periods is not appropriated. University administration believes that the likelihood of this occurrence is remote. NMSU recognized total payments towards lease obligations of \$6,613,423 and \$5,184,775 in fiscal years ended June 30, 2025 and 2024, respectively. The following tables detail the carrying value of assets acquired under these arrangements, the net present value of minimum lease payments, future minimum lease payments and the portion of the lease payments representing interest at June 30, 2025.

Type of Property	Asset Carrying Value	Net Present Value of Minimum Lease Payments
Office equipment	\$ 70,072	\$ 53,926
Computer equipment	984,521	744,542
Real Estate	500,940	325,224
Subscription-Based Information Technology	14,452,403	8,739,900
Total	<u>\$ 16,007,936</u>	<u>\$ 9,863,592</u>

Year Ending June 30	Principal	Interest	Minimum Payments
2026	\$ 4,982,136	\$ 123,863	\$ 5,105,999
2027	3,435,478	67,501	3,502,979
2028	1,221,013	20,427	1,241,440
2029	224,965	-	224,965
Total	<u>\$ 9,863,592</u>	<u>\$ 211,791</u>	<u>\$ 10,075,383</u>

## Note 7 – Health Insurance

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

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

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

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

## Note 8 – Retirement Programs

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

### A. Educational Retirement Act

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

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

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

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

	2025	2024	2023
Employee's earning \$24,000 or less:			
University contribution	18.15%	18.15%	17.15%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning \$24,000 or greater:			
University contribution	18.15%	18.15%	17.15%
Employee contribution	10.70%	10.70%	10.70%
University's contribution to ERB	\$ 41,698,472	\$ 36,040,077	\$ 29,432,003
University's contribution to ERB for Return to Work Program	\$453,587	\$459,191	\$315,056

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

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

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

The June 30, 2025 total ERB pension liability, net pension liability, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2023. The total ERB pension liability was rolled forward from the valuation date to the plan year June 30, 2024, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date of June 30, 2024. At June 30, 2025 and 2024 the University reported liabilities of \$485,093,834 and \$472,247,945, respectively, for its proportionate share of the net pension liability. The proportion of the net pension liability is based on the employer contributing entity's percentage of total employer contributions for the fiscal year ended June 30, 2024. The contribution amounts were defined by Section 22-11-21, NMSA 1978. At June 30, 2024, the University's proportion was 5.51996% which was an increase of 0.08200% from its proportion measured as of June 30, 2023. At June 30, 2023, the University's proportion was 5.43796% which was a decrease of 0.27258% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2025, the University recognized a negative adjustment to pension expense of \$50,149,043. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,556,693	\$ 1,075,445
Changes of assumptions	-	12,713,035
Net difference between projected and actual earnings on pension plan investments	-	14,694,400
Changes in proportion and differences between University contributions and proportionate share of contributions	5,649,202	17,125,235
University contributions subsequent to the measurement date	45,951,863	-
Total	<u>\$ 91,157,758</u>	<u>\$ 45,608,115</u>

The \$45,951,863 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date of June 30, 2024 will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

For the year ended June 30, 2024, the University recognized a negative pension expense of \$93,419,499. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,385,579	\$ 4,269,984
Changes of assumptions	-	70,080,431
Net difference between projected and actual earnings on pension plan investments	-	2,958,402
Changes in proportion and differences between University contributions and proportionate share of contributions	-	41,997,995
University contributions subsequent to the measurement date	42,226,674	-
Total	<u>\$ 55,612,253</u>	<u>\$ 119,306,812</u>

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

Year Ending June 30	
2026	\$ (19,394,754)
2027	22,747,201
2028	224,020
2029	(3,978,687)
	<u>\$ (402,220)</u>

**Actuarial assumptions:** As described above, the June 30, 2025 total ERB pension liability and net pension liability are based on an actuarial valuation performed as of June 30, 2023. The total ERB pension liability was rolled forward from the valuation date to the Plan year June 30, 2024 using generally accepted actuarial principles. Specifically, the liabilities measured as of June 30, 2024 incorporate the following assumptions:

All members with an annual salary of more than \$24,000 will contribute 10.70% during the fiscal year ended June 30, 2024 and thereafter.

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

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

These assumptions were adopted by ERB on April 17, 2020 in conjunction with the six-year experience study period ended June 30, 2019.

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

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

Inflation	2.30%
Salary Increases	Composition; 2.30% inflation, plus .70% productivity increase rate, plus step-rate promotional increases for members with less than 15 years of service
Investment Rate of Return	7.00%
Single Discount Rate	7.00%
Retirement Age	Experienced-based table rates based on age and service. Adopted by NMERB on April 17, 2020 in conjunction with the six- year experience study for the period ended June 30, 2019.
Mortality	<p>Healthy Males - RP-2020 GRS Southwest Region Teacher Mortality Table, set back one year and scaled at 95%. Generational mortality improvements in accordance with the Ultimate MP scales are projected from year 2020.</p> <p>Healthy Females - 2020 GRS Southwest Region Teacher Mortality Table, set back one year. Generational mortality improvements in accordance with the Ultimate MP scales are projected from the year 2020.</p>
Amortization method	Level percentage of payroll
Remaining amortization period	Amortized over a closed 30-year period from June 30, 2019, ending June 30, 2049
Actuarial Cost Method	Entry Age Normal

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 changed 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.) developed for each major asset class.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Equities - Domestic	16.80%	
Equities - International	8.90%	
Fixed Income	21.70%	
Alternatives	50.90%	
Cash	1.70%	
Total	100%	7.00%

Discount rate: A single discount rate of 7.00% was used to measure the total ERB pension liability as of June 30, 2024 and June 30, 2023. For 2024, the single discount rate was based on an expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members. For 2023, the single discount rate was based on an expected rate of return on pension plan investments of 7.00%. Based on the stated assumptions and the projection of cash flows, the Plan's fiduciary net position and future contributions were sufficient to finance all projected future benefit payments of current plan members.

**Sensitivity of the University's proportionate shares of the net pension liability to changes in the discount rate:** The following tables show the sensitivity of the net pension liability to changes in the discount rate as of fiscal year end 2025 and 2024. In particular, the table presents the University's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (6.00%), or one percentage point higher, (8.00%) than the single discount rate for June 30, 2024 and 2023.

	<b>2025</b>		
	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00)</u>
New Mexico State University's proportionate share of the net pension liability	<u>\$ 667,031,256</u>	<u>\$ 485,093,834</u>	<u>\$ 334,518,633</u>

	<b>2024</b>		
	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
New Mexico State University's proportionate share of the net pension liability	<u>\$ 641,980,929</u>	<u>\$ 472,247,945</u>	<u>\$ 332,028,529</u>

**Pension plan fiduciary net position:** Detailed information about the ERB's fiduciary net position is available in the separately issued audited financial statements as of and for June 30, 2024 and 2023 which are publicly available at [www.erb.nm.gov](http://www.erb.nm.gov).

## B. Alternative Retirement Program

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

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

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

	<b>2025</b>	<b>2024</b>	<b>2023</b>
Employee's earning \$24,000 or less:			
University contribution	18.15%	18.15%	17.15%
Employee contribution	7.90%	7.90%	7.90%
Employee's earning \$24,000 or greater:			
University contribution	18.15%	18.15%	17.15%
Employee contribution	10.70%	10.70%	10.70%
Administration fee to ERB	7.25%	7.25%	6.25%
Payroll expenses covered by ARP	\$ 40,914,389	\$ 39,503,932	\$ 38,051,219
University's contribution to the ERB for ARP	\$ 4,461,966	\$ 4,294,324	\$ 4,146,485
Administration fee paid to ERB for ARP	\$ 2,966,293	\$ 2,862,250	\$ 2,376,348
Employee contributions made to ARP	\$ 4,380,097	\$ 4,215,528	\$ 4,068,538

### Note 9 – Other Postemployment Benefits Plan

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

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

The University currently pays 60% of the monthly medical and prescription premium for retirees and their eligible dependents until the retiree reaches age 70, at which time the University reduces their contribution to 30%. As of June 30, 2025 and 2024, 1,350 and 1,298 retirees met the eligibility requirements for health insurance, respectively.

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

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

Employees covered by benefit terms - At June 30, 2025 and 2024, the following employees were covered by the benefit terms:

	2025	2024
Current retirees receiving benefits	1,684	1,709
Current active members	1,248	1,383

**Annual OPEB Cost and Total OPEB Obligation.** The University's annual other postemployment benefit (OPEB) Service/Interest cost (expense) is the portion of the Actuarial Present Value of plan benefits and expenses for active employees which is allocated to a valuation year by the Actuarial Cost Method. The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's total OPEB obligation related for fiscal year 2025:

	<b>Total OPEB Liability</b>
<b>Total OPEB Liability - Start of Year (July 1, 2024)</b>	<b>\$ 139,662,475</b>
Changes for the year	
Service cost	3,850,608
Interest cost	5,526,630
Changes in assumptions or other inputs	(20,070,459)
Benefit payments	(5,772,728)
Net change in total OPEB liability	(16,465,949)
Total OPEB Liability - End of Year (June 30, 2025)	<u>\$ 123,196,526</u>

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2025.

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's total OPEB obligation related for fiscal year 2024:

	<b>Total OPEB Liability</b>
<b>Total OPEB Liability - Start of Year (July 1, 2023)</b>	<b>\$ 130,659,104</b>
Changes for the year	
Service cost	4,103,977
Interest cost	4,827,029
Differences between expected and actual experience	(5,184,028)
Changes in assumptions or other inputs	10,287,807
Benefit payments	(5,031,414)
Net change in total OPEB liability	9,003,370
Total OPEB Liability - End of Year (June 30, 2024)	<u>\$ 139,662,475</u>

The total OPEB liability and sensitive information were based on an annual actuarial valuation performed as of June 30, 2025. The discount rate is the only applicable change in the valuation.

A summary of the key results are shown below for fiscal year ended June 30, 2025 and 2024:

	2025	2024
Present Value of Future Benefits	\$ 139,753,065	\$ 166,481,028
Total OPEB Liability (Beginning of Fiscal Year)	\$ 139,662,475	\$ 130,659,104
Total OPEB Liability (End of Fiscal Year)	\$ 123,196,526	\$ 139,662,475

For the year ended June 30, 2025 the University recognized an OPEB negative expense of \$6,591,808. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,537,162
Changes of assumptions	4,236,159	16,672,547
Total	<u>\$ 4,236,159</u>	<u>\$ 20,209,709</u>

For the year ended June 30, 2024 the University recognized an OPEB negative expense of \$548,096. At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,737,069
Changes of assumptions	\$ 7,261,982	\$ 9,397,052
Total	<u>\$ 7,261,982</u>	<u>\$ 19,134,121</u>

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

Year Ending June 30	
2026	\$ (8,178,409)
2027	(5,433,912)
2028	<u>(2,361,229)</u>
	<u>\$ (15,973,550)</u>

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The Entry Age Normal Actuarial Cost Method was used based on level percentage of projected salary. The OPEB liability was roll forward from the valuation date to the plan year June 30, 2025, conducted in accordance with generally accepted actuarial principles.

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

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Discount Rate	5.20% per annum <i>Source: Bond Buyer 20-Bond GO Index</i>
Salary Increase Rate	2.5% per annum
Medicare Eligibility	All current and future retirees are assumed to be eligible for Medicare at age 65
Health Care Cost Trend Rate	The actuarial valuation assumes an annual health care cost trend on a select and ultimate basis. Medical and prescription benefits on a select basis at 7.75% for retirees 65 years of age and under and 6.75% for retirees over 65 years of age and on an ultimate basis at 4.00%. The select trend rates are reduced .30% each year until reaching the ultimate trend.
Per Capita Health Claim Cost	Expected pre Medicare retiree claim costs were developed by applying age adjustments to the current fully insured premiums. The annual age 60 claim costs retirees and their spouses is \$9,456. The age 70 costs for retirees is \$3,336.
Mortality Rate	Pub-2010, projected forward using SOA scale MP-2021.

**Discount Rate.** A single discount rate of 5.20% and 3.93% was used to measure the total OPEB liability as of June 30, 2025 and 2024, respectively.

**Health Care Trend Sensitivity Analysis.** The following schedules measures the Total OPEB Liability if the health care cost trend rate used was 1% higher than than the assumed health care cost trend rate and 1% lower than the assumed health care cost trend rate for June 30, 2025 and 2024, respectively.

	2025		
	1% Decrease	Current Trend	1% Increase
New Mexico State University's total OPEB liability	\$ 108,447,000	\$ 123,196,526	\$ 141,383,000

	2024		
	1% Decrease	Current Trend	1% Increase
New Mexico State University's total OPEB liability	\$ 122,941,000	\$ 139,662,475	\$ 160,278,000

**Discount Rate Sensitivity Analysis.** The following tables show the sensitivity of the OPEB liability to changes in the discount rate as of fiscal year end 2025 and 2024. In particular, the table presents the University's OPEB liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower, (6.20%) and (4.93%), or one percentage point higher, (4.20%) and (2.93%) than the single discount rate for June 30, 2025 and 2024, respectively.

	2025		
	1% Increase (6.20%)	Current Discount Rate (5.20%)	1% Decrease (4.20%)
New Mexico State University's total OPEB liability	\$ 109,105,000	\$ 123,196,526	\$ 140,394,000

	2024		
	1% Increase (4.93%)	Current Discount Rate (3.93%)	1% Decrease (2.93%)
New Mexico State University's total OPEB liability	\$ 123,687,000	\$ 139,662,475	\$ 159,157,000

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

## Note 10 – Certain Risk Disclosures

**Capitalizable Project Commitments and Financing.** The University has entered into contracts for the construction and renovation of various facilities. At June 30, 2025, the estimated remaining costs to complete these and other in-house construction and renovation projects was approximately \$168.2 million. These projects are in various stages of completion. Those deemed to be major projects are expected to be completed by December 2026. The remaining cost of all budgeted projects (both capital and non-capital) will be financed as follows:

Funding Sources	Amount
Revenue bonds	\$ 5,018,821
General obligation bonds (State of New Mexico)	50,365,205
Severance tax bonds (State of New Mexico)	2,056,524
University Funds	15,934,144
State funds	81,628,504
Gifts, grants and contracts	13,235,426
Total	<u>\$168,238,624</u>

**State Risk Management Pool.** The University, as a state institute 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:

- Liability and civil rights protection for claims made by others against the University.
- Coverage to protect the University's property and assets.

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

**Other Commitments.** At June 30, 2025, the University had outstanding purchase orders for materials and services which were not received, and thus are not recorded as liabilities in the accompanying Statements of Net Position. The approximate amount of such commitments is \$46.6 million.

## Note 11 - Component Units

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

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

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

Summary of Arrowhead Center, Inc. financial information as of June 30, 2025 and 2024, and for the fiscal years then ended follows:

	2025	As restated 2024
<b>Net Position</b>		
Total assets	\$ 31,946,821	\$ 17,437,096
Total liabilities	15,735,486	784,787
Deferred inflows of resources	14,339,337	14,593,086
Total net position	<u>\$ 1,871,998</u>	<u>\$ 2,059,223</u>
<b>Changes in Net Position</b>		
Total revenues	\$ 1,325,047	\$ 1,086,039
Total expenditures	1,512,272	1,040,892
Change in net position	(187,225)	45,147
Net position, beginning	<u>2,059,223</u>	<u>2,014,076</u>
<b>Net position, ending</b>	<u>\$ 1,871,998</u>	<u>\$ 2,059,223</u>

Fiscal year 2024 amounts were updated to include \$1,645,650 in total assets and deferred inflows of resources. There was no impact on total net position.

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

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

## Note 12 – Contingent Liabilities

The University has evaluated contingent liabilities from the Statement of Net Position date through October 23, 2025, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.

### Note 13 – Natural Classification Operating Expenses

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

	2025		2024	
	University	Component Unit	University	Component Unit
Operating Expenses				
Salaries				
Faculty	\$117,463,516	\$ -	\$109,175,712	\$ -
Exempt staff	139,890,814	8,210,185	130,753,127	8,306,640
Non-exempt staff	17,874,499	-	16,504,773	-
Student/graduate assistant	38,378,901	217,876	36,303,347	248,954
Other compensation	7,201,571	-	7,423,162	-
Total salaries	<u>320,809,301</u>	<u>8,428,061</u>	<u>300,160,121</u>	<u>8,555,594</u>
Other Operating Expenses				
Benefits*	5,605,034	-	(44,624,904)	-
Travel	15,209,316	278,411	15,449,385	367,676
Scholarship and fellowships and other program support	66,684,700	13,630,367	59,533,704	13,349,353
Utilities	8,807,786	-	13,782,194	-
Professional fees	45,300,161	1,229,899	36,333,073	2,153,839
Supplies and other services	127,134,914	1,694,353	107,404,546	2,742,582
Depreciation and amortization	43,349,624	43,611	41,415,750	29,299
Total operating expenses	<u>\$632,900,836</u>	<u>\$ 25,304,702</u>	<u>\$529,453,869</u>	<u>\$ 27,198,343</u>

\* Benefits expense for 2025 and 2024 were impacted by the change in pension and OPEB liabilities.

### Note 14 – Unrestricted Net Position

Unrestricted net position supports the missions of the University in current and future years. The following is a breakdown of the University's unrestricted net position as of June 30, 2025:

	2025	2024
Unrestricted Net Position	\$ (296,022,453)	\$ (455,545,827)
Add: Unfunded Pension	439,544,192	535,942,504
Add: Long-Term Compensated Absences	26,944,326	20,484,757
Add: Other Post Employment Benefits	139,170,077	151,534,614
<b>Adjusted Unrestricted Net Position</b>	<u><u>309,636,142</u></u>	<u><u>252,416,048</u></u>
Unrestricted - Instruction and General	\$ 68,516,682	\$ 63,081,899
Unrestricted - Research	49,442,668	42,310,836
Unrestricted - Public Service	17,585,855	14,304,861
Unrestricted - Other	40,824,376	17,739,684
Quasi Endowments Funds	18,622,067	17,805,457
Renewals and Replacements - Buildings	28,279,806	35,530,785
Renewals and Replacements - Auxiliary Enterprises	6,696,641	5,819,865
Renewals and Replacements - Internal Services Units	7,617,287	6,722,346
Renewals and Replacements - Equipment	3,656,250	7,176,072
Unexpended plant - Designated to Projects	45,404,870	20,900,514
Unexpended plant - Future Projects/Contingency	22,989,640	21,023,729
<b>Total</b>	<u><u>\$ 309,636,142</u></u>	<u><u>\$ 252,416,048</u></u>

### Note 15 – Tax Abatements

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

### Note 16 – New Accounting Standards

GASB Statement No. 101 (*Compensated Absences*) became effective for fiscal year 2025. The statement provides updates for accounting and reporting for compensated absences. The adoption of this standard resulted in a prior period adjustment due to the recognition of the estimated liability for accumulated sick leave. Schedule of changes can be found in Note 2.

GASB Statement No. 102 (*Certain Risk Disclosure*) became effective for fiscal year 2025. The statement serves to provide users of government financial statements with essential information about risks related to an entity's vulnerabilities due to the variety of risks they face. The University has determined concentrations do not arise to the level of disclosure.

GASB Statement No. 103 (*Financial Reporting Model Improvements*) will become effective for fiscal year 2026. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an entity's accountability. The University is in the process of evaluating the impact of the standards for the adoption into the financial statements for the year ending June 30, 2026.

GASB Statement No. 104 (*Disclosure of Certain Capital Assets*) will become effective for fiscal year 2026. The objective of this Statement is to provide users of an entity's financial statements with essential information about certain types of capital assets. The University is in the process of evaluating the impact of the standards for the adoption into the financial statements for the year ending June 30, 2026.

### Note 17 – Subsequent Events

The University has evaluated subsequent events from the balance sheet date through November 3, 2025, the date at which the financial statements were available to be issued, and determined there are no additional items to disclose.

## Schedule 1 - Schedule of Changes in Total OPEB liability and Related Ratios. (unaudited)

	2025	2024	2023
<b>Total OPEB liability</b>			
Service Cost	\$ 3,850,608	\$ 4,103,977	\$ 3,955,254
Interest	5,526,630	4,827,029	4,626,588
<b>Current Recognized deferred outflows/(inflows):</b>			
Difference between expected and actual experience	-	(5,184,028)	-
Changes of assumptions or other inputs	(20,070,459)	10,287,807	(1,881,681)
Benefit payments	(5,772,728)	(5,031,414)	(5,560,742)
<b>Net change in total OPEB liability</b>	<b>\$ (16,465,949)</b>	<b>\$ 9,003,371</b>	<b>\$ 1,139,419</b>
<b>Total OPEB liability-beginning</b>	<b>\$ 139,662,475</b>	<b>\$ 130,659,104</b>	<b>\$ 129,519,685</b>
<b>Total OPEB liability-ending</b>	<b>\$ 123,196,526</b>	<b>\$ 139,662,475</b>	<b>\$ 130,659,104</b>
<b>Covered-employee payroll</b>	<b>\$ 114,008,000</b>	<b>\$ 111,226,833</b>	<b>\$ 119,786,000</b>
Total OPEB liability as a percentage of covered-employee payroll	108 %	126 %	109 %

	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>					
Service Cost	\$ 6,725,906	\$ 6,497,191	\$ 5,787,303	\$ 5,127,283	\$ 4,936,250
Interest	3,801,542	3,745,243	5,208,772	5,268,892	5,291,343
<b>Current Recognized deferred outflows/(inflows):</b>					
Difference between expected and actual experience	(20,103,342)	-	(13,724,348)	-	-
Changes of assumptions or other inputs	(27,753,429)	1,339,732	28,160,992	7,135,616	(5,357,825)
Benefit payments	(4,844,785)	(5,718,396)	(5,274,882)	(5,758,812)	(5,523,530)
<b>Net change in total OPEB liability</b>	<b>\$ (42,174,108)</b>	<b>\$ 5,863,770</b>	<b>\$ 20,157,837</b>	<b>\$ 11,772,979</b>	<b>\$ (653,762)</b>
<b>Total OPEB liability-beginning</b>	<b>\$ 171,693,793</b>	<b>\$ 165,830,023</b>	<b>\$ 145,672,186</b>	<b>\$ 133,899,207</b>	<b>\$ 134,552,969</b>
<b>Total OPEB liability-ending</b>	<b>\$ 129,519,685</b>	<b>\$ 171,693,793</b>	<b>\$ 165,830,023</b>	<b>\$ 145,672,186</b>	<b>\$ 133,899,207</b>
<b>Covered-employee payroll</b>	<b>\$ 116,864,662</b>	<b>\$ 135,947,000</b>	<b>\$ 131,987,721</b>	<b>\$ 153,961,000</b>	<b>\$ 150,205,439</b>
Total OPEB liability as a percentage of covered-employee payroll	111 %	126 %	126 %	95 %	89 %

	2025	2024	2023	2022	2021	2020	2019	2018
Current retirees receiving benefits	1,684	1,720	1,727	1,779	1,880	1,802	1,740	1,716
Current active members	1,248	1,383	1,494	1,676	1,938	2,052	2,366	2,594

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

**Schedule 2 - Schedule of Proportionate Share of Net Pension Liability and Employer Contributions (unaudited)****Schedule of Proportionate Share of Net Pension Liability - ERB Plan**

	2025	2024	2023	2022	2021
University's proportion of the net pension liability	5.51996%	5.43796%	5.71054%	6.10970%	6.20355%
University's proportion share of the net pension liability	\$ 485,093,834	\$ 472,247,945	\$ 480,925,203	\$ 433,022,953	\$ 1,257,204,608
University's covered-employee payroll	\$ 236,765,823	\$ 215,948,869	\$ 203,545,335	\$ 205,566,001	\$ 206,801,497
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	204.88 %	218.69 %	236.27 %	210.65 %	607.93 %
Plan fiduciary net position as a percentage of the total pension liability	66.57%	65.19%	64.87%	69.77%	39.11 %

	2020	2019	2018	2017	2016
University's proportion of the net pension liability	6.43137 %	6.66230 %	6.75462 %	7.05471 %	7.31378 %
University's proportion share of the net pension liability	\$ 487,324,359	\$ 792,236,144	\$ 750,673,479	\$ 507,687,518	\$ 473,733,007
University's covered-employee payroll	\$ 196,414,377	\$ 193,115,948	\$ 194,360,458	\$ 201,383,448	\$ 199,689,623
University's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	248.11 %	410.24 %	386.23 %	252.10 %	237.23 %
Plan fiduciary net position as a percentage of the total pension liability	64.13 %	52.17 %	52.95 %	61.58 %	63.97 %

**Schedule of Employer Contributions - ERB Plan**

	2025	2024	2023	2022	2021
Statutorily required employer contribution	\$ 45,951,863	\$ 42,226,674	\$ 36,040,077	\$ 29,432,003	\$ 28,041,065
Contribution in relation to the statutorily required contribution	<u>45,951,863</u>	<u>42,226,674</u>	<u>36,040,077</u>	<u>29,432,003</u>	<u>28,041,065</u>
Contribution deficiency (excess)	<u>\$ -</u>				
University's covered-employee payroll	254,463,532	236,765,823	215,948,869	203,545,335	205,566,001
Contributions as percentage of covered-employee payroll	18.06 %	17.83 %	16.69 %	14.46 %	13.64 %

	2020	2019	2018	2017	2016
Statutorily required employer contribution	\$ 28,188,265	\$ 26,135,142	\$ 25,880,341	\$ 26,736,537	\$ 28,006,297
Contribution in relation to the statutorily required contribution	<u>28,188,265</u>	<u>26,135,142</u>	<u>25,880,341</u>	<u>26,736,537</u>	<u>28,006,297</u>
Contribution deficiency (excess)	<u>\$ -</u>				
University's covered-employee payroll	206,801,497	196,414,377	193,115,948	194,360,458	201,383,448
Contributions as percentage of covered-employee payroll	13.63 %	13.31 %	13.40 %	13.76 %	13.91 %

The schedule of proportionate share of net pension liability and the schedule of employer contributions present multiyear trend information for the last ten fiscal years.

Schedule 3 - Combining Statement of Net Position

	Main Campus 2025	Alamogordo Campus 2025	Dona Ana Campus 2025	Grants Campus 2025	Arrowhead Center, Inc. 2025	KRWG FM 2025	KRWG TV 2025	Total 2025
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ (46,362,976)	\$ 2,979,646	\$ 21,464,690	\$ 10,799,695	\$ 16,450,218	\$ 1,632,238	\$ 2,228,136	\$ 9,191,647
Restricted cash and cash equivalents	26,028,846	26,821	270,684	77,740	-	-	-	26,404,091
Cash and cash equivalents held in trust by component unit	133,441	-	-	-	-	-	-	133,441
Cash and cash equivalents held in trust by others	13,520,523	-	-	-	-	-	-	13,520,523
Short-term investments	57,569,462	-	-	-	-	-	-	57,569,462
Accounts receivable, net	122,443,182	6,894,070	9,892,318	1,067,547	122,852	(13,138)	29,489	140,436,320
Due from component unit	1,988,717	-	-	-	-	-	-	1,988,717
Inventories	5,010,164	-	18,665	-	-	-	-	5,028,829
Prepaid expenses	1,015,165	-	-	-	-	31,388	22,746	1,069,299
Long-term receivable - current portion	429,507	-	-	-	354,362	-	-	783,869
Total current assets	181,776,031	9,900,537	31,646,357	11,944,982	16,927,432	1,650,488	2,280,371	256,126,198
Non-current assets:								
Unrestricted cash and cash equivalents	56,176,229	2,227,935	13,271,042	408,876	-	-	-	72,084,082
Restricted cash and cash equivalents	52,876,333	6,379,412	8,449,294	5,682,183	-	-	-	73,387,222
Investments held in trust by component unit	92,864,108	682,541	4,339,078	544,981	-	1,490,949	1,831,994	101,753,651
Other long-term investments	95,137,262	-	-	-	-	-	-	95,137,262
Long-term receivable	4,989,566	-	625,000	-	13,527,775	-	-	19,142,341
Capital assets, net	456,800,745	13,970,768	61,900,432	15,357,634	1,034,414	24,152	360,496	549,448,641
Total non-current assets	758,844,243	23,260,656	88,584,846	21,993,674	14,562,189	1,515,101	2,192,490	910,953,199
<b>TOTAL ASSETS</b>	<b>940,620,274</b>	<b>33,161,193</b>	<b>120,231,203</b>	<b>33,938,656</b>	<b>31,489,621</b>	<b>3,165,589</b>	<b>4,472,861</b>	<b>1,167,079,397</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
	82,432,381	2,129,889	9,983,390	1,116,867	-	91,589	312,485	96,066,601
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	15,240,824	74,720	1,777,066	133,560	74,985	18,652	1,223	17,321,030
Other accrued liabilities	23,138,751	-	-	-	-	-	-	23,138,751
Accrued interest payable	1,176,513	-	-	-	-	-	-	1,176,513
Unearned revenue	37,397,268	558,668	5,772,088	149,434	-	143,691	453,704	44,474,853
Held in trust by NMSU	2,100,506	-	-	-	-	-	-	2,100,506
Long-term liabilities - current portion	23,584,129	-	-	-	7,274	-	-	23,591,403
Total current liabilities	102,637,991	633,388	7,549,154	282,994	82,259	162,343	454,927	111,803,056
Non-current liabilities:								
Accrued benefit reserves	807,745	-	-	-	-	-	-	807,745
Other long-term liabilities	134,076,373	-	-	-	701,784	-	47,767	134,825,924
Net pension liability	415,761,567	10,830,839	50,767,188	5,679,452	-	465,748	1,589,040	485,093,834
Other post-employment benefit liability	99,815,877	2,750,647	12,893,054	1,442,378	-	118,283	403,559	117,423,798
Total non-current liabilities	650,461,562	13,581,486	63,660,242	7,121,830	701,784	584,031	2,040,366	738,151,301
<b>TOTAL LIABILITIES</b>	<b>753,099,553</b>	<b>14,214,874</b>	<b>71,209,396</b>	<b>7,404,824</b>	<b>784,043</b>	<b>746,374</b>	<b>2,495,293</b>	<b>849,954,357</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
	67,209,661	452,236	2,119,756	237,142	13,882,137	63,193	215,602	84,179,727
<b>NET POSITION</b>								
Net investment in capital assets	351,976,159	13,970,768	62,825,432	15,350,634	-	24,152	360,496	444,507,641
Restricted for:								
Non-expendable:								
Endowments	78,143,143	682,541	4,339,078	544,981	-	481,900	-	84,191,643
Expendable:								
Endowments	39,424	-	-	-	-	44,327	16,653	100,404
General activities	9,152,465	9,910	165,910	73,162	-	-	-	9,401,447
Federal student loans	3,249,803	-	-	200	-	-	-	3,250,003
Capital projects	64,728,787	3,318,967	12,587,834	684,495	-	-	-	81,320,083
Related entity activities	265,084	16,911	104,774	4,379	1,871,998	-	-	2,263,146
Unrestricted	(269,859,983)	2,624,876	(23,137,587)	10,755,706	-	1,897,233	1,697,302	(296,022,453)
<b>TOTAL NET POSITION</b>	<b>\$ 217,694,882</b>	<b>\$ 20,623,973</b>	<b>\$ 56,885,441</b>	<b>\$ 27,413,557</b>	<b>\$ 1,871,998</b>	<b>\$ 2,447,612</b>	<b>\$ 2,074,451</b>	<b>\$ 329,011,914</b>

See accompanying independent auditor's report.

Schedule 3 - Combining Statement of Net Position

	Main Campus 2024	Alamogordo Campus 2024	Dona Ana Campus 2024	Grants Campus 2024	Arrowhead Center, Inc. 2024	KRWG FM 2024	KRWG TV 2024	Total 2024
<b>ASSETS</b>								
Current assets:								
Cash and cash equivalents	\$ 19,422,078	\$ 2,981,149	\$ 22,066,468	\$ 10,056,853	\$ 1,648,579	\$ 1,504,493	\$ 1,947,305	\$ 59,626,925
Restricted cash and cash equivalents	9,829,556	33,794	262,967	79,859	-	-	-	10,206,176
Cash and cash equivalents held in trust by component unit	2,072,259	-	-	-	-	-	-	2,072,259
Cash and cash equivalents held in trust by others	25,380,907	-	-	-	-	-	-	25,380,907
Short-term investments	54,747,123	-	-	-	-	-	-	54,747,123
Accounts receivable, net	80,455,861	1,167,533	8,879,827	1,105,301	129,914	32,446	103,967	91,874,849
Due from component unit	1,656,156	-	-	-	-	-	-	1,656,156
Inventories	4,070,033	-	-	-	-	-	-	4,070,033
Prepaid expenses	791,304	-	-	-	-	20,997	6,361	818,662
Long-term receivable - current portion	108,483	-	-	-	253,749	-	-	362,232
Total current assets	198,533,760	4,182,476	31,209,262	11,242,013	2,032,242	1,557,936	2,057,633	250,815,322
Non-current assets:								
Unrestricted cash and cash equivalents	27,883,447	10,744,907	7,419,814	5,279,581	-	-	-	51,327,749
Restricted cash and cash equivalents	30,299,767	800,684	17,725,350	1,719,350	-	-	-	50,545,151
Investments held in trust by component unit	81,102,232	182,541	3,839,078	544,981	-	1,319,911	1,685,554	88,674,297
Other long-term investments	64,179,504	-	-	-	73,528	-	-	64,253,032
Long-term receivable	3,968,249	-	625,000	-	14,339,337	-	-	18,932,586
Capital assets, net	430,496,951	13,752,840	61,310,367	14,430,560	991,989	-	556,996	521,539,703
Total non-current assets	637,930,150	25,480,972	90,919,609	21,974,472	15,404,854	1,319,911	2,242,550	795,272,518
<b>TOTAL ASSETS</b>	<b>836,463,910</b>	<b>29,663,448</b>	<b>122,128,871</b>	<b>33,216,485</b>	<b>17,437,096</b>	<b>2,877,847</b>	<b>4,300,183</b>	<b>1,046,087,840</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
	53,839,501	1,371,961	6,400,087	1,415,812	-	76,809	577,290	63,681,460
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	21,856,727	133,647	2,522,182	570,124	43,633	10,151	12,852	25,149,316
Due to NMSU	(25,000)	-	-	-	25,000	-	-	-
Other accrued liabilities	22,639,379	-	-	-	-	-	-	22,639,379
Accrued interest payable	1,133,866	-	-	-	-	-	-	1,133,866
Unearned revenue	17,609,548	590,678	5,591,847	506,846	-	237,068	1,030,016	25,566,003
Held in trust by NMSU	2,176,832	-	-	-	-	-	-	2,176,832
Long-term liabilities - current portion	25,771,989	-	-	-	7,096	3,635	11,942	25,794,662
Total current liabilities	91,163,341	724,325	8,114,029	1,076,970	75,729	250,854	1,054,810	102,460,058
Non-current liabilities:								
Accrued benefit reserves	659,630	-	-	-	-	-	-	659,630
Other long-term liabilities	139,177,178	-	-	-	709,058	14,540	47,767	139,948,543
Net pension liability	406,218,808	10,304,789	48,255,549	5,166,164	-	483,259	1,819,376	472,247,945
Other post-employment benefit liability	114,651,964	3,047,536	14,216,507	1,570,947	-	163,445	980,661	134,631,060
Total non-current liabilities	660,707,580	13,352,325	62,472,056	6,737,111	709,058	661,244	2,847,804	747,487,178
<b>TOTAL LIABILITIES</b>	<b>751,870,921</b>	<b>14,076,650</b>	<b>70,586,085</b>	<b>7,814,081</b>	<b>784,787</b>	<b>912,098</b>	<b>3,902,614</b>	<b>849,947,236</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
	122,593,620	2,815,830	13,135,620	1,451,507	14,593,086	431,642	529,828	155,551,133
<b>NET POSITION</b>								
Net investment in capital assets	326,509,878	13,752,840	62,235,367	14,423,560	-	-	556,996	417,478,641
Restricted for:								
Non-expendable:								
Endowments	52,574,763	995,000	17,359,325	1,737,481	-	481,900	242,149	73,390,618
Expendable:								
Endowments	480,980	-	-	-	-	25,217	2,392	508,589
General activities	7,028,275	-	-	200	-	-	-	7,028,475
Federal student loans	3,865,097	18,674	156,755	71,761	-	-	-	4,112,287
Capital projects	49,670,721	135,996	4,261,711	884,169	-	-	-	54,952,597
Related entity activities	872,645	61,664	(316,421)	(331,559)	2,059,223	-	-	2,345,552
Unrestricted	(425,171,166)	(821,246)	(38,881,539)	8,580,828	-	1,103,802	(356,506)	(455,545,827)
<b>TOTAL NET POSITION</b>	<b>\$ 15,831,193</b>	<b>\$ 14,142,928</b>	<b>\$ 44,815,198</b>	<b>\$ 25,366,440</b>	<b>\$ 2,059,223</b>	<b>\$ 1,610,919</b>	<b>\$ 445,031</b>	<b>\$ 104,270,932</b>

See accompanying independent auditor's report.

Schedule 4 - Combining Statement of Revenues, Expenses, and Changes in Net Position

	New Mexico State University 2025	Alamogordo Campus 2025	Dona Ana Campus 2025	Grants Campus 2025	Arrowhead Center, Inc 2025	KRWG FM 2025	KRWG TV 2025	Total 2025
<b>REVENUES</b>								
Operating revenues:								
Student tuition and fees (gross)	\$ 129,873,413	\$ 1,817,293	\$ 12,477,896	\$ 1,228,509	\$ -	\$ -	\$ -	\$ 145,397,111
Less: scholarship allowances	(89,302,404)	(991,355)	(8,975,002)	(608,844)	-	-	-	(99,877,605)
Student tuition and fees (net)	40,571,009	825,938	3,502,894	619,665	-	-	-	45,519,506
Federal appropriations, grants and contracts	123,098,134	1,467,720	4,574,684	646,276	-	-	-	129,786,814
State grants and contracts	19,607,954	563,311	4,161,520	452,104	-	-	-	24,784,889
Local Appropriations, grants and contracts	3,659,522	-	5,853	-	-	-	-	3,665,375
Non-governmental grants, contracts and gifts	7,109,637	-	146,153	3,543	-	201,985	855,904	8,317,222
Sales and services	7,069,267	9,961	382,420	90,544	-	5	28,834	7,581,031
Auxiliary enterprises (net of scholarship allowances)	5,587,170	-	-	-	-	95,084	181,661	5,863,915
Other operating revenues	31,519,553	66,528	1,764,914	35,666	-	-	-	33,386,661
Total operating revenues	238,222,246	2,933,458	14,538,438	1,847,798	-	297,074	1,066,399	258,905,413
<b>EXPENSES</b>								
Operating expenses:								
Instruction	114,243,543	4,804,150	30,416,663	2,644,348	-	-	-	152,108,704
Research	104,217,810	1,017,605	4,738	-	-	-	-	105,240,153
Public service	60,785,504	424,002	1,560,662	129,963	-	690,777	2,661,744	66,252,652
Academic support	20,973,302	1,418,241	7,335,965	1,087,231	-	-	-	30,814,739
Student services	15,522,965	1,168,433	4,170,228	706,693	-	-	-	21,568,319
Institutional support	19,878,526	1,724,620	7,599,044	915,025	-	-	-	30,117,215
Operation and maintenance of plant	27,346,336	9,659,977	10,144,761	1,842,131	-	-	-	48,993,205
Scholarships and fellowships	37,906,504	1,814,062	15,187,292	1,439,667	-	-	-	56,347,525
Auxiliary enterprises	13,360,115	2,862	256,526	9,672	-	-	-	13,629,175
Independent operations	32,902,790	-	-	-	-	-	-	32,902,790
Intercollegiate athletics	26,597,024	-	-	-	-	-	-	26,597,024
Student social and cultural	2,868,225	2,726	1,501,315	3,181	-	-	-	4,375,447
Loan administration (net)	604,265	-	-	-	-	-	-	604,265
Depreciation and amortization	36,841,053	1,302,098	4,020,448	959,790	-	4,830	221,404	43,349,623
Total operating expenses	514,047,962	23,338,776	82,197,642	9,737,701	-	695,607	2,883,148	632,900,836
Net operating loss	(275,825,716)	(20,405,318)	(67,659,204)	(7,889,903)	-	(398,533)	(1,816,749)	(373,995,423)
Non-operating revenues (expenses):								
State appropriations	277,809,443	9,521,770	33,062,694	5,061,400	-	-	2,008,768	327,464,075
Federal Pell grants	37,377,437	1,896,745	16,305,598	1,341,711	-	-	-	56,921,491
State lottery scholarship	23,443,309	116,731	871,130	76,488	-	-	-	24,507,658
New Mexico opportunity scholarship	38,867,433	541,026	3,247,170	392,179	-	-	-	43,047,808
Local tax levy revenue	-	797,795	7,411,098	371,081	-	-	-	8,579,974
Gifts and non-exchange grants	12,975,890	88,958	681,304	19,557	-	151,928	137,010	14,054,647
Investment income	22,980,371	506,240	1,583,340	511,776	-	19,110	14,261	25,615,098
Building fees	3,716,028	49,170	400,000	-	-	-	-	4,165,198
Land lease and permanent fund	6,787,643	-	-	-	-	-	-	6,787,643
Loss on disposal of plant	(1,339,155)	(4,384)	(37,221)	(10,975)	-	-	-	(1,391,735)
Additions to quasi endowments	26,834	-	-	-	-	-	-	26,834
Interest and other expenses on capital asset-related debt	(4,188,590)	-	-	-	-	-	-	(4,188,590)
Other non-operating revenues (expenses)	(17,522,755)	8,163,330	14,050,308	635,421	(187,225)	1,028,604	1,251,950	7,419,633
Net non-operating revenues	400,933,888	21,677,381	77,575,421	8,398,638	(187,225)	1,199,642	3,411,989	513,009,734
Income before other revenues	125,108,172	1,272,063	9,916,217	508,735	(187,225)	801,109	1,595,240	139,014,311
Capital appropriations	72,052,491	1,540,847	797,835	1,037,912	-	35,584	34,180	75,498,849
Capital grants, gifts, and other income	(759,790)	3,168,135	856,191	500,470	-	-	-	3,765,006
Additions to permanent endowments	5,462,816	500,000	500,000	-	-	-	-	6,462,816
Special item - Carlsbad separation	-	-	-	-	-	-	-	-
Increase in net position	201,863,689	6,481,045	12,070,243	2,047,117	(187,225)	836,693	1,629,420	224,740,982
<b>NET POSITION</b>								
Beginning of year	15,831,193	14,142,928	44,815,198	25,366,440	2,059,223	1,610,919	445,031	104,270,932
End of year	\$ 217,694,882	\$ 20,623,973	\$ 56,885,441	\$ 27,413,557	\$ 1,871,998	\$ 2,447,612	\$ 2,074,451	\$ 329,011,914

See accompanying independent auditor's report.

Schedule 4 - Combining Statement of Revenues, Expenses, and Changes in Net Position

	New Mexico State University 2024	Alamogordo Campus 2024	Dona Ana Campus 2024	Grants Campus 2024	Arrowhead Center, Inc 2024	KRWG FM 2024	KRWG TV 2024	Total 2024
<b>REVENUES</b>								
Operating revenues:								
Student tuition and fees (gross)	\$ 121,471,105	\$ 1,653,887	\$ 12,061,675	\$ 1,095,442	\$ -	\$ -	\$ -	\$ 136,282,109
Less: scholarship allowances	(80,504,558)	(878,761)	(8,522,153)	(595,819)	-	-	-	(90,501,291)
Student tuition and fees (net)	40,966,547	775,126	3,539,522	499,623	-	-	-	45,780,818
Federal appropriations, grants and contracts	112,425,744	942,605	3,832,302	579,912	-	-	-	117,780,563
State grants and contracts	17,111,932	572,649	3,350,838	416,485	-	-	-	21,451,904
Local Appropriations, grants and contracts	3,528,869	-	2,000	-	-	-	-	3,530,869
Non-governmental grants, contracts and gifts	7,060,174	1,500	102,496	2,569	-	242,201	906,253	8,315,193
Sales and services	4,837,814	12,757	373,946	86,115	-	5,240	9,567	5,325,439
Auxiliary enterprises (net of scholarship allowances)	6,189,293	-	-	-	-	-	-	6,189,293
Other operating revenues	32,370,976	55,851	883,296	17,660	-	99,742	51,345	33,478,870
Total operating revenues	224,491,349	2,360,488	12,084,400	1,602,364	-	347,183	967,165	241,852,949
<b>EXPENSES</b>								
Operating expenses:								
Instruction	88,145,640	4,527,529	26,578,059	2,223,049	-	-	-	121,474,277
Research	86,032,223	492,028	16,078	-	-	-	-	86,540,329
Public service	51,392,829	469,321	1,244,390	178,902	-	413,927	2,782,958	56,481,517
Academic support	18,226,769	1,334,636	6,357,986	959,209	-	-	-	26,878,600
Student services	9,698,809	930,076	3,815,482	756,309	-	-	-	15,200,676
Institutional support	16,988,314	1,515,438	7,155,399	766,976	-	-	-	26,426,127
Operation and maintenance of plant	32,184,312	2,066,061	5,396,241	299,907	-	-	-	39,946,521
Scholarships and fellowships	34,341,759	1,639,678	11,266,230	1,213,777	-	-	-	48,461,444
Auxiliary enterprises	11,235,550	2,676	240,836	14,308	-	-	-	11,493,370
Independent operations	24,060,745	-	-	-	-	-	-	24,060,745
Intercollegiate athletics	26,129,385	-	-	-	-	-	-	26,129,385
Student social and cultural	2,904,837	5,233	1,664,849	3,418	-	-	-	4,578,337
Loan administration (net)	366,791	-	-	-	-	-	-	366,791
Depreciation and amortization	35,162,930	1,237,924	3,912,850	862,279	-	-	239,767	41,415,750
Total operating expenses	436,870,893	14,220,600	67,648,400	7,277,324	-	413,927	3,022,725	529,453,869
Net operating loss	(212,379,544)	(11,860,112)	(55,564,000)	(5,674,960)	-	(66,744)	(2,055,560)	(287,600,920)
Non-operating revenues (expenses):								
State appropriations	244,871,879	8,796,385	28,406,007	4,267,000	-	-	1,805,098	288,146,369
Federal Pell grants	30,204,025	1,612,706	13,151,123	1,145,325	-	-	-	46,113,179
State lottery scholarship	19,973,488	60,309	663,973	50,111	-	-	-	20,747,881
New Mexico opportunity scholarship	38,155,493	601,181	3,238,052	372,293	-	-	-	42,367,019
Local tax levy revenue	-	857,630	7,077,044	317,026	-	-	-	8,251,700
Gifts and non-exchange grants	11,619,691	26,443	407,610	69,189	-	-	-	12,122,933
Investment income	21,467,152	366,758	1,786,874	412,989	-	13,491	4,831	24,052,095
Building fees	3,727,323	46,169	400,000	-	-	-	-	4,173,492
Land lease and permanent fund	14,275,261	-	-	-	-	-	-	14,275,261
Loss on disposal of plant	(295,927)	(4,931)	(52,040)	(255,102)	-	-	-	(608,000)
Additions to quasi endowments	18,996	-	-	-	-	-	-	18,996
Interest and other expenses on capital asset-related debt	(4,255,748)	-	-	-	-	-	-	(4,255,748)
Other non-operating revenues (expenses)	(13,403,157)	3,766,495	13,931,895	2,151,289	45,147	652,003	767,444	7,911,116
Net non-operating revenues	366,358,476	16,129,145	69,010,538	8,530,120	45,147	665,494	2,577,373	463,316,293
Income before other revenues	153,978,932	4,269,033	13,446,538	2,855,160	45,147	598,750	521,813	175,715,373
Capital appropriations	62,126,874	474,709	1,803,145	1,139,227	-	-	-	65,543,955
Capital grants, gifts, and other income	(815,439)	1,153,773	2,356,903	1,843,015	-	-	-	4,538,252
Additions to permanent endowments	2,700,476	(1,403)	996,215	(17,389)	-	-	-	3,677,899
Increase in net position	217,990,843	5,896,112	18,602,801	5,820,013	45,147	598,750	521,813	249,475,479
<b>NET POSITION</b>								
Beginning of year, as previously reported	(141,563,099)	-	-	-	-	-	-	(141,563,099)
Change in accounting principle (Note 2)	(3,641,448)	-	-	-	-	-	-	(3,641,448)
Beginning of year, as restated	(202,159,650)	8,246,816	26,212,397	19,546,427	2,014,076	1,012,169	(76,782)	(145,204,547)
End of year	\$ 15,831,193	\$ 14,142,928	\$ 44,815,198	\$ 25,366,440	\$ 2,059,223	\$ 1,610,919	\$ 445,031	\$ 104,270,932

See accompanying independent auditor's report.

## Schedule 5A - Budgetary Comparison Schedules - Unrestricted and Restricted - All Operations for June 30, 2025

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Unrestricted and restricted beginning fund balance	\$ 187,170,268	\$ 297,806,523	\$ 297,806,523	\$ -
Unrestricted and restricted revenues:				
State government appropriations	298,898,600	327,471,150	327,464,075	(7,075)
Federal revenue sources	206,325,093	236,885,236	193,603,622	(43,281,614)
Tuition and fees income	138,756,530	148,514,928	146,859,866	(1,655,062)
Land and permanent fund	8,494,536	9,076,360	10,375,409	1,299,049
Endowment and private gifts	22,995,916	42,380,661	20,800,639	(21,580,022)
Other sources	270,769,501	349,255,063	285,198,973	(64,056,090)
Total unrestricted and restricted revenues	<u>946,240,176</u>	<u>1,113,583,398</u>	<u>984,302,584</u>	<u>(129,280,814)</u>
Unrestricted and restricted expenditures:				
Instruction	202,659,533	225,224,214	192,062,021	33,162,193
Academic support	41,971,630	52,184,848	43,519,228	8,665,620
Student services	26,783,388	30,966,294	27,820,899	3,145,395
Institutional support	37,773,909	53,796,328	37,773,058	16,023,270
Operation and maintenance	32,867,558	38,397,945	33,566,133	4,831,812
Subtotal instruction and general	<u>342,056,018</u>	<u>400,569,629</u>	<u>334,741,339</u>	<u>65,828,290</u>
Student social and cultural activities	5,381,862	6,531,052	5,047,671	1,483,381
Research	154,283,333	176,760,349	145,463,284	31,297,065
Public service	80,579,873	97,454,790	83,413,354	14,041,436
Internal services	2,532,992	8,675,327	(2,147,917)	10,823,244
Student aid, grants and stipends	163,452,586	190,636,126	157,502,052	33,134,074
Auxiliary services	16,052,307	20,500,812	17,316,966	3,183,846
Intercollegiate athletics	26,973,954	38,080,049	30,706,538	7,373,511
Independent operations	42,725,691	42,187,685	36,691,957	5,495,728
Capital outlay	92,886,346	127,475,205	70,125,962	57,349,243
Renewal and replacement	26,838,258	22,531,816	16,846,170	5,685,646
Retirement of indebtedness	12,302,031	12,403,032	12,303,032	100,000
Total unrestricted and restricted expenditures	<u>966,065,251</u>	<u>1,143,805,872</u>	<u>908,010,408</u>	<u>235,795,464</u>
Net transfers to (from)	<u>(128,785)</u>	<u>(446,639)</u>	<u>(454,061)</u>	<u>7,422</u>
Change in fund balance	<u>(19,696,290)</u>	<u>(29,775,835)</u>	<u>76,746,236</u>	<u>106,522,072</u>
Ending fund balance	<u>\$ 167,473,978</u>	<u>\$ 268,030,688</u>	<u>\$ 374,552,759</u>	<u>\$ 106,522,072</u>

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

See accompanying independent auditor's report.

## Schedule 5B - Budgetary Comparison Schedules - Unrestricted - Instruction and General for June 30, 2025

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Unrestricted beginning fund balance	\$ 11,939,844	\$ 68,441,927	\$ 68,441,927	\$ -
Unrestricted revenues:				
Tuition and fees income	122,538,872	131,963,524	130,577,762	(1,385,762)
State government appropriations	214,764,200	217,209,888	217,224,189	14,301
Local government appropriations	8,070,640	8,235,800	8,579,974	344,174
Federal government grants and contracts	135,955	202,457	206,605	4,148
Land and permanent fund	3,997,136	5,430,413	7,209,847	1,779,434
Sales and services	711,500	1,072,468	1,109,743	37,275
Other sources	22,601,616	31,151,427	31,719,114	567,687
Total unrestricted revenues	<u>372,819,919</u>	<u>395,265,977</u>	<u>396,627,234</u>	<u>1,361,257</u>
Unrestricted expenditures:				
Instruction	180,883,902	195,708,409	181,783,649	13,924,760
Academic support	38,455,982	43,565,378	39,727,029	3,838,349
Student services	26,010,887	29,782,212	27,103,333	2,678,879
Institutional support	36,843,825	51,852,465	37,262,990	14,589,475
Operation and maintenance	32,817,458	38,155,745	33,563,810	4,591,935
Total unrestricted expenditures	<u>315,012,054</u>	<u>359,064,209</u>	<u>319,440,811</u>	<u>39,623,398</u>
Net transfers to (from)	<u>57,807,865</u>	<u>80,456,442</u>	<u>77,753,629</u>	<u>2,702,813</u>
Change in fund balance	-	(44,254,674)	(567,206)	43,687,468
Ending fund balance	<u>\$ 11,939,844</u>	<u>\$ 24,187,253</u>	<u>\$ 67,874,721</u>	<u>\$ 43,687,468</u>

See accompanying independent auditor's report.

**Schedule 5C- Budgetary Comparison Schedules - Restricted - Instruction and General for June 30, 2025**

	Original Budget	Revised Budget	Actuals	Revised Budget vs Actuals - Variance Favorable (Unfavorable)
Restricted beginning fund balance	\$ -	\$ -	\$ -	\$ -
Restricted revenues:				
State government appropriations	-	-	-	-
Federal government grants and contracts	12,650,736	17,284,425	6,622,937	(10,661,488)
State government grants and contracts	4,290,755	4,556,225	2,272,834	(2,283,391)
Local government grants and contracts	-	56,505	17,857	(38,648)
Private gifts, grants and contracts	10,102,473	19,608,265	6,386,900	(13,221,365)
Endowments	-	-	-	-
Land and permanent fund	-	-	-	-
Private gifts	-	-	-	-
Total restricted revenues	<u>27,043,964</u>	<u>41,505,420</u>	<u>15,300,528</u>	<u>(26,204,892)</u>
Restricted expenditures:				
Instruction	21,775,631	29,515,805	10,278,372	19,237,433
Academic support	3,515,648	8,619,470	3,792,199	4,827,271
Student services	772,501	1,184,082	717,566	466,516
Institutional support	930,084	1,943,863	510,068	1,433,795
Operation and maintenance	50,100	242,200	2,323	239,877
Total restricted expenditures	<u>27,043,964</u>	<u>41,505,420</u>	<u>15,300,528</u>	<u>26,204,892</u>
Net transfers to (from)	-	-	-	-
Change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

**Schedule 5 - Budgetary Comparison Schedules - Combined Campuses**

## Reconciliation of Budget

Unrestricted and Restricted - All Operations

For the Year Ended June 30, 2025

<b>Total Unrestricted and Restricted Revenues:</b>		\$ 984,302,584
Reconciling Items:		
Scholarship allowance	\$ (101,748,930)	
Elimination of Internal Revenues	(24,066,885)	
Endowment fund revenues	11,166,940	
Quasi endowment fund revenues	26,834	
Blended Component Unit Revenues (AHI, ADI)	1,655,595	
Loan Fund Additions	(205,082)	
	<u>(7,908,913)</u>	
Total reconciling items		<u>(121,080,441)</u>
<b>Total reconciled unrestricted and restricted revenues</b>		<u><u>\$ 863,222,143</u></u>
<b>Basic Financial Statements</b>		
Operating revenues		\$ 258,905,413
Non-operating revenues		511,170,426
Non-operating revenues netted in other non-operating revenues and expenses		7,419,633
Other Revenues		<u>85,726,671</u>
<b>Total revenues per Financial Statements</b>		<u><u>\$ 863,222,143</u></u>
Difference		<u><u>\$ -</u></u>
<b>Total Unrestricted and Restricted Expenses:</b>		\$ 908,010,408
Reconciling Items:		
Scholarship allowance	\$ (101,748,930)	
Elimination of Internal Sales	(24,066,885)	
Blended Component Unit expenditures (AHI, ADI)	1,577,632	
Depreciation and amortization expense	43,319,824	
Loan fund expenditures	604,265	
Other operating expense	(10,802,786)	
Capitalization of plant	(73,829,402)	
Bond principal payments	(8,270,000)	
Pension Expense	(96,100,906)	
Accounts Payable accrual, net	(179,073)	
Budget reporting adjustments	-	
Financial statement reporting adjustments	1,358,750	
Loss on disposal of plant	<u>(1,391,736)</u>	
Total reconciling items		<u>(269,529,247)</u>
<b>Total reconciled unrestricted and restricted expenses</b>		<u><u>\$ 638,481,161</u></u>
<b>Basic Financial Statements</b>		
Operating expenditures		\$ 632,900,836
Non-operating expenditures		4,188,590
Loss on disposal of plant		<u>1,391,735</u>
<b>Total Expenditures per Financial Statements</b>		<u><u>\$ 638,481,161</u></u>
Difference		<u><u>\$ -</u></u>

See accompanying independent auditor's report.

## Schedule 6 - Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution

Page 1

Account	Type of Security	CUSIP No./ Security #	Maturity Date	Fair Value of Collateral	Deposit Amount
<b>CITIZEN'S BANK OF LAS CRUCES</b> <i>Certificate of Deposit Endowment</i>	None				<u>\$ 31,156</u>
<b>FIRST NATIONAL BANK OF ALAMOGORDO</b> <i>Cash</i>	ILMC MBS-Fixed R	3128MMXB4	1/1/2033	\$ 265,459	<u>\$ 231,707</u>
<b>WELLS FARGO BANK OF NEW MEXICO</b> <i>Cash</i>	Liberty Mutual	190051720	N/A	\$ 38,000,000	<u>\$ 15,027,923</u>

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

See accompanying independent auditor's report.

## Schedule 6 - Bank Balances, Pledged Collateral Requirements and Pledged Collateral by Financial Institution

Page 2

Account	FDIC/SPIC Insurance	Uninsured Public Funds	By the pledging Federal Institution	Excess Amounts over 50% Collateral Requirement
<b>CITIZEN'S BANK OF LAS CRUCES</b>				
<i>Certificate of Deposit</i>				
<i>Endowment</i>	\$ 31,156	\$ -	\$ -	\$ -
<b>FIRST NATIONAL BANK OF ALAMOGORDO</b>				
<i>Cash</i>	\$ 231,707	\$ -	\$ 265,459	\$ 265,459
<b>WELLS FARGO BANK OF NEW MEXICO</b>				
<i>Cash</i>	\$ 250,000	\$ 14,777,923	\$ 38,000,000	\$ 30,611,039

See accompanying independent auditor's report.

## **Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Regents  
New Mexico State University  
and  
Joseph M. Maestas, PE, CFE  
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 (*Government Auditing Standards*), the financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of New Mexico State University (the University) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise New Mexico State University's basic financial statements, and have issued our report thereon dated November 3, 2025.

### **Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We note a certain matter that is required to be reported per Section 12-6-5 NMSA 1978, that we have described in the accompanying schedule of findings and responses as item 2025-001.

### **The University's Response to Findings**

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The University's response was not subject to the other auditing procedures applied to the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*Baker Tilly US, LLP*

Albuquerque, New Mexico  
November 3, 2025

**Schedule of Findings and Responses**  
**Year ended June 30, 2025**

**(1) Summary of Auditor's Results**

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

Internal control over financial reporting:

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

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

Noncompliance material to the financial statements noted: **No**

**(2) Financial Statement Findings**

None reported.

**Summary Schedule of Prior Audit Findings  
Year ended June 30, 2025**

**Section II - Financial Statement Findings Relating to the Financial Statements Reported in  
Accordance with Government Auditing Standards**

None

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

None

**Schedule of Findings and Responses  
As Required by New Mexico State Statute 12-6-5, NMSA 1978  
Year ended June 30, 2025**

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

**2025-001 Financial Close and Reporting (Other Matters)**

**Condition:** NMSU failed to recognize a material lease agreement in accordance with GASB Statement No. 87, Leases. Specifically, a long-term lease contract commencing in the fiscal year ending June 30, 2021, was omitted from the lease calculation. This omission resulted in an understatement of leases receivable and deferred inflows of resources in the prior-year financial statements. In addition, Arrowhead incorrectly calculated the present value of future lease payments due to discrepancies in the inputs used for future lease payments resulting in an audit adjustment of approximately \$350,000.

**Criteria:** GASB Statement No. 87 requires lessors to identify and recognize all qualifying leases, including those meeting the definition of a lease and to measure lease receivables at the present value of expected lease payments using the interest rate implicit in the lease or Arrowhead's incremental borrowing rate. Accurate inputs for lease payments, including payment amounts, timing, and discount rates, are essential for proper present value computations. Government Auditing Standards mandate effective internal controls over financial reporting to ensure complete and accurate recording of transactions, preventing material misstatements due to omissions or computational errors.

**Effect:** The omission and present value calculation errors led to a material misstatement in the prior year financial statements necessitating a restatement of leases receivable and deferred inflows of resources.

**Cause:** NMSU did not have adequate internal controls in place to ensure lease balances are properly calculated and recorded in the accounting records.

**Recommendation:** We recommend management establish effective internal controls to ensure lease schedules and calculations are properly prepared and reviewed to ensure balances are properly recorded and complete.

**Management response:** We agree with auditor's comments and acknowledge that the component of the lease referred to above was inadvertently excluded from the lease receivable and deferred inflow calculations. Additionally, we agree that the current methodology of determining net present value results in fully amortized balances over the lease term, but does not result in precise present value for escalating rents. NMSU central accounting staff will work with Arrowhead on or before June 1, 2026 to ensure that the lease schedule includes all required leases and develop a more robust calculation methodology to fine tune the precise present value calculation.

An exit conference was held on October 23, 2025, to discuss the current audit report and auditors' comments. In attendance were the following individuals:

#### **Representing the Board of Regents for New Mexico State University**

Ricardo Gonzales	Chair
Brad Beasley	Co-Chair
Yan Zhang	Audit Committee Member
Christopher Saucedo	Audit Committee Member
Shari Jones	Audit Committee Community Member

#### **Representing New Mexico State University**

Valerio Ferme	NMSU President
Lisa Henderson	Chief Legal Affairs Officer
Tony Marin	Interim VP Student Success
Justin Bannister	Chief of Staff
Ross Justus	Controller
Andres Trejo	Associate Controller
Damian Lopez	Cost Accounting Officer
Diana Molina-Barragan	Audit Liaison
Adam Cavotta	Board of Regents Chief of Staff
John Frye	Interim Chief Audit Executive
Nova Pena	Staff Auditor

#### **Representing New Mexico State University Component Units**

Larry Mirabal	Chief Financial Officer, NMSU Foundation, Inc.
Alasdair Forysthe	Controller, NMSU Foundation, Inc.
Aylin Mills	Senior Accountant, Arrowhead Center Inc.
Mario Navarrette	Senior Accountant, Arrowhead Center Inc.

#### **Representing Baker Tilly LLP**

Lisa Todd	Lead Engagement Partner
Ashlee Lent	Senior Manager
Ernesto Ramirez	Manager

The University's management prepared the financial statements. The University is responsible for the financial statements and its contents.