



POLICIES

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VISION 2020

VISION STATEMENT

Our vision is to be a premier comprehensive university transforming lives and communities now and for generations to come.

MISSION STATEMENT

New Mexico Highlands University is a public comprehensive university serving our local and global communities. Our mission is to provide opportunities for undergraduate and graduate students to attain an exceptional education by fostering creativity, critical thinking and research in the liberal arts, sciences, and professions within a diverse community.

STRATEGIC GOALS FOR 2020

HIGHLANDS UNIVERSITY WILL ACHIEVE ACADEMIC EXCELLENCE, ACADEMIC INTEGRATION AND STUDENT SUCCESS.

We commit to establishing and strengthening systems, structures and programs to enhance students' holistic well-being and success at all levels of study (including life-long learning), through the delivery of High-Impact Practices such as research and creative opportunities, increased student engagement, and service learning.

HIGHLANDS UNIVERSITY WILL ACHIEVE STRATEGIC ENROLLMENT MANAGEMENT.

We commit to establishing and implementing a strategic enrollment management plan that includes target enrollments, recruitment, and retention strategies for all academic degree programs and all locations.

HIGHLANDS UNIVERSITY WILL ACHIEVE A VIBRANT CAMPUS LIFE.

We commit to enhancing campus life for students, staff, faculty, alumni and community through expanded intellectual and recreational programs and services at the main campus and Centers, with a commitment to safety and inclusion.

HIGHLANDS UNIVERSITY WILL BE A COMMUNITY PARTNER.

We commit to developing, expanding, and enhancing collaborative community partnerships for mutual benefit in the areas of leadership, community and economic development, community service, academic enrichment, entertainment, and recreation.

HIGHLANDS UNIVERSITY WILL ACHIEVE TECHNOLOGICAL ADVANCEMENT AND INNOVATION.

We commit to using technology strategically to support quality, efficiency, and innovation in daily operations, student support services, and teaching and learning.

Highlands University will achieve enhanced communication and efficiency.

We commit to engaging in proactive communication at all levels to provide efficient and effective services.

EXCELLENCE

DIVERSITY

ACCESSIBILITY

RESPONSIVENESS

CORE VALUES

WWW.NMHU.EDU/HIGHLANDS2020

FINANCIAL ACCOUNTING

General

The accounting policies of this University are guidelines to ensure that the financial statements are accurate, consistent and fairly stated and that its management reports reflect the financial position and business activities of the University. The University's financial statements are audited annually by a certified public accounting firm and an unqualified opinion on those financial statements reflects well on the University. Accurate and reliable financial information is also needed by management for financial planning, coordination of activities, and budget control. The body of knowledge that dictates the accounting rules for institutions of higher learning is vast and complicated. The accounting policies can also serve as a reference and training tool in the business office.

Policy

1. The University's Comptroller is responsible for establishing financial accounting policies as authorized by the (VPFA) Vice President for Finance and Administrative services;
2. Financial accounting policies shall be developed with special consideration to the needs of other divisions, departments and activities;
3. The financial policies of the University shall be in conformity with generally accepted accounting principles for higher education as set forth in the following:
 - a. College and University Business Administration,
 - b. The American Institute of Certified Public Accountants Industry Audit Guide, Audits of Colleges and Universities,
 - c. The Financial Accounting Standards Board's Statements of Financial Accounting Standards,
 - d. The Governmental Accounting Standards Board's Statements of Governmental Accounting Standards, and
 - e. Financial Accounting Reporting Manual for Higher Education (FARM) NACUBO.
4. Specialized accounting policies also are necessary to conform to regulations promulgated by state and federal government entities.
5. Annual financial statements are prepared to include the accounts of all organizational units on the University;
6. The person responsible for each established account is ultimately responsible for the timely and accurate transmittal of the account's financial transactions to the Business Office.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated. The university applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The University has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

Basis of Presentation and Financial Reporting Entity

New Mexico Highlands University and its component units present their financial statements in accordance with Governmental Accounting Standards Board (GASB) 34 - Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; GASB 35 - Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities; GASB 37 -Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; and GASB 38 –Certain Financial Statement Note Disclosures. This financial report provides an entity-wide perspective of the University's assets, liabilities, and net assets, revenues, expenses and changes in net assets, and cash flows.

The University has adopted Governmental Accounting Standards Board Statement No 39, determining whether certain organizations are component units, an amendment of GASB statement 14 (GASB 39). GASB 39 provides additional guidance to determine whether certain organizations for which the University is not financially accountable should be reported as discretely presented component units based on the nature and significance of their relationship with the University. As required by GASB 14 and 39, these basic financial statements present the University and its component units for which the University is considered to be financially accountable. These were selected for inclusion based on criteria as set forth in GASB 14 and 39. In the financial statements, discrete presentation entails reporting component unit financial data in a column separate from the financial data of the University.

The decision to include a potential component unit in the University's reporting entity is based upon several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following discretely presented component units are included in these financial statements.

- **New Mexico Highlands Foundation, Inc. (Foundation)**
The Foundation was organized as a not-for-profit New Mexico corporation under Section 501(c) (3) of the Internal Revenue Code. The Foundation receives support from contributions, earnings on investments and rental of real estate. The Foundation does issue separate financial statements; however, are also included in the University's represented as a component.
- **Highlands Stable Isotopes (HSI)**
Highlands Stable Isotopes Corporation was granted all of the powers available to it pursuant to paragraph 21-28-6 NMSA 1978 of the University -Research Park and Economic Development Act. The new corporation was filed under the New Mexico Non-profit Corporation Act and is seeking Section 501(c)(3) of the Internal Revenue Code of 1986 statutes. The purpose of the corporation is to conduct research and research commercialization in accordance with the needs of the University

The University adopted GASB 40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement 3. The GASB 40 statement addresses common deposit and investment risk related to custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk. It also requires certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates as well as identification of deposit and investment policies related to the risks.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budget

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

Approval of Operating Budgets

- 1 The institution submits an original budget approved by the institution's regents to the HED's office by May 1st of every fiscal year.
- 2 The HED meets in June and acts on approval of the budgets.
- 3 The budgets, as approved by the HED, are transmitted to the Budget Division of the Department of Finance and Administration for official approval prior to July 1.

Unexpected state appropriations do not revert to the State of New Mexico at the end of the fiscal year, and are available for expenditures to the University in subsequent years pursuant to the General Appropriation Act of 2004, Section 4, J (Higher Education).

Budgetary Control

Total expenditures or transfers may not exceed the amount shown in the approved budget. Expenditures used as the items of budgetary control are as follows: (1) unrestricted and restricted expenditures are considered separately; (2) total expenditures in instruction and general; (3) total expenditures of each budget function in current funds other than instruction and general; and (4) within the plant funds budget, the items of budgetary control are major projects, library bonds, equipment bonds, minor capital outlay, renewals and replacements, and debt service. Budget revisions must be approved by the executive secretary of the HED and then by the Budget Division of the Department of Finance and Administration.

The Schedule of Budget and Actual -Current and Plant Funds, any year is prepared on the basis of accounting prescribed by HED. HED requires budgets for current restricted, current unrestricted and plant fund revenues and expenditures on a basis consistent with the financial reporting model used by the University prior to implementation of GASB Statements No. 34 and additions to capital assets and debt principal retirements are reported as expenditures on the budget basis, but not on the basis required by generally accepted accounting principles (GAAP). Depreciation expense, scholarship allowance, Perkins Loans/Endowment Scholarship and Endowment/Agency expenditures are GAAP requirements not included on the budget basis submitted to HED.

Cash and Cash Equivalents

For purposes of the financial statements, cash and cash equivalents includes demand, savings, and money market accounts with an original maturity of 3 month or less.

Investments

Certain investments such as debt and equity securities and pooled investment funds are recorded at market value in accordance with the Governmental Accounting Standards Board statement (GASB) No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. Unrealized gain or (loss) on the carrying value of investments are reported as investment income in the statements of revenues, expenses and changes in net assets. The carrying value of investments is based on quoted market prices. Investments are made in accordance with the Laws of the State of New Mexico and the policies of the Board of Regents.

Below is a link to the State Investment Council website.

State Investment Council:

Main website: <http://www.sic.state.nm.us/>

SIC Policies and Procedures: <http://www.sic.state.nm.us/policies-and-procedures.aspx>

Inventory

Inventories of supplies and materials held for sale or use are stated substantially at the lower of cost (first-in, first -out) or market value.

Income Taxes

The University, as an instrumentality of the State of New Mexico, is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Contributions to the University are deductible by donors as provided under Section 170 of the Internal Revenue Code.

Accounts Receivable

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

Deferred Income

Revenue for each academic session is reported within the fiscal year during which the session is completed. Deferred revenues also include amounts received from grant and contract sponsors that have not been earned.

Noncurrent Investments

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

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Livestock for educational purposes is recorded at estimated fair value. For equipment (including software), the University's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The University does not capitalize historical treasures or works of art.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 years for land improvements, 10 years for library books, 5 to 12 years for furniture, fixtures and equipment and 5 years for autos. At July 1, 2012, the University revised its policy for depreciating buildings by increasing the estimated useful life from 25 years to 50 years.

A. Definition of Equipment, Capitalized Equipment, and Non-Capitalized Equipment

1. University equipment: university equipment consists of asset acquisitions with a useful life in excess of one year.

2. Capitalized equipment: equipment acquisitions to include, but not limited to furniture, fixtures, and equipment and a unit value of \$5,000 or greater are capitalized as assets by the university. All items that meet these criteria will be tagged and inventoried annually.

3. Non-capitalized equipment: items that are consumed or become unidentifiable with use are considered expendable non-capitalized equipment.

B. Use of equipment – university equipment should be used for university business only, and should not be removed from the university premises for purposes other than university business.

Compensated Absences

The University accounts for the accumulated vacation leave on the accrual basis in accordance with GASB 16. The current portion of the accumulated vacation leave is based on the previous year's data. Accrued vacation up to 240 hours is recorded at 100% of the employee's hourly wage. Compensatory time is accrued at a rate of one and one-half hours for each hour of employment for which overtime compensation is required for those employees covered by the Fair Labor Standards Act (FLSA).

Noncurrent Liabilities

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

Net Assets

The University's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt

This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet

expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Restricted Net Assets -Nonexpendable

Nonexpendable restricted net assets consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted Net Assets -Expendable

Expendable restricted net assets are resources that the University is legally or contractually obligated to spend in accordance with imposed restrictions by third parties.

Unrestricted Net Assets

Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. 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.

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, and then toward unrestricted resources.

Classification of Revenues

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

Operating Revenues

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

Non-operating Revenues

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB No. 9 *Reporting Cash Flows of Proprietary and Nonexpendable*

Trust Funds and governmental Entities That Use Proprietary Fund Accounting, and GASB No. 34, such as state appropriations and investment income.

Special Appropriation

The University receives special appropriations during the year. When an expense is incurred that can be paid using either unrestricted or special appropriation resources, the University's policy is first apply the expense toward the special appropriation. The special appropriation funds are non-reverting and are spent during the year.

ACCOUNTS PAYABLE REVIEW GUIDE

General

The University receives funds through the appropriation of tax revenues, gifts from individual donors, income earned for services rendered or from affiliated organizations. All funds received must be deposited into an authorized University bank account.

The University's funds are expended through budgetary accounts established for all the University's departments. The purchasing policies and procedures provide the flexibility managers need to perform their duties and to allow them to achieve the maximum benefit from the resources entrusted to them.

This policy provides guidance as to allowable and unallowable expenditures made from the University's funds. This policy is not all inclusive as it is not meant to replace State statutes and Federal laws and regulations that dictate how state and federal monies can be used.

Expenditure Guidelines

1. Payment for any goods or services that do not represent a public purpose benefiting the University is prohibited. Conversely, payment for goods or services that represent a public purpose benefitting the University is allowed if authorized in the applicable budget established by the University.
2. Payment for goods or services not received by the University is prohibited; however, advance payments might be appropriate in some instances but must be approved by the VPFA.
3. Fines and penalties incurred by an employee in violation of public policy, including parking and traffic fines or failing to enforce public policy may not be paid with University funds.
4. Expenditures for any personal benefit are prohibited, other than salaries and benefits to which employees are entitled to pursuant to the University's personnel and faculty policies. While infrequent use by employees of University property, such as fax machines, copy machines and cellular phones might occur, the employees should reimburse associated costs to the University in a timely manner.
5. Discounts which are offered equally to all University employees are allowed but any discounts greater than twenty percent are taxable income and subject to withholding.
6. University funds may not be used to pay for the maintenance of privately owned vehicles even though the vehicles might be used for University business. Employees might be eligible for mileage reimbursement under the University's travel policy.

7. Payments for memberships in community and business organizations are allowed only if the employees serve as official representatives of the University. Memberships and dues to professional organizations are allowed only if they benefit the University and are approved as such.
8. The purchase of personal gifts, including flowers and other gifts expressing sympathy, bereavement, or congratulations to faculty, staff and students is prohibited, unless approved by another University published policy.
9. University funds should not be used to purchase holiday decorations for University offices and buildings.
10. University funds cannot be used for political and charitable contributions to individuals and organizations.
11. University funds should not be used to purchase office refreshments and snacks, except when the refreshments and snacks are to be consumed by guests of the University or at business meetings.
12. Loans and advances cannot be made from University funds to employees unless approved by other University published policy such as the travel policy or a deferred tuition payment program approved by the University's Board of Regents.
13. University funds cannot be used to reimburse any person for personal property stolen from University buildings/property.
14. Contracts with firms in which individuals who were University employees within the preceding twelve months have a significant financial interest are prohibited except when:
 - The contract is not the result of an official act by the individual while an employee as determined by the VPFA, and
 - The contract was granted under competitive bid and the bid submitted by the firm with the former University employee did not benefit from knowledge gained by the individual as an employee.
15. University funds shall not be used for entertainment of University employees (meals, drinks, etc) other than as allowed by the University's travel policy. Hospitality events including University employees and invited guests of the University can be a policy exception.
16. Pursuant to Internal Revenue Service regulations, requests for reimbursement of hospitality expenditures or payment of invoices resulting from such an event must be supported by a list of the individuals attending the function. For functions attended by

more than twenty people or for an event that is open to the public, a description of the function and definition of the guests invited will suffice.

17. The payment of tuition with University funds for credited courses, books, school supplies, or other University fees must be authorized by the University personnel policies or other published policies.
18. The purchase of alcoholic beverages with University funds is prohibited except when incurred in the performance of University business as in a hospitality event for University guests. The function must be approved in advance and in writing by the University's President. Reimbursements or payments for alcoholic beverages shall not be made from Instruction and General appropriated funds or contract or grant funds.
19. The purchase of work clothes or the cleaning, alterations, and repair work of personal clothing is not allowed except when the expenses are necessary for the performance of University work and are required by the University or the expenses are stipulated in a Union Contract.
20. University funds cannot be used for the purchase of insurance that replicates University insurance, e.g. coverage of University equipment by Risk Management.

Exceptions

Any exceptions to this policy, which are not otherwise provided for, must be approved in advance and in writing by the VPFA.

Student Accounts Receivable Policies

Purpose

The purpose of this policy document is to establish guidelines for the prudent collection of Student Accounts Receivable in the best interest of New Mexico Highlands “University”. The Board of Regents of the University is the delegated authority to set tuition and fees which are recorded on the student’s electronic record. Although this policy primarily applies to Student Accounts Receivable, policies stated herein may be used to process other delinquent receivables from vendors and non-student accounts.

Criteria for recognizing an Accounts Receivable

A Student Account Receivable will be recognized (recorded in the university’s financial records) when:

- a student has enrolled for classes at the University or has been registered for classes by the University;
- a student has incurred charges for costs associated with attendance (tuition, fees, housing and meal charges, post office charges, book purchases, etc.) from which a benefit to the student is derived;
- payment is due to the University from the student or a third party;
- the revenue from the transaction has been recognized in the University’s books and records;
- payment has not been received (collected) by the University from the student or third party;
- the accounts receivable does not represent an extension of credit that is prohibited by law;
- and, the recording is deemed to be appropriate by the University's Fiscal Officers.

Recording an Account Receivable in the financial records

An account receivable is recorded in the financial records automatically by the registration and billing process. These entries credit the appropriate revenue accounts and debit the appropriate account receivable accounts in the University’s accounting system. If a student withdraws during the semester, the accounts receivable outstanding balance is reduced by the appropriate percentage refund rate relevant at the time of withdrawal.

Collecting and Reconciling Accounts Receivable

The size of the account receivable may influence the collection efforts. The expenditure of time, effort, and money to collect large accounts receivable is appropriate; however, the same efforts expended on very small accounts receivable may not be economical. Guidelines as to the level of attention and the efforts expended on accounts receivable will be set by the University based on recommendations from management. The Comptroller’s office maintains adequate records of

student accounts receivable and prepares a reconciliation of the student receivable records and the financial accounting records on a timely basis. The University has contracted with NMEAF for collection of unpaid balances in any amount over \$100.00.

Write-Off of an Uncollectible Account

A list of all accounts written off will be filed in the Comptroller's Office and all student accounts that have been written off will be flagged in the student system. Additionally, a transcript and registration hold will be placed on these student accounts to prevent these persons from receiving future University services until their balances have been paid in full. Holds placed on the student's account will not be removed until the balance is paid in full.

The following accounts will be forgiven and permanently written off, and the student's account will be marked as paid in full:

- Deceased debtors. If the debtor is deceased, the delinquent obligation should be classified as uncollectible and permanently written off after the Business Office receives a copy of the death certificate or other proof of death.

Forgiveness of Debt versus write-off of Uncollected Accounts

The write-off of an uncollected account is a bookkeeping entry only and does not relieve the debtor from his financial responsibility to the university. Although the uncollected account has been removed from the financial books and records (i.e., written-off as uncollectible), the university may still have a claim against the debtor and may still seek remedy. Therefore, it is the responsibility of the Comptroller's Office to maintain adequate records regarding financial obligations (i.e., debts) owed to the university. Student accounts receivable that are forgiven because of the student's death or because the account balance is considered residual will be treated as paid in full, and records will be treated consistent with other student accounts that have been paid in full.

Allowance for Doubtful Accounts

The University will record an allowance for doubtful accounts on past due accounts for all accounts that have not been written off or forgiven. Prior to closing each fiscal year's books, the Comptroller's Office will analyze and adjust the allowance for doubtful accounts, with offsets to the appropriate revenue accounts or bad debt expense, in accordance with accounting guidelines. An allowance for doubtful accounts will be set up as a contra-receivable in each appropriate general ledger.

Tuition and Fees Payment General

University students must pay tuition and other fees or make satisfactory financial arrangements with the Business Office on or before the payment deadline. Payment deadlines are established by the Business Office and published with the schedule of classes. Students who do not meet the

payment deadlines can be dis-enrolled from classes. A re-registration fee may apply if the student re-enrolls at the University during the same semester.

Students who qualify for deferred payment must provide approval to the Student Accounts Receivable Manager before the start of the semester. Students using tuition waivers or whose tuition is paid by a third party outside agency must submit waivers or authorizations to the Student Accounts Receivable Staff before the start of the semester. Students who register late must provide this information as soon as possible and no later than the closing period of registration.

Student Payments

Tuition and other fees can be paid in person at the Cashier's Office, by mail, or through TouchNet; the University's student online payment system. Payments accepted in person include cash, checks, money orders, and cashier's checks. Payments accepted by mail include checks, money orders, and cashier's checks. Payments accepted online through TouchNet include debit and credit cards, checking and savings accounts, and wire transfers. Payments on accounts will be processed immediately when a payment is made at the Cashier's Office. The student account is credited, and the payment amount is deducted from the balance at the time the transaction takes place. The same applies for payments made online through TouchNet. If a payment arrives by mail it is posted to the student account as quickly as possible unless the check requires research for proper receipting. If the student is not in the system, the Cashier continues to check on a regular basis to assure the payment is posted as soon as the student registration takes place.

Returned Payment Items

A Returned Payment Item received by the University may result in the assessment of a returned payment fee of \$25. The amount of the check will be applied back to the student account along with the \$25 service charge. The University reserves the right to refuse check payments from that student in the future.

Deferred Payments

Certain deferred payments will be considered acceptable alternatives on securing payment prior to the provision of services for Student Accounts Receivable.

- **Financial Aid Deferment**

This deferment must be supported by the student in question having actual aid in process, as documented by the Financial Aid Office, that is not yet reflected on the student's account. Financial Aid Deferments must be assigned with the expectation that actual aid, as estimated by the Financial Aid Office staff members, will materialize within a timely basis.

- **Installment Payment Plan**

The Installment Payment Plan may be offered to registered students to pay tuition, fees, housing, meal plans, and other contracted or non-contracted student charges in monthly installments over a specified term. Students wanting to participate in the Installment Payment Plan must affirmatively enroll in a timely manner, provide the required down payment, and agree to the terms and conditions set forth by the University Business Office for Installment Payment Plans. TouchNet is the new web-based payment gateway for installment payment plans. The website at www.nmhu.edu using the MyNMHU link, which guides students to pay online through TouchNet.
- **Third Party Deferred Billings**

Contracted student charges approved to be paid by a Third Party Billing are credited to the student's account and billed to the Third Party Agency. The University is willing to wait for payment; however, it is the student's responsibility to provide the "authorization" or commitment to pay letter or purchase document form the Third Party to the Student Accounts Receivable Staff. If an outside agency refuses to pay the tuition and fees incurred by a student because the student failed to complete the course work as required by their agreement with the Third Party, the student will be responsible for all billed charges incurred at the University.

Student Billing Notification

In an effort to conserve resources, the University Business Office has elected to provide E-Statements to students in lieu of paper statements. E-Statements will be sent to students via their NMHU Live Email monthly. Students also have the ability to view their student account on Self Service Banner. Students may request a mailed paper statement by contacting the Student Helpdesk at sar@nmhu.edu.

Refunds

The University may receive payments that must subsequently be refunded to individuals or organizations. Refunds must be approved and have supporting documentation.

- **Student Accounts**

When there is an overpayment on a student account resulting in a refund, it will go through the Student Accounts Reimbursement process. The refund will be paid by check or direct deposit depending on how the student account is set up for refunds. If there is an overpayment resulting in a balance under \$50, the student will be reimbursed through Petty Cash request at the Cashier's Office.
- **Other Accounts**

Refunds for payments made by a Third Party on behalf of a student will be made to the Third Party.

Cash Management Policies

Purpose

The purpose of this policy document is to establish sound cash management practices to ensure efficient utilization of cash in a manner consistent with overall strategic goals of the University. This policy is developed to provide standards for receiving, handling, recording, depositing, and securing University monies and to provide a framework, which establishes lines of authority for general oversight management.

Cash Management Practices

The Board of Regents delegates the responsibility for the oversight of the University's cash management to the President, VPFA, and those persons they shall designate to have authority.

- a. All activity and balances in the University bank accounts shall be monitored by the Business Office to assess the cash necessary to meet daily obligations and ensure adequate funds are available.
- b. The Business Office is responsible for the movement of funds between University bank accounts. This may include but is not limited to:
 - Initiating all wire transfers for general business purposes of the University.
 - Maintaining the daily cash position of the University.
 - Funding disbursement accounts for University obligations such as Accounts Payable and Payroll.
 - Moving depository funds for investment purposes.
- c. Efficient cash management strategies, techniques, and procedures shall be used to increase the productivity of cash flows.

Cash Handling

Members of the University's faculty, staff, or student body who receive University monies are responsible for the collection, safekeeping, and deposit of all monies entrusted to them for safety of employees who handle the monies. For the purposes of Cash Management, the term "monies" is defined to include cash, checks, credit card payments, money orders, and other negotiable instruments whether received in person, by mail, online, or by telephone.

Monies received must be deposited at the University Cashier's Office within twenty-four (24) hours or the next business day after a weekend. The Cashier's Office Hours of Operation are Monday thru Friday 8:00 am to 5:00 pm. All deposits must be made no later than 4:00 pm unless

prior arrangements are made. No checks shall be cashed, no purchases shall be made, and no substitution of cash, checks, or other documents shall be made from the actual monies received. The Cashier's Office is housed within the Old Mass Communications Building at 901 University Avenue, Las Vegas, NM. It is the centralized area responsible for the cashiering, depository, and collection functions of the University. All persons responsible for handling University monies must receive training as to the University's policies and procedures regarding the receipt, handling, and securing of monies.

Limiting Access to University Monies

Access to University monies must be limited to the employees who are responsible for the monies. The following duties should be performed only by employees responsible for monies:

- Receive monies either in person, by mail, or telephone.
- Prepare customer receipts.
- Deposit monies in accordance with the twenty-four (24) hour policy.

Recording Payment Transactions

Money transactions should be recorded upon receipt or disbursement if possible.

Bank Accounts

All funds must be deposited in a University account. No bank accounts may be set up except those established by the Comptroller with the approval of the President and the VPFA.

Segregation of Duties

Duties for receiving and recording monies must be segregated. No single employee should be in a position that allows the employee to both receive money and record the payment into the financial system. The segregation of duties preserves responsibility and accountability and is necessary to ensure that a person who has access to monies cannot conceal a fraud or error. When the size of a department does not allow for proper segregation of duties, the Business Office will provide assistance in designing systems which ensure adequate internal controls. This shall also apply to any student or auxiliary organization operating under the legal tax umbrella of the University.

Cash Disbursements

With the exception of Petty Cash reimbursements approved by the Business Office, all cash disbursements will be made by check or direct deposit. No cash refunds or payments of any kind are to be made from cash receipts.

Gifts

All gifts to the University must be reported to the NMHU Foundation. The execution of any formal acknowledgement forms must be processed by the Foundation; however, the department receiving the gift may and should express appreciation and gratitude for the gift.

Cash Handling

All persons responsible for handling University monies must receive training as to the University's policies and procedures regarding the receipt, handling and securing of monies to ensure their safety and promote professionalism in representing the University. The Business Office Comptroller should be contacted for Cash Handling Training.

a. Cash Change Fund: Departments or Activities that need to retain a cash balance for making change must request approval of a change fund from the Department Head and VPFA. This request is achieved by sending a Check Request, Request to Handle Monies, and Cash Change Request Form to the Business Office. The maximum balance for a change fund is two hundred dollars (\$200.00).

b. Petty Cash Fund: The Las Vegas campus Business Office Cashier is the only custodian of a petty cash fund at the present time. Departments must get approval from the VPFA and the Controller before establishing a petty cash fund.

c. Limiting Access to Monies: Access to University monies must be restricted to the employee responsible for the monies. Separate cash drawers should be used to accommodate employee breaks. All monies received after the daily deposit must be kept in a secure location, preferably in a fire-proof environment.

d. Deposits: Monies received shall be deposited at the University Cashiers Office intact by the next working day following receipt or the next business day following a weekend. When less than \$50 is involved, monies may be accumulated up to a week. An NMHU Deposit Form, available at www.nmhu.edu, must be prepared and presented with each deposit at the Las Vegas Cashiers Office.

Money List and Credit Card Reports

A Money List form must be prepared immediately upon receipt of monies. The Money List, which accompanies the deposit, shows the amount paid and the University account number where the monies are to be deposited. A separate Credit Card Report must also be prepared immediately to record credit card receipts. The department preparing the Money List and Credit Card Report should keep a copy. The department is also responsible for maintaining all documentation necessary for reconstruction of the Money List and Credit Card Report should the deposit be lost or stolen. This documentation includes, but is not limited to, copies of checks.

Confidential Information

Customer social security numbers and credit card numbers should not be kept in any format after the transaction has been processed. Paper containing these numbers must be shredded. A separate NMHU Credit Card Deposit Form available at www.nmhu.edu must also be prepared along with an NMHU Departmental Credit Card Authorization to record credit card receipts. The Department preparing the NMHU Deposit Form should keep a copy for their records.

Deposits & Transporting

Whenever monies being deposited are transferred from one individual to another, the transfer of responsibility must be documented in writing. The deposit will be verified by the cashier in the presence of the person bringing the deposit. A receipt is given if it is a departmental deposit. Departments shall submit a log sheet describing the breakdown of monies being deposited. The Cashier should verify the items listed on the log sheet, then date, initial, and return to the person who brought it.

A locked bag, supplied by the Cashiers Office, must be used to transport the deposit. The bag containing the deposit will be placed in a safe at the main Cashiers Office or satellite location. The bag will be opened, counted, and receipted in the presence of two (2) cashiers or designated Business Office Staff. If the deposit matches or the discrepancy is within ten dollars (\$10) of the departmental Money List, a deposit receipt will be returned in a locked bag to the initiating department. If the deposit is not within the ten dollars (\$10) of the Money List, a copy of the receipt and correcting documentation will be mailed to the department employee not responsible for the monies or the preparation of the deposit.

All deposits will be transported by Student Accounts Receivable staff with an escort provided by a Campus Police or Security Officer. Staff will call the Campus Police Department to request the escort.

Large concerts and other productions should make security arrangements directly with the University Police (505-454-3278) and Cashiers Office (505-454-3240) for movements of cash two weeks prior to the event.

Cash Boxes

If a cash box is approved for weekend or holiday use, the monies must be deposited back to the Business Office within 24 hours or the next working business day. Prior arrangement should be made for monies that will be collected after 5:00 p.m. or on a weekend or holiday so a locked bag can be dropped off at the Bank of Las Vegas night drop. Monies received outside Las Vegas must also be deposited within 24 hours or the next available business day at the Business Office. Monies are the responsibility of the holder at all times and must be kept in a secure, fire-proof environment (locked cash box, safe, or bolted down safe).

Checks

Checks must be payable to New Mexico Highlands University, NMHU, or department name; e.g. Cashiers Office or Bookstore. Do not write the individual's social security number on the check or any other document. All checks must be restrictively endorsed immediately upon receipt with "FOR DEPOSIT ONLY." Do not wait until the deposit is made. The University's endorsement renders the check nonnegotiable and must be stamped on the back of all checks. The endorsement stamp must contain certain required information and stamps may be obtained from the Business Office. Do not endorse and deposit a check with a restrictive endorsement or a legal settlement check prior to contacting the Business Office.

The Student Accounts Receivable Manager may advise departments that receive large number of checks to prepare a separate deposit slip for the checks and place the items in the special locked bag. Checks must be deposited within 24 hours to ensure funds are available to avoid returned items. For investment purposes, checks larger than \$100,000 should be deposited in the bank as quickly as possible.

Returned Checks

The University charges a returned check fee of \$25 plus normal bank fees on all returned checks. Each University location that receives checks should post a notice to this effect. The University will take aggressive measures to collect the amount of a returned check plus associated fees from the issuer. NMHU reserves the right to refuse acceptance of financial transactions, other than cash or credit card, from any faculty, staff, or student who has had transactions dishonored by a bank. The University will take the actions listed below.

- A returned-check fee and bank charges are billed to the issuer;
- The University does not re-deposit a check returned unpaid by the bank;
- Only cash or certified funds will be accepted to redeem a returned check;
- If the check was used to pay for charges eligible for disenrollment and it is not redeemed prior to the disenrollment deadline, the University reserves the right to have the student administratively dropped from all classes;
- If the check was originally submitted for deposit by an NMHU department, the amount of the check is charged back to the department originally credited;
- The University reserves the right to suspend check-cashing privileges of students or employees who have not paid in full the amount of the original returned check plus any associated fees. After the second occurrence of a returned check, the issuer's check-cashing privileges are suspended for six (6) months. After the third occurrence of a returned check, the issuer's check-cashing privileges are permanently canceled;
- If preliminary returned check collection procedures fail, legal action may be taken and the local District Attorney's Office will be notified. Legal action can include the placement of a lien on earnings and/or personal property.

Foreign Checks

Due to federal export control rules related to Homeland Security, departments must consult the Denied Countries List (the Black List) at <http://www.treas.gov/offices/enforcement/lofac/programs/>. Checks and other forms of deposit from countries on this list cannot be accepted under any circumstances because of fines, up to \$1,000,000 per occurrence, imposed by the Federal Government. When a check or other form of deposit drawn on an allowable bank outside the U.S. is deposited, the student or department does not receive immediate credit. NMHU 's bank will collect the funds and charge a fee for foreign check collection. The student or department will be credited the amount net of collection costs once the bank has deposited funds into the University's account.

Negotiating Checks Payable to NMHU

The University will occasionally receive a check in its name for monies meant to be transferred to a student or an employee. The Business Office is the only organization authorized to negotiate checks payable to the University as described below. Checks payable to the University are not endorsed over to the person presenting the check.

A financial aid check paid to NMHU may be deposited and a University check can be issued to the student if the student has a zero accounts receivable balance, otherwise, the financial aid monies are applied to the outstanding balance.

A non-financial aid checks made payable to NMHU is applied to the outstanding balance on the student account. If the non-financial aid check exceeds the outstanding accounts receivable balance, the University will issue a check payable to the student after ten (10) business days of receipt.

Checks Received for an Unknown Purpose

Any checks received by Departments for purposes unknown should be delivered to the Cashiers Office immediately. The Cashiers Office will take measures to locate the issuer and ensure the proper disposition/application of the check.

Check Cashing

Personal checks may be cashed by students, staff, and faculty members at the Las Vegas Cashiers Office only. Proper identification is required for check cashing transactions.

Students may cash a personal check for up to \$50. Faculty and staff members may cash a personal check but must sign a statement authorizing the University to deduct the amount of the check and any applicable fees from their payroll check should the check be returned for insufficient funds. Faculty and staff may cash a NMHU check for up to \$100. Exceptions to these amounts may be made by the Accounts Receivable Manager. Two-party checks made payable to a NMHU student, staff, or faculty member may be cashed, with the same dollar limits as those applied to personal checks.

Electronic Transfer of Funds

University functions wishing to accept wire transfer payments must contact the Business Office for specific requirements and instructions. The department may be charged wire transfer fees assessed by the bank.

Cash Disbursements

With the exception of petty cash reimbursements and some refunds, all cash disbursements will be made by check or direct deposit. Cash disbursements equal to or greater than \$50,000 require two signatures from individuals authorized by the bank to sign on the account.

Credit Card Payments

The University accepts payments for Student Accounts made by MasterCard, Visa, and Discover Card through TouchNet, a third-party vendor.

There are currently Departments that accept credit card payments such as Ifeld Auditorium, Athletics, and the Golf Course. Departments who wish to take credit card payments for official University business must obtain prior approval from the University Comptroller. The acceptance of credit card payments is accompanied by additional responsibilities.

Credit Card Acceptance Requirements

Federal law requires that the University protect against exposure and possible theft of account and personal cardholder information that has been provided to the University. NMHU must comply with the Payment Card Industry's Data Security Standards (PCI); therefore, the following requirements apply to all employees at NMHU accepting credit card transactions:

- Limit access to cardholder information to only employees who have a legitimate business need-to-know.
- Remove the first twelve (12) digits of the credit card number from any document where the complete number is visible.
- Store only essential information. Do not store the Card Validation Code or the PIN Number.
- Never E-mail credit card information.
- Do not store credit card information in personal computers or online.
- Shred documentation containing credit card information when it is no longer needed for business or legal reasons.
- Lock credit card terminals and paper storage areas when not attended.
- Establish a mechanism for systems with multiple users that restricts access based on the users need-to-know.
- All media used for credit cards must be destroyed when retired from use.

- Employees must report any known and /or suspected violations immediately to the Business Office. If an actual or suspected incident of identity theft occurs, it should be immediately reported to the University Police Department. For more information, pertaining to identity theft refer to "Identity Theft Prevention Program" policy.

Merchant Numbers and Fees

A University department with credit card payment activity may be authorized to use the University's Controller Office merchant number. The title associated with this merchant number is "NMHU Cashier's Office." If an auxiliary enterprise has their own designated merchant number, they should continue to use that merchant number.

The bank charges a processing fee to the University each month, which the Business Office charges to the appropriate account number.

Processing Credit Card Transactions

The volume of credit card activity determines whether a University department may process credit card sales. Contact the Business Office for information.

It is the responsibility of each University function using credit card terminals to batch each day's activity. The transactions must be processed on a Credit Card Report. The report, including the appropriate documentation, must be submitted to the Cashiers Office on the next working day following the receipt of the daily settlement report.

Identification

Photo identification is required for all transactions at the Cashier's Office. Student account information, check cashing, or reimbursements will not be released without proper identification.

- State Issued Driver's License or Identification Card
- NMHU Student/Employee/Staff ID
- Passport
- Military ID3

Confidential Information

Customer social security numbers and credit card numbers should be kept only in authorized formats after the transaction has been processed. Paper containing these numbers must be shredded in accordance with the University's policy.

Verification of Deposits and Customer Receipts

An employee in the department who does not have access to monies should compare the deposit receipt to customer receipts recorded on the Money List and Credit Card Report.

Conflict of Interest

Any individual who has direct control over a cash fund should not perform transactions of a personal nature, or perform transactions for individuals with whom they have a personal relationship. Examples of such transactions are cashing one's own check, making change for one's self out of his/her cash drawer, cashing a check for a close friend or spouse, etc.

Suggestions for Improvement

The Business Office welcomes suggestions for improving its cash management practices. Suggestions may be submitted verbally or in writing to the Comptroller.

Grants and Contracts Accounting

The Business Office objective is to provide support to the University in administering Grants and Contracts. Grants and Contracts can be research, instruction and general or public service involving funding from an outside source under a legal agreement.

The Business Office is responsible to the University and to the funding agencies for the financial and regulatory administration of these grants and contracts. We interpret policies of private and governmental funding agencies to ensure that expenditures adhere to regulations and guidelines.

The Business Office along with the Office of Research and Sponsored Programs, also implements NMHU policies related to grants and contracts. We are also responsible for generating fiscal reports, submitting final financial reports, billing, revenue collection and management, audit responses, sub-recipient monitoring, and effort certification, FFATA and E-Verify compliance.

Below is a link to our NMHU Research Handbook; which is the policy from pre-award to post-award.

NMHU Research Handbook:

<http://www.nmhu.edu/faculty-and-staff/grants-research/>

Capital Projects Accounting

The Business Office objective is to provide support to the University in administering Capital Projects. Capital Projects can be a General Obligation Bond, Severance Tax Bond, or Private Bond involving funding from an outside source under a legal agreement.

The Business Office is responsible to the University and to the state agency and or private agencies for the financial and regulatory administration of these capital projects. We interpret policies of private and governmental funding agencies to ensure that expenditures adhere to regulations and guidelines.

The Business Office in collaboration with the Facilities Director is responsible for generating fiscal reports, submitting final financial reports, billing, revenue collection and management, and audit responses.

Below are links to the HED Policy on Capital Projects, the NM Administrative Codes, as well as the CPMS financial reporting website.

New Mexico Higher Education Department

<http://www.hed.state.nm.us/institutions/>

New Mexico Department of Finance & Administration:
http://www.nmdfa.state.nm.us/Board_Of_Finance.aspx

New Mexico Administrative Code (NMAC 2.61.6) Bond Project Disbursements:
<http://164.64.110.239/nmac/parts/title02/02.061.0006.htm>

New Mexico Administrative Code (NMAC 2.70.4) Policy on Capital Expenditures by State Educational Institutions:
<http://164.64.110.239/nmac/parts/title02/02.070.0004.htm>

New Mexico Administrative Code (NMAC 5.3.10) Capital Projects Approval by the New Mexico Higher Education Department:
<http://164.64.110.239/nmac/parts/title05/05.003.0010.htm>

CPMS Login Page:
<http://cpms.dfa.state.nm.us/login.aspx?error=Access%20denied.%20Please%20login>

Endowment Accounting

The Business Office is responsible for recording endowment held by NMHU Foundation, also referred to as “Assets Held by Others” on NMHU’s financial statements. The NMHU Foundation invests the endowments received by the State of New Mexico Higher Education Department through Legislative Appropriations that are recorded on their Financial Statements as “Assets Held for Others”. On a quarterly basis NMHU Foundation’s Development Finance Officer provides their General Ledger and Trial Balance reports so that NMHU can properly record our “Assets Held by Others”.

Refer to Appendix A: NMHU Foundation’s Investment Policy and Spending Policy Statement.

Investment Policy

General

New Mexico Highlands University ("University") is an institution of public higher education whose mission is to serve the global community by integrating education, research, public service, and economic development. Within the mission, the University administers funds received from individuals, organizations, and public agencies.

The University adopts this policy to set forth performance objectives and guidelines which clearly define the investment approach and control risk in the management of the University's

funds. The University's primary investment objective is to maximize returns consistent with the safety and preservation of principal, liquidity, and cash flow requirements.

The Board of Regents delegates the investment authority to the President, V, and those persons they shall designate to have the authority for investing the University's funds. Those charged with the responsibility for investing these funds shall keep them invested as fully as possible. The University will maximize its investments in New Mexico owned and operated companies and in companies domiciled in the United States. The University will invest funds in conformity with federal and state laws and regulations, including Internal Revenue Service (IRS) regulations pertaining to tax exempt bonds, bond resolutions, and indentures, and other pertinent legal restrictions. These laws and regulations include but are not limited to NMSA 1978, Sections 6-8 and 6-10; Uniform Prudent Investor Act, NMSA 45-7 (601- 612); and Internal Revenue Code IRC Section 148, Arbitrage. The funds will be managed in accordance with any restrictions that may apply at the time of receipt, provided such restrictions do not conflict with applicable state statutes and University policies.

The President, Vice-President for Finance and Administration, and those persons they shall designate to act for him/her with regard to investments shall be authorized to use managers outside the University and may pool funds for investment purposes. Examples of pools may include but are not limited to the New Mexico State Investment Council Investment Pools and the State of New Mexico Local Government Investment Pool.

Risk -NMHU Managed Liquidity Portfolio and Investment Portfolio

The University realizes that there are numerous ways to define risk. The University believes that any person or organization involved in the process of managing Operating Fund assets understands how risk is defined so that assets are managed in a manner consistent with the investment portfolio's objectives and investment strategy as articulated in this policy. The University defines risk as:

- Cash Flow Risk - the probability of not achieving the Fund's short term cash flow requirements.
- Compliance Risk - non-compliance with applicable State of New Mexico statutes concerning the investment of public funds.
- Interest Rate Risk -the potential for fluctuations in bond prices due to changes in interest rates and/or a duration/liability mismatch.
- Credit Risk -the possibility that a bond issuer will fail to make timely payment of either interest or principal to the portfolio.

- Reinvestment Risk -the possibility that the proceeds of a maturing or called security will be reinvested at lower yields as a result of a general interest rate decline in the bond market.
- Liquidity Risk -the possibility that the liquidity of the market for a security may decline thereby making it more difficult to dispose of the security promptly; presenting difficulties in valuation of the security; and causing the security to experience greater price volatility. The risk can be controlled by purchasing large, familiar issues with active secondary markets and allowing for adequate reserves through money market funds and other investments which provide for cash withdrawals on demand.

Endowments

The objective of investment management for the purpose of Endowments is to produce growth and income sufficient to support both the donor goals and fund objectives. The University's principal investment objectives for Endowments are to maximize investment income and long-term growth of its portfolio while at the same time minimizing investment risk. The long-term objective of total return shall be the rate of change of the Consumer Price Index (CPI) plus 5%. Total return is the sum of earned interest and dividends and realized and unrealized gains or losses less all investment management costs. As income distributions shall be taken from the total return of the funds, the Managers should concentrate their efforts on total return, which will increase the corpus of the fund and increase the purchasing power of the assets under management. It does not apply to endowments held by the NMHU Foundation, which are invested in accordance with the Foundation's Investment Policy and Spending Policy Statement.

Asset Allocation

The University will allocate its investments into:

- Fixed Income Debt Securities
- Equity Instruments
- Cash Equivalent Securities

With consideration given to the long-term goals of the fund, the following ranges are defined as suitable for portfolio asset allocation:

	Minimum	Maximum	Preferred
Fixed Income	10%	50%	30%
Equity	10%	75%	65%
Cash	5%	10%	5%

Should market movements create asset exposure outside of those ranges, reallocation should be effected in an orderly manner.

Performance Standards

The goals and objectives of the fund are intermediate to long-term in nature. For purposes of performance appraisal, the investment horizon is defined as one full market cycle, normally three to five years. Performance should be measured on a time-weighted, annualized basis with primary emphasis on results experienced over one, three and five year periods.

Fixed Income - The average rating of the traditional fixed income portfolio will be "A" or better as established by a recognized rating service.

Equity - Investments are expected to achieve an annualized level of equity total return exceeding the Standard & Poor's 500 Index. Performance should also surpass the median return of other equity indexes.

Cash - Cash equivalent reserves shall consist of interest bearing or discount instruments of the US Government or agencies thereof.

Spending Policy

This spending policy is in concert with the long-term Endowment management philosophy of the University, which is to preserve the permanent viability of the Endowment. The University supports vital scholarships and other programs from earnings of its Endowments. These programs are in concert with provisions established by donors of the Endowment. Spending from the Endowment must never jeopardize the viability of the Endowment. This policy is intended to provide a framework for accomplishing that goal.

Specific Provisions

In order to accommodate the budgeting process and the need to commit scholarships in the spring semester, for the following year, the Endowment return of any year will be allocated and budgeted for expenditures of the succeeding year. The actual distribution of funds will be made after the close of the fiscal year in which funds are earned.

Spending will be limited to 5% of the average market value of the Endowment over the preceding five fiscal years ended June 30 subject to the following limitation:

Any excess of total return over the spending allowance shall be added to Endowment principal, whether resulting from appreciation or current yield.

Amounts not spent by the individual operating accounts supported by the Endowment can be carried forward for budgetary use in the next fiscal year.

Individual operating accounts supported by allocations from the Endowment should be managed so as to spend less than the amount available, leaving some flexibility for years in which the total return results in reduced or relatively flat spending allowance.

Short-Term Investments

This policy applies to the investment of operational funds (Operating Fund) of the University. Investment of bond proceeds must also comply with all sections of this policy unless otherwise noted. This policy does not apply to the endowments held by the University and the Foundation.

The University's short-term funds will be invested in marketable, publicly traded, investment grade short-term fixed income instruments, notes and debentures denominated in U.S. dollars with an investment horizon of no more than two years. Examples of short-term funds include, but are not limited to, Operational Funds and Bond Proceeds.

Authorized Investments for Short-Term Funds

The University's short-term investment funds shall be appropriately diversified to control overall risk. The University is authorized to use any of the following investment instruments for short-term funds:

U.S. Government securities, U.S. Government Agency securities, and U.S. Government guaranteed securities.

U.S. Treasury and Agency bills and notes.

Investment grade corporate bonds (A or better).

Certificates of deposit (collateralized) at banks with which the University has a depository agreement.

Commercial paper with the credit ratings of A 1+ or A1 received from Standard & Poor's Ratings Group and P1 from Moody's Investors Service.

Money market funds rated AAA by Standard & Poor's Ratings Group.

Repurchase agreements collateralized by U.S. Government issues and U.S. Government Agency issues.

Bankers' acceptances.

Other similar short-term investment instruments of like or better quality.

Prohibited Investments for Short-Term Funds

Use of volatile (high risk) derivative securities is prohibited from purchase. The following investments and investment practices are prohibited. They include but are not limited to:

- Domestic or international equity securities (i.e. stocks).
- Commodities and futures contracts.
- Options.
- Speculative securities.
- Real Estate properties.
- Limited partnerships.
- Private placements.
- Fixed income mutual funds.
- Principal-only or Interest-only securities.
- Derivatives.
- Buy securities on margin.
- Sell securities short.
- Purchase or sell foreign exchange contracts.

Policy Review

This policy shall be reviewed on an annual basis to evaluate the performance and risk exposures in accordance with the University's primary investment objective. This policy is subject to change upon recommendations of the President, Vice- President for Finance & Administration and their designees and upon approval by the Board of Regents of New Mexico Highlands University.

