



**ACTION PLAN FOR ADDRESSING THE
AUXILIARY NEGATIVE FUND BALANCES
Effective Date: August 19, 2019**

Purpose:

During the recent economic downturn in New Mexico's economy and added concerns with our recent Higher Learning Commission (HLC) focus visit, New Mexico Highlands University has been addressing several financial issues, such as negative fund balance on NMHU Highlands Stable Isotopes over \$1.5M, long standing legal battle with former contractor of the student union building and now the growing negative fund balance in auxiliary. This growth in the deficits are directly correlated with the overrun on golf course, previous golf course restaurant, print shop, and child care operations. Therefore, NMHU's administration is addressing this final fiscal problem. This proposed final action plan by the administration is committed is to the following:

1. Directing the NMHU Administration to provide long-term financial stability of the auxiliaries' operation particularly the golf course.
2. No further increases the negative fund balance beyond fiscal year 2019 and ensuring auxiliary fiscal procedures are in place in order to not allow any operation to run in a deficit but instead to create surpluses.
3. Highlands University will commit at least \$500K from the fund balances plus any current year surpluses to reduce the negative fund balance until the negative fund balance has been eliminated.
4. Any modifications of this plan must be approved by the Board of Regents in open session.

Upon eliminating the deficit in the amount of over \$2.5M, any surplus will be reallocated to the university fund balances until the entire negative fund balances have been reimbursed.

Financial Reporting:

On a semi-annual basis, the Vice President for Finance and Administration or his/her designee will provide quarterly financial updates to the Executive Management Team and Board of Regents.

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