

California State University, San Bernardino
Santos Manuel Student Union
RESERVE ACCUMULATION POLICY

I. PURPOSE

The purpose of this policy is to provide criteria for the Santos Manuel Student Union (SMSU) Board of Directors, SMSU management and university staff to measure the adequacy of SMSU corporate reserves and to act as a guide in allocating corporate reserves for repairs, replacements, facility modifications, and other special projects.

The Santos Manuel Student Union shall maintain *local* reserves in the following categories:

- A. Working Capital
- B. Equipment Replacement (excluding Food Service Equipment)
- C. Special Projects
- D. OPEB Liability
- E. Central Local Reserves
- F. Maintenance- Minor Equipment and Repairs
- G. Program Reserves
- H. Scheduling, AV & Technology Reserves
- I. Catastrophic Reserves
- J. Construction Fund

SMSU reserves residing with the CSU include a Revenue fund, a Major Maintenance & Repair Fund and a Construction Fund. Furnishings and major repairs shall be replaced with funds from the Major Maintenance & Repair Fund or excess monies in the Revenue Fund. Capital Development for New Projects Reserves will be maintained in the Construction Fund. Catastrophic Events Reserves will be maintained in the Major Maintenance & Repair Fund.

II. LOCAL RESERVES

Local reserves are invested through approved financial avenues with the assistance of the university Accounting Office.

- A. Working Capital Reserves

The SMSU shall maintain working capital reserves. These reserves shall be used to provide working capital, produce interest income for operating expenses, and serve as a “program reserve” for non-program areas, i.e., administration, operations, maintenance. Working capital should equal an average two (2) months operating expenses.

- B. Equipment Replacement Reserves

Equipment Replacement Reserves shall be maintained to provide a method to spread costs for replacements and major repairs evenly across budget years and to reserve for anticipated future equipment replacement needs. Reserves shall be funded annually through an allocation from the operating budget based on average annual costs for projected repairs and replacement needs.

C. Special Projects Reserves

Any additional excess funds set in reserve to finance special projects as approved by the Board of Directors. Funds from this reserve may, upon board approval, be transferred to any local reserve fund.

D. OPEB Liability

Annual costs to fund and maintain appropriate balance levels supporting other post-secondary benefits for employees.

E. Central Local Reserves

Funds any unanticipated overage in SMSU centralized costs such as Utilities, Benefits, etc.

F. Maintenance- Equipment & Repair Reserves

Program reserves maintained by the SMSU Operations unit. Maintenance Equipment & Repair Reserve monies are set aside to fund minor repairs, equipment and maintenance projects.

G. Program Reserves

Each Student Union Program area, i.e., Program Board, Cross Cultural Center, Women's Resource Center, Adult Re-Entry Center, Queer and Transgender Resource Center, LatinX Center, Pan African Student Success Center, First People's Center, Asian Pacific Islander Center, Financial Literacy Center, Graduate Student Success Center, Game Room, Graphics, Intramural Sports, Sport Clubs, Adventures, the Leadership Challenge Center, Climbing Wall, Fitness and Wellness, Aquatics, Marketing, Special Events, and Palm Desert Campus may maintain a program reserve. This reserve shall be used for emergency operating expenses, to offset unexpected shortfalls in anticipated income, to purchase new equipment, as appropriate, and to fund programs. These reserves shall be funded from net budget savings, if any, from the corresponding program area.

H. Scheduling, AV and Technology Reserves

Funds, advancements in infrastructure and relayed equipment specific to Scheduling, AV and Technology.

I. Catastrophic Reserve

Insurance deductible amount, held in the event of a covered catastrophe.

J. Construction Fund

Used to fund major building improvements and start-up costs for proposed major capital and expansion projects.

III. RESERVES RESIDING WITH THE CSU

A. Revenue Fund

All mandatory student fees and revenue are placed in this fund. Monies are transferred out of this fund to cover annual bond payments, return to operations, repair and replacement reserves, construction funds and Chancellor's Office overhead expenses. Excess revenues remain in the fund unless transferred after receiving campus and board of directors' approval.

B. Interest and Redemption Fund

This fund was established to cover debt service requirements as outlined in the bond covenants throughout the life of the issued bonds and is retained in the State Treasury.

C Major Maintenance & Repair Fund

This fund was established to cover repairs and replacements.

D. Construction Fund

This fund was established to cover all major construction and renovation projects. In addition, an annual amount as determined by the SMSU Board of Directors will be identified as a line item in the Revenue Fund to establish reserves for a Student Union at the CSUSB Palm Desert Campus.

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