

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, economic uncertainty, catastrophic events, and future expansion.

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

- A. Capital Improvement/Constructions
- B. Equipment Acquisition/Replacement
- C. Outstanding Commitment
- D. Central Local Reserves
- E. Facilities Maintenance and Repairs
- F. Program Development
- G. Catastrophic Events
- H. Economic Uncertainty
- I. Future Debt Services

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 and Future Debt Services 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. Capital Improvement/Construction

The SMSU shall maintain working capital reserves used to fund major building improvements and start-up costs for proposed major capital and expansion projects. 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 of 25% of annual operating budget.

B. Equipment Acquisition/Replacement

Equipment/Acquisition 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. This reserve is not intended to cover the cost of equipment needed by tenants.

C. Outstanding Commitments

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

D. Central Local Reserves

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

E. Facilities Maintenance and Repairs

Maintenance Equipment & Repair Reserve monies are set aside to fund minor repairs, equipment and maintenance projects, AV equipment, technology, scheduling and event equipment Funds, advancements in infrastructure and related equipment specific to Scheduling, AV and Technology.

F. Program Development

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, E-sports, Bowling, Concierge Service Equipment, , Intramural Sports, Sport Clubs, Adventures, the Leadership Challenge Center, Climbing Wall, Fitness and Well-being, Aquatics, Marketing, Special Events, and Palm Desert Campus including Rancho Mirage Student Center and Rec Well Programs 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.

G. Catastrophic Events

Funds designated for insurance deductibles, reserved for use in the event of a covered catastrophe, including natural disasters or other catastrophic events, as well as applicable self-insured retentions and annual insurance premiums.

H. Economic Uncertainty

Used to ensure the operating costs can be paid during time of economic and budget uncertainty. Must be no less than five percent of the annual operating budget in each of the CSU funds for which the reserve is established and should accumulate over time, to three to six months of operating budget.

I. Future debt Service

Ensures adequate funding is available to meet upcoming debt obligations and to protect the SMSU's creditworthiness. In accordance with CSU fiscal policy and bond covenant requirements, this reserve supports long-term financial planning by setting aside funds equal to at least one year of scheduled debt service payments.

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. Designated for Future Debt Service

Used to designate funds for future debt service payments, typically in an amount equal to payment for one to two years based on debt services schedules. 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 renovation projects and future expansions. In addition, an annual amount as determined by the SMSU Executive Director will be identified as a line item in the Revenue Fund to establish reserves for the Student Union/ Recreation and Wellness Center and at the CSUSB Palm Desert Campus – Rancho Mirage Student Center.

Approved SUBOD 1/16/97
Revised SUBOD 1-17-02
Revised SMSU BOD 11-9-06
Revised SMSU BOD 11-8-07
Revised SMSU BOD 3-8-12
Revised SMSU BOD 3-13-14
Revised SMSU BOD 11-30-17
Revised SMSU BOD 11-29-18
Revised SMSU BOD 02-10-22
Revised SMSU BOD 03-26-25