

USU Reserve Policy

PURPOSE

The purpose of this policy is to delegate authority, responsibility, and guidelines related to financial reserves held by the University Student Union (USU) of California State University Stanislaus.

POLICY

The University Student Union holds the following funds:

1. General Fund
2. Contingencies for Current Operations
3. Catastrophic Events Fund
4. Capital Fund
5. Deferred Health Post Retirement Liability Fund

These funds are to be used in accordance with the guidelines outlined below.

This policy was voted on and approved by the:
USU Board of Directors on 02-06-2014

The following signature by the USU Chair verify the approval of the USU Board of Directors:

Erika Santos
USU Chair

Erika J Santos
Signature

2.06.14
Date

** This policy may be amended by a two-thirds vote of the USU Board of Directors.*

PROCEDURE

1.0 Source of Funding(s)

- 1.1 Daily Operations
- 1.2 Savings and other Investments
- 1.3 Student Fees

2.0 Primary Funds

2.1 General Fund

- 2.1.1 Represents expendable funds available for University Student Union operations and other purposes.
- 2.1.2 All mandatory student fees and revenue fund interest are placed in the LAIF account. Monies are transferred out of these funds into our checking account to cover annual bond payments, cost of operations, and Chancellor's Office overhead expenses. Excess revenue shall be moved to other reserve funds with the guidance of this policy and the approval of the USU Board of Directors.
- 2.1.3 Shall maintain a minimum balance sufficient to cover monthly expenses.

2.2 Contingencies for Current Operations

- 2.2.1 Reserve to ensure the daily operations of the USU and continued services for students for approximately four (4) months in the event of unanticipated fiscal crises.
 - 2.2.1.1 Decline in student body enrollment, loss of investments, loss of revenue, lawsuit, etc.
- 2.2.2 Shall maintain a minimum balance of \$500,000 at fiscal yearend (contingent to the exceptions noted in section 4.1).

2.3 Catastrophic Events Fund

- 2.3.1 Reserve against critical operating circumstances. Funds are used to cover uninsured losses or deductibles.
- 2.3.2 Shall maintain a minimum balance of \$200,000 at fiscal yearend (contingent to the exceptions noted in section 4.1).

2.4 Capital Fund

- 2.4.1 Reserve for repair and replacement of facility related items as well as minor construction and renovation projects. May also be used for purchases such as furniture and equipment.
- 2.4.2 Shall maintain a minimum balance of \$500,000 at fiscal yearend (contingent to the exceptions noted in section 4.1).

2.5 Deferred Liability / Health Post-Retirement Liability Fund

- 2.5.1 Reserve to fund deferred liability for post-retirement health benefits for retired employees of the University Student Union.
- 2.5.2 This category shall be held separately from other categories in a trust account.

2.5.3 Shall maintain a minimum balance of \$200,000 at fiscal yearend.

3.0 Secondary Funds

Note: All reserve funds are held in one of two interest bearing savings accounts (see section 3.2.2. below). These funds are to be used in accordance with the limitations specified in sections 2.0, 3.0 and 5.0. Excess reserves that are not already dedicated to the other reserve funds will be monitored by the USU Board of Directors, and may be invested in ways specified in the USU Investment Policy or spent as needed.

3.1 Investment Fund

- 3.1.1 Non-liquid. Potential investments include Certificate of Deposits, Treasury Bonds, and other time-deposits that generate income for the organization.
- 3.1.2 The USU Board of Directors must be aware of the risk of having too little cash on hand. Although adequate reserve balances are outlined in this policy, the USU Board of Directors must take care not to allot too much of its cash on hand to non-liquid, time-deposit investments.
- 3.1.3 All investments made in the name of the USU must strictly adhere to the guidelines of the USU Investment Policy.

3.2 Savings Fund

- 3.2.1 Highly liquid. These monies shall be held in interest bearing savings accounts, and shall only be spent in the event of a successful majority vote by the USU Board of Directors.
- 3.2.2 Current Savings Accounts: stateside fund monitored by Business and Finance, held at Wells Fargo; LAIF fund administered by the California State Treasurer.

4.0 End of Year Review

4.1 Surplus Income

- 4.1.1 At the end of each fiscal year it is the responsibility of the USU Board of Directors to allocate all cash surpluses into one or several of the aforementioned reserve funds. The USU Board of Directors shall determine the amount to be allocated to the specified fund(s) based on the following criteria.
 - 4.1.1.1 Minimum balances are not met:
 - 4.1.1.1.1 If one or more of the reserve funds fall below the balances outlined above, the USU Board of Directors shall allocate enough of the cash surplus to ensure each fund maintains its minimum required balance.
 - 4.1.1.1.2 If one or more of the reserve funds fall below the balances outlined above, and the cash surpluses are not enough to ensure each fund maintains its minimum required balance, the USU Board of Directors shall use discretion to allocate the cash surplus among each fund,

giving priority to the funds it sees as most important, with the intent of meeting each minimum balance.

4.1.1.2 Minimum balances are met:

4.1.1.2.1 If all reserve funds meet the minimum balances outlined above, the USU Board of Directors shall determine if any reserve fund minimum balances need to be increased.

4.1.1.2.2 If all reserve funds meet the minimum balances outlined above, the USU Board of Directors shall determine if any programs need to be expanded.

4.1.2 The USU Board of Directors shall review surpluses at the first meeting following the end of each fiscal year, or as soon as the necessary financial reports become available.

4.2 Annual Review of Policy

4.2.1 During the current year's budgeting process, the USU Board of Directors shall review the minimum dollar amounts of each fund category required by this policy. If events arise throughout the year that require these dollar amounts be changed, it is the USU Board of Directors' duty to see that changes be made by amending this policy.

5.0 Limitations

5.1 Reserve funds shall be identified and defined in section 2.0. The USU Board of Directors shall use monies from these funds strictly in accordance with the uses outlined in section 2.0.

5.1.1 Primary Funds – These funds are here to ensure the USU will continue operations through any unforeseen circumstances and to take on any non-budgeted expenses that may arise throughout each fiscal year. For these funds there shall be a minimum required balance that the USU Board of Directors shall recognize as the ideal amount to be maintained. If any balance falls below its required minimum, it is the USU Board of Directors' duty to attain that minimum by budgeting for it in the future.

5.1.2 Secondary Funds – These funds are to be considered the leftover funds, or the surplus of the primary funds. Money should not be allocated to the secondary funds unless all minimum balances are met in the primary funds category.

6.0 With the exception of the Investment Fund, all reserve fund monies shall be held in the interest bearing savings accounts designated by Business and Finance (see 3.2.2.).

7.0 These limitations shall be imposed on all funds up to their minimum balances. Any monies exceeding a fund's minimum balance may be used and/or transferred at the USU Board of Directors' discretion.

8.0 Use and/or transfer of reserve funds require a successful majority vote by the USU Board of Directors.