

Section: **Policy Statement - Fiscal**

Subject: **Reserve Policy, Fund Designation and Procedure for Expenditure**

Purpose: The Associated Students Reserve Policy and Fund Designation provides guidelines for basis of the annual review of the A. S. fiscal viability, and to provide the Board of Directors and Executive Director sufficient funds to address contingencies, emergencies and budgetary impact and at the same time to have adequate working capital to maintain programs, services, facilities, finance non-routine replacement, meet the needs of future growth, and other priorities that the A. S. Board may have that falls within the Mission of the Associated Students.

New/Revised: September 17, 2019

Board Adoption Date: December 11, 2000

I. Fund Designation

Appropriations to Reserves - Excess revenues will be allocated annually to the following reserve areas unless specifically exempted by A. S. Board. Operating Reserve, Capital Purchase Reserve, and Special Projects & Facilities Reserve.

Background - The establishment of adequate reserve policies for CSU auxiliaries is required to meet the California State University financial standards established by the Education Code, Section 89904(b). Section 89904(b) states that auxiliaries shall implement financial standards by the establishment of reserve funds for current operation, capital replacement, and new ventures so as to assure fiscal viability.

Operating Reserve is the “savings account” of the Associated Students used to address contingencies, emergencies, budgetary impacts such as an unanticipated shortfall in projected enrollment, and other non-routine expenditures.

Sources of Funds for Operating Reserve - 80% of the current year excess revenue will be placed annually in the operating reserve.

Capital Purchases Reserve. This reserve is established to replace capital inventory as needed. It may also be used to make new acquisitions when deemed appropriate.

Source of Funds for Capital Purchases Reserve - 10% of the current year excess revenue will be placed annually in the capital purchase reserve.

Special Projects & Facilities Reserve. This reserve shall be used for the maintenance and improvement of existing facilities or the construction of new facilities.

Source of Funds for Special Project and Facilities Reserve - 10% of the prior year's fund balance will be placed annually in the special projects and facilities reserve.

The minimum amount which should be retained for on-campus reserves combined is 30% of the current year expenditures.

II. Procedure for the Expenditure of A.S. Reserves

Requests for funds shall be made in writing and shall at a minimum include the following information:

1. Program requesting funds;
2. Complete description of projected item(s) to be purchased;
3. Justification for Associated Students funding (how will students benefit from this expenditure); and
4. Other sources of funding explored and outcome of inquiry.

Each request must be provided to the Administrative Vice President so that the request may be introduced at the next meeting of the Board of Finance.

At the following meeting of the Board of Finance, the request will be considered under old business. A simple majority of committee members may approve the proposal for recommendation to the A.S. Board of Directors.

The Board of Finance shall review all requests for expenditures.

A majority vote of the A.S Board shall be required for approval of all allocations of Associated Students funds.

Allocations from any of the reserves also require the approval of the University President (or designee).

The Associated Students of Humboldt State University also seeks to invest reserve funds and any excess funds with the objective of 100% preservation of capital at as high a yield as possible.

Should an emergency arise or an unscheduled need to make a routine maintenance repair exist, standard expenditure procedures shall be waived and the Executive Director shall be authorized to commit up to \$5,000 from the appropriate reserve. Should an emergency exist and a sum greater than \$5,000 be required, the consent from either the A.S. President, or A.S. Administrative Vice President shall suffice. Should the Executive Director be unable to obtain the required consent, they may commit the required amount of funds to resolve the problem. In all cases, the A.S. Board shall be notified of the expenditure as soon as possible but not later than their next regularly scheduled meeting.

Approved by the A.S. Board of Finance Sept. 17, 2019