

TRUST FUND MANAGEMENT

PURPOSE

The term “trust funds” as used in public higher education refers to non- state appropriated funds held by the university. The statutory authority for trust funds is found in Massachusetts General Laws Chapter 15A, Section 9 (N) and 22 (E), Chapter 73 Section 14 and Chapter 75 Section 11. This policy sets forth trust fund guidelines, fees associated with trust funds, types of funds held in university trust, the manner for approving fees and funds, and financial institutions where trust funds are held.

POLICY

General Guidelines:

- A. The Board of Trustees has the responsibility for all university trust funds.
- B. The Board of Trustees, or designee as detailed below, approves relevant fees that support trust funds.
- C. The Board of Trustees, or designee as detailed below, approves the establishment of a trust fund or modification of an existing trust fund.
- D. The Board of Trustees approves all bank accounts holding university trust funds.
- E. The Board of Higher Education’s *Standards for the Expenditure of Trust Funds* provides minimum standards for the administration of university trust funds, but the Board of Trustees may develop more restrictive institutional guidelines and standards.
- F. Trust funds are not permitted to deficit spend and funds may only be moved out of trust funds as detailed below.
- G. All expenditures of trust funds will adhere to all state regulations and all university policies and procedures.
- H. The Board of Trustees authorizes trust fund expenditures as follows:
 - 1.) The President may spend up to \$500,000 for any single item and/or contract that is part of the annual budget. Any item and/or project in excess of \$500,000 must have the approval of the Board of Trustees.

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- 2.) The Vice President of Administration and Finance may spend up to \$250,000 for any single item and/or contract that is part of the annual budget.
- 3.) Other Vice Presidents and employees that have been delegated Department Head Signature Authorization (DHSA) may spend up to \$25,000 for any single item and/or contract that is part of the annual budget.
- 4.) The following are exceptions to the aforementioned limitations for the President and Vice President of Administration and Finance: Dining Services expenditures, utilities, and the biweekly Payroll Expenditure Approval Form.
 - I. All trust fund activities are subject to regular audit and inspection by the Office of the State Auditor and the Board of Higher Education.
 - J. The President or the Board of Trustees may also request separate audits of the trust funds or of a particular trust fund.

Types of Fees and Approval Authority:

Mandatory Student Fees - required fees charged to students enrolled in credit coursework. This type of fee applies to a large proportion of students, with few exceptions. Examples include: general fee, technology fee, capital improvement fee, student activity fees, and DGCE's tuition, educational service fee, and registration fee. The Board of Trustees approves mandatory student fees at the annual June meeting.

Auxiliary Operations Charges – charges for auxiliary operations funded by student fees or auxiliary revenues. Auxiliary operations are managed as self-supporting activities though the fees they charge their customers for goods or services rendered. Examples include: room, board, fitness center. The Board of Trustees approves the establishment of major auxiliary operations charges at the annual June meeting.

Non-Mandatory Fees – optional or one-time fees charged to students for a specific purpose or special program/course offering. This fee is not required of the majority of students each year. Examples of non-mandatory fees include: non-credit courses, summer programs, testing fees, equipment fees, laboratory fees, transcript fee, late registration fee, late payment fees, parking fee. The President approves non-mandatory fees. A schedule of all non-mandatory fees will be provided to the Board of Trustees at the annual June meeting.

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Types of Trust Funds and Approval Authority

General Trust Fund – Accounts within this trust fund are allocated across University departments and are used to account for the general operations of the

University. The Board of Trustees approves the general trust fund and its annual budget. Funds may be transferred between accounts within the general trust fund following university policy. Funds may be transferred from the general trust fund to the capital project fund or other trust funds with approval of the Vice President of Administration and Finance. The President will be notified of all fund transfers on a quarterly basis.

Capital Project Fund – Accounts within this trust fund are used to account for expenses related to facilities renewal and replacement, deferred maintenance, and capital asset acquisition.

Once the Board of Trustees has voted and approved the total annual budget, including capital projects, this will act as the formal project approval to move forward on all projects within the approved total budget. The only signature authority required for individual project documents (e.g., contracts, award documents, requisitions, invoices) will be the Executive Director of Facilities and Capital Planning and the Vice President of Administration and Finance, regardless of the total amount per project.

Due to the uncertainty of estimating construction costs, individual capital budget project costs may vary from the initial estimate. The Executive Director of Facilities and Capital Planning, in consultation with the Vice President of Administration and Finance, may reallocate funds from one capital project to another but will not exceed the total approved capital budget. However, if the bid comes in 10% over the original amount approved by the Board of Trustees, the project will go back to the Board of Trustees for explanation and approval.

For new or emergency projects that do not fall within the annual approved budget, the President is the designated authority to establish accounts within the capital projects trust fund under \$500,000. Any project over \$500,000, which is not part of the annual budget or an emergency, requires Board of Trustees approval. Funds may be transferred between accounts within the capital project fund following university policy.

Other Trust Funds – Other trust funds receive direct revenue to cover expenses within the fund. Each is considered its own trust fund. These funds are used to

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track activities not otherwise classified. The Board of Trustees establishes other trust funds. Revenue may not be transferred between or out of other trust funds, unless approved by the President and the Vice President of Administration and Finance.

Auxiliary Operation Funds - An auxiliary operation is an entity that exists to furnish goods or services primarily to benefit students, faculty or staff, and that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Auxiliary activities support the educational endeavor of the University and enhance its functioning. The Board of Trustees establishes these trust funds. Funds from auxiliary operations may not be transferred unless approved by the Vice President of Administration and Finance.

Grants and Contracts – These trust funds are used to account for the proceeds of federal, state, and/or private funds that are restricted or committed to expenditures for specified purposes. The President is designated authority to establish these trust funds as grant and contract funding is awarded. Grants and contract funds must be used in accordance with the submitted budget. A listing of all grants and contracts will be provided to the Board of Trustees at the annual June meeting.

Agency Funds – Agency trust funds are used to account for resources held and administered by the University in a purely custodial capacity for private organizations or individuals, such as honor society and health insurance accounts. The President is designated authority to establish these trust funds as necessary.

Funds in agency trust funds may not be transferred. A listing of all agency funds will be provided to the Board of Trustees at the annual June meeting.

Bank Accounts

University trust funds are held in the accounts on page 5. Any changes to this list must have the approval of the Board of Trustees.

REVIEW

This policy shall be reviewed annually by the Vice President for Administration and Finance.

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Institution	Account Number	Account Inception	Purpose	Description
<u>Investments</u>				
United Bank Glastonbury, CT	XXX246468	2016	Investment	Certificate of Deposit
Westfield Bank Westfield, MA	XXX31431	2016	Reserve	Government Banking Money Market Account
Westfield Bank Westfield, MA	XXX31449	2016	Reserve	Government Banking Money Market Account
Schwab Investments (Eaton Vance) Boston, MA	XXXX-X182	2019	Investment	Market Investment Account
<u>Operating</u>				
Berkshire Bank- Federal Fund Pittsfield, MA	XXX5658	2007	Operating	MA Municipal NOW Checking Account
People's United Bank Springfield, MA	XXXXXX4501	2017	Payroll- Dynacash	Municipal Checking- Commonwealth of Massachusetts
Berkshire Bank Pittsfield, MA	XXX219	2012	Forfeiture- public safety	Business Checking
Berkshire Bank Pittsfield, MA	XXX26453	2008	OCA	Business Checking- Zero balance account to parent XXX5658
Berkshire Bank Pittsfield, MA	XXX5674	2007	State Fund	Corporate Checking TRE sweeps money from this account
US Bank	Various	2008	Debt Service Reserve MAHEFA bond pool activity	Debt Service