



CSURMA**POLICY AND PROCEDURE NO. 11**

ADOPTED: March 26, 2009**AMENDED:** April 25, 2018**EFFECTIVE:** July 1, 2009**SUBJECT:** CSURMA OPERATING BUDGET DEVELOPMENT AND ADOPTION

POLICY:

CSURMA's fiscal period begins on July 1 each year and ends on June 30 of the following year. Upon the Executive Committee's recommendation, an annual operating budget is to be approved and adopted by the Board of Directors at its meeting preceding the beginning of the new budget period.

The operating budget for the Auxiliary Organizations coverage programs are developed separately by the AORMA Committee. The AORMA Committee shall develop its operating budget, and recommend to the Executive Committee its inclusion in the CSURMA Operating Budget for adoption by the Board of Directors.

PROCEDURE:

The Chancellor's Office and the Program Administrators shall work together to develop a draft operating budget for the Executive Committee to review and recommend adoption by the Board of Directors with any changes it deems necessary.

The operating budget shall be composed of a General Fund for General and Administrative Expenses (indirect expenses) and separate Program Funds for direct program expenses. The General Fund shall include an estimate for Non-Operating Revenues such as Investment Income, Loan Interest and Miscellaneous Fee Revenue.

Operating Revenues shall include Members' Contributions and Reinsurance Premiums. Operating Expenses and Non-Operating Revenues are allocable to each Program Fund as applicable, and shall be distributed in the following general manner:

General and Administrative Expenses shall be allocated to each Program Fund in proportion that each Program Fund Contribution bears to the Total Contribution for the fiscal period as of the start of the fiscal period; i.e., as of July 1. The proportionate share shall be fixed (locked-in) as of the beginning of the fiscal period for the duration of the fiscal period.

Non-Operating Revenues shall be distributed to each Program Fund that generate opportunities for investment income based on each fund's average monthly balance for Cash and Investments during the fiscal period. For budget development purposes, estimated Non-Operating Revenues



for each applicable fund shall be based on the each fund's average monthly cash balance of the preceding twelve months at the time the budget is developed.

Direct Program Expenses shall be allocated to each Program Fund as specified for the coverage as applicable (e.g., claims, claim administration, program administration, brokerage, insurance, actuarial, reinsurance, program committee, dividends, etc.). Other Direct Program Expenses shall be allocated to each Program Fund in the proportion directed by the respective Program Committee, which shall generally reflect estimated utilization by/for the applicable coverage.