

## I. NAME

This document shall be called the Reserve Policy.

## II. PURPOSE

The purpose of this policy is to delegate authority and responsibility and to provide guidelines related to the reserves held by the University Student Union.

## III. DATE OF EFFECTIVENESS

This policy shall be effective upon approval by a 2/3 vote of the Student Union Board of Directors (BOD).

## IV. AMENDMENTS

This policy may be amended by a 2/3 majority vote of the Student Union Board of Directors (BOD).

## V. PURPOSE

The purpose of this policy is to provide criteria for the University Student Union Board of Directors and Student Union management to measure the adequacy of the Student Union reserves.

## VI. GENERAL GUIDELINES

The Student Union shall maintain local reserve in the following category:

A. General Fund

The Student Union also has reserves held at the Chancellor's Office. These include:

A. Revenue Fund

B. Interest and Redemption Fund

C. Repair and Replacement Fund

D. Construction Fund

## VII. LIMITATIONS

The Student Union may accrue local reserves, administered through Auxiliary and Business Services, as long as the reserve balance does not exceed 35% of the previous year's expenditures. Any excess local reserves must be used to support the operating budget. Additional funds needed to meet operation costs will be requested from the Chancellor's Office

## VIII. LOCAL RESERVES

Local reserves are invested in interest bearing accounts administered through

A. *General Fund*

This fund represents the portion of expendable funds available for Student Union Operations.

IX. RESERVES HELD AT THE CHANCELLOR'S OFFICE

A. *Revenue Fund*

All mandatory student fees and revenue fund interest are placed in the revenue fund. Monies are transferred out of this fund to cover annual bond payments, return to operations, repair and replacement reserves, and Chancellor's office overhead expenses. Excess revenue remains in the revenue fund in the State Treasury.

B. *Interest and Redemption Fund*

The 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 at 125% of debt service.

C. *Repair and Replacement Fund*

Fund was established to maintain a reserve for large expenditures for facility related items. The minimum amount transferred to the Fund each year is computed at .5% of the total construction project cost or \$16,404. Funds must be transferred annually until 10% of the current debt service or \$328,080 has accumulated.

D. *Construction Fund*

The fund was established to cover all major construction and renovation projects. Monies may be allocated from the revenue fund to the construction fund as needed.