DRAC Reserve Policy

Objectives of DRAC Reserve Policy

- Provide ease of transition – new students, new financial manager/department chair, new department manager
- Protect constituents from potentially negative audit findings
- Demonstrate proactive management of DRAC fund balances
- Increase transparency internally and externally with specific reserve purposes
- Provide ease of use – easy to track
- Make policy compliance easy
- Promote a targeted and strategic approach

DRAC Reserve Guidelines

Departmental Reserve:
- All DRAC departments will be limited to holding a maximum of 10% of S&A revenue allocation as a year-end balance. This amount would serve as a departmental reserve to guard against unexpected cost and revenue fluctuations.
- Any ending balance more than 10% of S&A revenue allocation will be swept into the DRAC central reserve at the end of each fiscal year.

DRAC Central Reserve:
- DRAC central reserve will have three separate funds with distinct purposes:
  1) Earmarked Reserve
  2) Equipment Reserve
  3) Support Reserve

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<tr>
<th>Reserve Type</th>
<th>Reserve Amount</th>
<th>Comment</th>
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| Earmarked Reserve  | Total of approved earmarked items | - Each department provides a list of needed reserve annually for the DRAC committee review and approval  
                       |                                 | - Earmarked items should be large planned expenditures  
                       |                                 | - When ready to use earmarked funds, contact the Academic Budget Office  |
| Equipment Reserve  | Total cost of equipment replacement by department | - All departments provide inventory of DRAC related equipment and a list of equipment replacement schedule  
                       |                                 | - The DRAC committee and the Academic Budget Office will review the reserved funds annually  
                       |                                 | - When ready to use earmarked funds, contact the Academic Budget Office  |
| Support Reserve    | $10,000                         | - Used for unexpected DRAC expenditures, emergencies, and unanticipated opportunities that occur in the course of the year  
                       |                                 | - DRAC committee approval needed for any support funding request  
                       |                                 | - Disbursement will take at the end of the fiscal year  |

Adjustment for S&A Request:
The S&A request for the following year will be increased or decreased to reflect the needs for that year, depending on the amount of available balance after both the central and departmental reserves have been fully funded

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