

## STANDARD ADMINISTRATIVE PROCEDURE

### 23.02.02.M0.01 Reserve Requirements

*Approved April 24, 2006*

*Revised May 8, 2020*

*Next scheduled review: May 8, 2025*

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#### SAP Statement

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Texas A&M University recognizes the operational benefits of standardizing requirements for fiscal account reserves. The following provisions govern requirements for account reserves for auxiliary departments and service departments. Reserve requirements are to be maintained on an on-going basis throughout the fiscal year.

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#### Official Procedure

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##### 1. DEBT SERVICE RESERVE REQUIREMENTS

Each University department that utilizes the Revenue Financing System (RFS) is required to maintain 115% of the succeeding year's annual debt service payment as funds not allocated or budgeted for any other purpose.

##### 2. OPERATING RESERVE REQUIREMENTS

All University auxiliary departments (departments with 3XXXXX accounts) and service departments (departments with 27XXXX accounts) are required to maintain a three month operating reserve. Service Centers as defined by OMB A-21 are exempted from the requirement to maintain a three month operating reserve.

##### 3. EXCEPTIONS

Any exception to this procedure requires written authorization from the President. The President may delegate this authorization to the Executive Vice President for Finance and Operations and Chief Financial Officer.

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#### Contact Office

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