

(1) OPERATING RESERVES

Effective fiscal year 2015-16, a minimum balance shall be established at the beginning of each budget year equal to 1% of the current year operating budget, approved by the Board of Directors and excluding State or Federal Grant Funds. The Operating Reserve percentage shall increase to 2% for fiscal year 2016-17 and to 3% thereafter. At the end of each budget year, the amount remaining in excess of the 3% in Operating Reserves shall be transferred to Investment Reserves until the desired amount of Investment Reserves has been reached.

The Operating Reserve is established for the purpose of ensuring continuing operations without encumbering Investment Reserves, except in the event of significant revenue shortfalls or unexpected expenses.

Operating Reserves shall be deposited in federally insured deposit, savings, or money market accounts.

(2) INVESTMENT RESERVES

This Investment Reserve account is established to provide liquidity for the association in the event extraordinary expenses beyond the approved budget occur or in the event of a revenue shortfall.

The FSBA Executive Director shall be authorized to utilize the Investment Reserves with notification to the Executive Officers.

Investment Reserves shall be deposited in federally insured deposits, savings or money market accounts, federally insured Certificates of Deposits, U.S. Treasury Bills or other U.S. government securities. Irrespective of the investment accounts selected, no Investment Reserves shall be invested in any security with a maturity exceeding one calendar year.

(1) OPERATING RESERVES

Effective fiscal year 2015-16, a minimum balance an operating reserve shall be established at the beginning of each budget year equal to 1% of the current year operating budget, budgeted revenue, approved by the Board of Directors and excluding State and/or Federal grant funds and other non-recurring revenue. The amount necessary to fund the operating reserve shall be included in the current year operating budget as an expense line item. The Operating Reserve percentage shall increase to 2% for fiscal year 2016-17 and to 3% thereafter. At the end of each budget year, the amount remaining in the operating reserve shall be transferred to Investment Reserve, until the Investment Reserve, as defined below, has been reached. Once the Investment Reserve goal has been met the amount necessary to maintain the operating reserve shall be included in the annual budget. in excess of the 3% in Operating Reserves shall be transferred to Investment Reserves until the desired amount of Investment Reserves has been reached.

The Operating Reserve is established for the purpose of ensuring continuing operations without encumbering Investment Reserves, except in the event of significant revenue shortfalls or unexpected expenses.

Operating Reserves shall be deposited in federally insured deposit, savings, or money market accounts.

(2) INVESTMENT RESERVES

It shall be the Association's goal to reach a minimum investment reserve balance equal to 25% of the average annual operating expenses, excluding State and/or Federal grant funds and other non-recurring expenses. The annual operating expense average shall be calculated using the three calendar years immediately preceding the current budget year.

This Investment Reserve account is established to provide liquidity for the association in the event extraordinary expenses beyond the approved budget occur or in the event of a revenue shortfall.

The FSBA Executive Director shall be authorized to utilize the Investment Reserves after approval of ~~with notification to~~ the Executive Officers.

Investment Reserves shall be deposited in federally insured deposits, savings or money market accounts, federally insured Certificates of Deposits, U.S. Treasury Bills or other U.S. government securities. Irrespective of the investment accounts selected, no Investment Reserves shall be invested in any security with a maturity exceeding one calendar year.

Adopted 6/15