

 <p>TUCSON UNIFIED SCHOOL DISTRICT</p> <p>GOVERNING BOARD POLICY</p>	<p>POLICY TITLE:</p> <p>CONTINGENCY RESERVE REQUIREMENT</p>
	<p>POLICY CODE: DAA</p>

Purpose	The Governing Board recognizes that public school funding is largely dependent on conditions outside the control of the Governing Board, and a positive and sustainable financial condition for the District requires a balanced budget that includes planning for a reasonable financial reserve for contingencies.
Contingency Reserve Requirement	At a minimum, the adopted budget for the coming fiscal year shall ensure that the District appropriates, as a separate budget line item in the Maintenance and Operations Budget, a Contingency Reserve in an amount no less than one percent (1%) of the total amount budgeted for regular Maintenance and Operations and Capital listed on Exhibit DAA-E1 for the relevant fiscal year.
Governing Board Approval of Expenditures	Expenditures from the Contingency Reserve created pursuant to this policy shall not be expended absent Governing Board approval unless: <ul style="list-style-type: none"> (a) Any single expenditure from the Contingency Reserve is less than \$100,000; and (b) The total amount of expenditures from the Contingency Reserve within the fiscal year totals less than half the amount of the appropriated Contingency Reserve for that fiscal year
Restoration of Contingency Reserve Fund	Any monies expended from Contingency Reserve shall be restored in the immediately succeeding fiscal year's budget to the full percentage of the succeeding year's regular Maintenance and Operations and Capital budget as listed on Exhibit DAA-E1.
Budget Development Process	Compliance with and level of the Contingency Reserve established by this policy shall be examined no later than every February as part of the budget development process to determine if modifications are prudent in view of uncertainties in current and future revenues and expenses, but shall never fall below 1%. Any new Contingency Reserve level established by the Governing Board during the budget review process shall be listed on Exhibit DAA-E1. If the Governing

Board does not vote to establish a new Contingency Reserve for the succeeding fiscal year(s), the most recent Contingency Reserve approved by the Governing Board as listed on Exhibit DAA-E1 shall be used.

Adopted: March 12, 2019
Revised: _____

[DAA-E1 – Required Contingency Reserve Limit](#)
[DBC – Budget Planning, Preparation and Schedules](#)
[DIF—Audits/Financial Monitoring](#)

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