

TUCSON UNIFIED SCHOOL DISTRICT GOVERNING BOARD POLICY	POLICY TITLE: CONTINGENCY RESERVE REQUIREMENT
	POLICY CODE: DAA

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%) equal to at least the percentage~~ of the total amount budgeted for regular Maintenance and Operations and Capital listed ~~in~~ 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:
 — (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 ~~originally~~ appropriated Contingency Reserve for that fiscal year ~~(1.0 percent)~~.

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 ~~1.0~~ percentage of the ~~succeeding~~ year's regular Maintenance and Operations and Capital budget ~~as listed under~~ 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 year 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

Commented [LM1]: 2/9/21 meeting: Highlighted edits requested by Governing Board to set baseline minimum contingency at "no less than 1%" which may be set higher during the annual budget development process.

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| 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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