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 equal to at least 0.6 percent of the total amount budgeted for regular Maintenance and Operations and Capital.

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 (0.6 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 0.6 percent of the succeeding year’s regular Maintenance and Operations and Capital budget.

Budget Development Process
Compliance with and level of the Contingency Reserve established by this policy shall be examined every 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.

Adopted: ____________________

DBC – Budget Planning, Preparation and Schedules
DIF—Audits/Financial Monitoring

DAA – Contingency Reserve Requirement -- __________