

 <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 equal to at least the percentage of the total amount budgeted for regular Maintenance and Operations and Capital listed in 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 (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 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. 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

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