

ADMINISTRATIVE POLICIES OF THE MILWAUKEE PUBLIC SCHOOLS

ADMINISTRATIVE POLICY 3.03 OPERATING RESERVE

(1) CONTINGENT FUND

The Contingent Fund shall be established by the Board and the amount reviewed and approved annually with the adoption of the budget. The following guidelines shall govern transfers from this fund.

(a) Transfers from this fund should be limited to the following types:

1. costs that could not have been reasonably anticipated and/or take advantage of opportunities;
2. expenditures appropriate for a one-time funding source;
3. expenditures made necessary as a result of an emergency situation.

(b) Further, all transfers from this fund should be identified in the fiscal impact statement as discretionary or obligatory.

(c) A recorded affirmative vote of two-thirds of board members present shall be necessary for the earmarking of an amount in, or the use of money in, the Contingent Fund.

(2) UNASSIGNED FUND BALANCE

(a) Use of the unassigned fund balance shall require a two-thirds majority vote of the Board and shall not impair interim financing (cash-flow borrowing) arrangements. Fund balance is a critical factor in the district's financial planning and budget process. The Board will strive to maintain a fiscally responsible fund balance.

(b) A sufficient fund balance shall be maintained in order to:

- avoid excessive borrowing;
- accumulate sufficient assets to make designated purchases or cover unforeseen expenditure needs; and
- demonstrate financial stability and therefore preserve or enhance the district's bond rating, thereby lowering debt-issuance costs.

History: Adopted 5-25-82; reaffirmed 1-25-95; revised 10-18-95, 5-30-02, 08-25-16

Previous Coding: Admin. Policy DBJA, prior to May 1995; Admin. Policy 4.03, May 1995-August 1996

Cross Ref.: Bd. Gov. Policy BG 4.05 Budgeting/Forecasting

— ◇ —