



Book School Board Policies
Section Ch. 2. General Administration
Title Fund Balance for Contingency
Code 2.55
Status Active
Adopted February 17, 1999
Prior Revised Dates 4/10/96; 2/17/99

I. Establishment of Fund Balance.

- A. To enhance the financial integrity of the District, adequate funds for contingency reserves must be maintained in order to meet unexpected and emergency needs for funds. It is critical for any organization to have the ability to provide for unanticipated financial needs and to avoid a budget deficit.
- B. The Board shall build the Fund Balance within the General Fund to a level that is equal to three percent (3%) of the total annual operating fund appropriations and transfers from the Operating Fund. This Fund Balance reserve for contingency shall be controlled solely by the Board.
- C. The District will build a fund balance of one-half percent (.5%) of the current year's operating budget effective FY 97 and beyond as indicated in IIB. Any shortfall in an individual year prior to FY 2002 (resulting from authorized contingency fund disbursements) shall be recaptured in the subsequent fiscal year. Policy will be reviewed at that time, or when a balance of three percent (3%) of the annual budget is achieved and/or maintained.

II. Calculation of Fund Balance

- A. Budget Services Department will monitor the adequacy of the reserve for contingency balance and calculate the increase each year.
- B. The *total reserve for Contingency* will be calculated *on an annual basis* as follows:
 - 1. FY 1997 - the Operating Budget multiplied by one-half percent (0.5 %)
 - 2. FY 1998 - the Operating Budget multiplied by one percent (1.0%)
 - 3. FY 1999 - the Operating Budget multiplied by one and one-half percent (1.5%)
 - 4. FY 2000 - the Operating Budget multiplied by two percent (2%)
 - 5. FY 2001 - the Operating Budget multiplied by two and one-half percent (2.5%)
 - 6. FY 2002 - the Operating Budget multiplied by three percent (3.0%)

III. Utilization of Fund Balance

- A. Supporting documentation shall be provided by the requesting area and be reviewed by the Chief Financial Officer to determine the justification and validity of the request to utilize this reserve.
- B. The Chief Financial Officer will verify the availability of funding and validate that there is no better option but to use the reserves for contingency.
- C. The Superintendent in conjunction with supporting documentation will bring a recommendation, and if applicable, a "Request for Disbursement of Contingency Reserves" agenda item to the Board with the proper documentation and justification of needed funds.
- D. The Board, by an extraordinary majority, (majority plus one) will approve or deny disbursement of funds from the reserve for contingency.

STATUTORY AUTHORITY: § 1001.42, 1001.43(2), 1011.05 Fla. Stat.

LAWS IMPLEMENTED: § 1001.42 (12)(b); ,1011.05 , Fla. Stat.

FLORIDA ADMINISTRATIVE CODE IMPLEMENTED: 6A-1.004(1)(e)

HISTORY: 4/10/96; 2/17/99

*STATUTORY CITATION UPDATED 3/17/2022