



POLICY NO. 3510
ACCOUNTING AND FINANCIAL REPORTING

3111

NEW POLICY

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FUND BALANCE

3510

FUND BALANCE

TO MAINTAIN THE FINANCIAL INTEGRITY AND STABILITY FOR THE BENEFIT OF THE DISTRICT OF BROWARD COUNTY, FLORIDA (DISTRICT), THE SCHOOL BOARD OF BROWARD COUNTY, FLORIDA (SCHOOL BOARD) SHALL MAINTAIN ITS GENERAL FUND ENDING ~~an adequate FUND BALANCE must be maintained in order to meet unexpected and emergency needs~~ **SUFFICIENT TO ADDRESS NORMAL CONTINGENCIES**. ~~Fund Balance shall be defined as the unreserved and undesignated balance in the General Fund in accordance with generally accepted accounting principles.~~

RULES:

I. Compliance

- A. The School Board's General Fund balance shall be in compliance with the requirements of the Florida Statutes, Governmental Accounting Standards Board, Statement No. 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, and generally accepted accounting principles.
- B. As required by GASB 54, SBBC's fund balance shall be reported in the following five (5) classifications:
 1. Nonspendable Fund Balance
 2. Restricted Fund Balance
 3. Committed Fund Balance
 4. Assigned Fund Balance
 5. Unassigned Fund Balance

II. A. ~~Fund Balance Level~~

A. General Fund.

1. ~~At any time, The Board shall maintain General Fund ending the unreserved and undesignated Fund B balance not classified as restricted, committed, or nonspendable shall not fall below within the General Fund to a level that is equal to a minimum of five three percent 5%(3%) of the total annual operating fund expenditures. General Fund revenues during any current fiscal year.~~

2. ~~The Reporting Department will monitor the adequacy of the Fund Balance and calculate the increase necessary to maintain a minimum three percent (3%) Fund Balance level.~~

3. ~~In the event the Fund Balance decreases to less than three percent (3%), the Chief Financial Officer (CFO) shall prepare, for Board approval, a financial plan and timeline to restore the Fund Balance to the minimum set forth herein.~~

2. To maintain the financial integrity and stability of the District, at all times, the General Fund's Unassigned fund balance shall not fall below three percent (3%) of General Fund revenues for unanticipated needs due to an emergency or unforeseen circumstance.

B. Capital Projects Fund. The Capital Projects Fund reserve shall include a contingency balance of not less than ten percent (10%) of the current fiscal year's estimated capital improvement tax revenues. The Capital Projects contingency fund shall not be utilized without School Board's prior approval.

III. Utilization of Fund Balance

1. ~~On a monthly basis, the CFO shall provide the Board Financial Statements which shall include the estimated unreserved and undesignated fund balance both as a dollar amount and as a percentage of expenditures. If the Fund Balance falls below 3.5%, the CFO shall notify the Superintendent and the School Board in a memorandum. Future requests to draw from the Fund Balance must be approved by the School Board by super majority (majority plus one).~~

A. If the General Fund ending fund balance not classified as restricted, committed, or nonspendable falls below five percent (5%) of the total General Fund revenues at any time during any current fiscal year, the Superintendent shall provide written notification to the School Board. Subsequently, any requests to withdraw from the General Fund ending fund balance not classified as restricted, committed, or nonspendable shall be approved by the School Board.

- B. If the District has unanticipated needs due to an emergency or unforeseen circumstance, then the School Board approval is required to utilize the General Fund's Unassigned fund balance.
 - C. If the Capital Projects Fund reserve balance falls below ten (10%) of the current fiscal year's estimated capital improvement tax revenues, then the School Board approval is required to utilize any funds from the Capital Projects Fund reserve for contingency.
- ~~2. Supporting documentation shall be provided by the requesting department and approved by the Superintendent to determine the justification and validity of a request to utilize funds from the Fund Balance.~~
- ~~3. The CFO Associate Superintendent of Finance will ascertain the availability of other possible funding and confirm that there is no better option than to use the funds from the Fund Balance.~~
- ~~4. If the Superintendent determines a "Request for Allocation of funds from the Fund Balance" is necessary, an agenda item with proper documentation and justification of requested funds will be submitted to the School Board for approval.~~

IV. Reporting

- A. If at any time the portion of the general fund's ending fund balance not classified as restricted, committed, or nonspendable falls below three percent (3%) of the General Fund revenues during the current fiscal year, the Superintendent shall provide written notification to the School Board and the Commissioner of Education. If such financial condition exists for two (2) consecutive fiscal years, the Superintendent shall reduce the School District's administration expenditures reported pursuant to Section 1010.215(4), Florida Statutes in proportion to the reduction in the General Fund's ending balance or the reduction in student Enrollment, whichever is greater.
- B. If at any time the portion of the general fund's ending fund balance not classified as restricted, committed, or nonspendable projected to fall below two (2) percent of the projected General Fund revenues during the current fiscal year, the Superintendent shall provide written notification to the School Board and the Commissioner of Education.

Policy Custodian: Accounting and Financial Reporting
Former Policy Number(s): 3111
Policy Status: Active

Authority: ~~F.S.~~ Sections 1001.42,; 1001.43(2),; and 1011.051, Florida Statutes

History: Policy Adopted 04/18/06
Amended: