

Chapter 7.00 – Business Services

7.01 - School Budget System

Policy:

The superintendent shall prepare an annual District budget in the form prescribed by the commissioner of Education. In formulating the budget, the superintendent shall take into consideration the immediate and long range needs of the district's school system and student achievement data obtained pursuant to sections 1008.22, 1008.34, and 1001.11, Florida Statutes. The superintendent shall submit the proposed annual budget to the school board for review. The school board shall adopt a balanced budget in accordance with section 1011.03 and 1011.04, Florida Statutes and submit it to the commissioner of Education on or before the date prescribed in State Board of Education Rules.

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the district is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund Balance Classification

Fund balance classification shall be recorded in accordance with governmental accounting standards promulgated by the Governmental Accounting Standards Board (GASB).

When both restricted and unrestricted funds are available for expenditures, restricted funds should be spent first unless legal requirements disallow it.

When committed, assigned or unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second and unassigned funds last; unless the governing board has provided otherwise in its commitment or assignment actions.

Fund Balance

Fund balance shall mean the gross difference between governmental fund assets and liabilities reflected on the balance sheet. Governmental fund assets are those of the General Fund, Special Revenue Funds, Debt service Funds and Capital Project Funds.

(1) The Levy County School District will maintain a fund balance level which results in a minimum financial Condition Ratio of 5%. Anytime it is necessary for the fund balance to be reduced to a level which results in a financial Condition Ratio under 5%, a super majority of the school board will be needed to approve. When the Financial Condition Ratio drops below 5%, the school board will develop a plan to

bring the fund balance back to an appropriate level of 5% or above Financial Condition Ratio within the next five years.

The five classifications of fund balance of the governmental types are as follows:

1. **Non-Spendable Fund Balance** consists of funds that cannot be spent due to their form (e.g. inventories or prepaids) or funds that legally or contractually must be maintained intact.
2. **Restricted Fund Balance** consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.
3. **Committed Fund Balance** consists of funds that are set aside for a specific purpose by the districts highest level of decision making authority (governing board). Formal action must be taken prior to the end of fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.
4. **Assigned Fund Balance** consists of funds that are set aside with the intent to be used for a specific purpose by the districts highest level of decision making authority. Authority is given to the District Finance Director to assign funds for a specific purpose. Assigned funds cannot cause a deficit in unassigned fund balance.
5. **Unassigned Fund Balance** consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

STATUTORY AUTHORITY: 1001.41, 1001.42 (17), F.S.

LAWS IMPLEMENTED: 1011.11, 1008.385, 1008.22, 1008.34, 1001.11, 1013.61, 1011.01, 1010.01, 1011.02, 1011.03, 1011.04, F.S.

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