

## Principles of Sound Financial Management

Client: South Florida Water Management District

### *Principle 1* **Balanced Operating Budget**

***The District shall adopt an annual balanced budget in which operating revenues equal or exceed operating expenditures.***

#### **Purpose**

A balanced budget ensures the District does not operate beyond its means by requiring that operating revenues equal or exceed operating expenditures. The balanced budget, when adopted by the Governing Board each fiscal year, serves as the District's annual financial plan and details all resources necessary to provide the agency's activities and services. It also serves as the Governing Board's policy document for implementing District's strategic goals, outcomes and objectives.

#### **Guidelines for Action**

A balance between operating expenditures and operating revenues should be maintained over the long term, not just during the current operating period. To be in accordance with Florida Statute 373.536, fund transfers may be made within the budget during the year by action of the Governing Board at a public meeting. Any increase in expenses, decrease in revenues, or combination of the two that would result in a budget imbalance shall require budget revision. Spending unappropriated surpluses or designating reserves to support ongoing operations will not be allowed. Any year-end operating surpluses would revert to unappropriated fund balance for use in maintaining reserve levels set by policy. Any amount that remains after this requirement has been met would be available for capital projects or one-time expenditures.



The Executive Office of the Governor (EOG) is authorized to approve or reject the District's budget, in whole or in part. The EOG will also analyze the adequacy of available fiscal resources and of water supply expenditures. The analysis will be based on the particular needs of the District in the following four areas of responsibility: water quality; flood protection and floodplain management; natural systems; and water-resource development projects identified in the District's regional water supply plans.

After two statutorily required public hearings, the Governing Board adopts the agency's final budget and millage rates each September.

Budget preparation and reporting shall be consistent with statutory requirements and guidelines established by the Government Finance Officers Association (GFOA), under its Distinguished Budget Award Program. The District shall continually seek to meet the standards of this program, which measures the proficiency of a budget document as a policy blueprint, operations guide, financial plan and communications medium.

#### **References**

Finance Policies, Article II. Budgetary and Financial Control  
Florida Statute 373.536  
Government Finance Officers Association