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December 18, 2015

Dr. Karyn Gary, Superintendent
DeSoto County School District
P.O. Drawer 2000
Arcadia, Florida 34265-2000

Dear Superintendent Gary:

Commissioner Stewart received your letter on November 25, 2015, indicating, in accordance with section 1011.051, Florida Statutes (F.S.), that the DeSoto County School District's assigned and unassigned fund balance in the general fund is anticipated to fall below 3 percent of the projected general fund revenues for the fiscal year ending June 30, 2016. On December 15, 2015, you indicated through a phone conversation with my staff that the district's financial condition ratio is 2.55 percent.

We consider a financial condition ratio that is below 3 percent to be a sign of an unhealthy financial condition. In the event the projected assigned and unassigned fund balance is anticipated to fall below 2 percent of the projected general fund revenues, you will be required to notify the commissioner and submit a fiscal recovery plan describing the specific actions the district will take to avoid a financial emergency as determined pursuant to section 218.503, F.S. We acknowledge that the district has already implemented strategies to increase the general fund balance, as indicated in your letter. In addition, you are encouraged to avoid budget revisions that will result in significant projected expenditure increases. **As of 01.07.16, the fund balance is 2.37%.**

As the district implements strategies and policies to address this fiscal challenge, please be aware of the provisions of section 1011.10, F.S., relating to unauthorized expenditures and expenditures that exceed budget authority.

The department is available to assist you in your efforts to establish a 3 percent or greater financial condition ratio using the assigned and unassigned fund balance in the general fund. Please do not hesitate to contact me or my staff if we can provide additional assistance.

Sincerely,

Linda Champion

LC/cs

cc: DeSoto County School Board Members
Ms. Florence Gobble
Mr. James Hamilton
Mr. Mark Eggers

Linda Champion
Deputy Commissioner, Finance and Operations