



BOARD OF SCHOOL TRUSTEES

KELLER INDEPENDENT SCHOOL DISTRICT

12A. Worksession/Discussion

Date: January 14, 2010

SUBJECT: PRELIMINARY BUDGET ASSUMPTIONS AND ANTICIPATED EXPENDITURES

BOARD GOAL: All systems in the Keller Independent School District will be effective, efficient and accountable in support of the district's mission.

FISCAL NOTE: Budget planning for the 2010-2011 General Fund

Background Information:

- The Preliminary Budget Assumptions and Anticipated Expenditures represent the data necessary to begin work on the upcoming 2010-11 budget.
- The Preliminary Budget Assumptions and Anticipated Expenditures will highlight those items that will drive the budget such as student growth, attendance rates, property value growth, program changes and interest rate assumptions, as well as campus openings.
- The Preliminary Budget Assumptions and Anticipated Expenditures also reflect any changes in the law that will affect the budget. An example of a notable item from past reports is the salary increase for certain District employees mandated by the Legislature.
- The final budget approved by the Board also includes the Debt Service Fund and Child Nutrition fund. The Debt Service fund reflects the need for funds to pay principal and interest on funds used for construction that were approved by voters, while the Child Nutrition fund is based on funding activities from revenue from breakfast and lunch participation.

Administrative Considerations:

- In the Administration's continuing commitment to transparency and understanding of the budget development process, a number of Board Workshops will be conducted according to the Board's needs. Some items for consideration will be the timing of the property values released by the Tarrant Appraisal District. These are usually in May, June and July. The July date is at the end and is the Certified Roll used to calculate the tax rate.
- Topics for presentation and discussion include Payroll (80% of the General Fund budget is devoted to payroll), funding and any changes to the current state funding formulas, target revenue changes, additions to the budget and any new funding needs. The payroll discussion will aid in the understanding of the "% of mid-point" concept that the district uses for establishing raises.
- The impact of opening two new facilities (5-8 Campus and Multi-purpose Center) will be discussed. Due to the district already implementing all the staffing efficiencies for Child Nutrition and Custodial staff for the opening of Timber Creek High School this year, these two new facilities will require additional staff. As much as possible, the teaching staff will follow the children. The other support staff for the campus administration, counseling and nursing will also be an additional consideration during budget building.
- The possibility of additional funding does not seem possible for the upcoming budget. Options for the district will need to be discussed. Other solutions to the budget funding needs may be a "roll back" election. Discussion on a "roll back" election will need to include timing, impact and cost/benefit.
- Any discussion on a "roll back" election will must take into consideration that the uniform election day in November is required to be used if the day falls within the rules for roll back elections days. Those rules state that an election must be no earlier than 30 days and no more than 90 days from the date the tax rate was adopted by the Board. The uniform Election Day for 2010 is November 2nd. The last day to Order General Election is August 24, 2010. This would also move back the usual calendar for the adoption of the budget and tax rate to that day. This would mean that the publication of intent would be no later than August 14th.
- The Administration will also bring forward for discussion any part of the budgeting process for clarification or information that will assist the Board in its deliberations on the budget.
- The current interest rate environment and its impact will also need to be understood. In past years, the interest income from District investments has been equal to \$1.5 to \$2 million. Again the current forecasts do not look favorable in acquiring these funds for operations.

- As part of the development of the budget, from time to time items are furloughed, cut or deferred. For example, please find attached the past two year's budget reduction list. As discussed for the 2009-10 budget, the reductions listed were intended for this fiscal year only.

Communication Deployment:

- Board Meeting Minutes

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Respectfully submitted,

Kent V. Morrison, III
Chief Financial Officer