



BOARD OF SCHOOL TRUSTEES
KELLER INDEPENDENT SCHOOL DISTRICT

3E. Action

Date: December 13, 2004

SUBJECT: APPROVAL OF DESIGNATION OF A PORTION OF GENERAL FUND BALANCE FOR BUDGETARY CONTINGENCY

BOARD GOAL: Budget and Finance

FISCAL NOTE: Funds exist in fund balance of the General Fund.

Background Information:

- The SCHOOLS FIRST program requirements call for the undesignated, unencumbered fund balance to not exceed 150% of optimum fund balance and cash flow.
- The Texas Education Agency (TEA) suggests that reserves for cash flow need to be made to overcome the deficit underpayment created by the Legislative Payment Estimate that the District is funded by during the fiscal year.

Administrative Considerations:

- Ending fund balance of the General Fund at 8/31/04 is expected to be \$31,824,613, according to the District's external auditors. The administration recommends that \$10,652,131 of the fund balance be designated for budgetary contingency created by the cash flow deficit.

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The administration recommends that the Board of Trustees approve the designation of fund balance for budgetary contingency of \$10,652,131.

Respectfully submitted,

Kent V. Morrison, III
Assist. Supt. of Finance