



Agenda Item Details

Meeting	Apr 11, 2017 - Regular Meeting of the Board of Trustees
Category	5. Budget Items - • Public comment: any individual may address the public body concerning any item listed below. A completed "Citizen's Right to Speak" card must be submitted to the public body at the meeting. During the discussion of each item on the agenda, the President will invite the individual to come forward to speak.
Subject	5.01 PRESENTATION, DISCUSSION AND POSSIBLE APPROVAL OF THE FISCAL YEAR 2017-18 TENTATIVE BUDGET AND PROVIDES NOTICE OF A PUBLIC HEARING ON THE TENTATIVE BUDGET ON MAY 23, 2017 (FOR DISCUSSION AND POSSIBLE ACTION)
Access	Public
Type	Action
Preferred Date	Apr 11, 2017
Recommended Action	The Board of Trustees approves the Tentative Budget for Fiscal Year 2017-18 and provides notice of a public hearing on the Tentative Budget on May 23, 2017.

Public Content

FROM:

Tom Ciesynski, Chief Financial Officer
Mike Schroeder, Budget Director

PRESENTER(S) & PRESENTATION TIME:

Tom Ciesynski, Chief Financial Officer
Mike Schroeder, Budget Director

DATE REPORT WRITTEN: March 31, 2017

SUMMARY: [Nevada Revised Statute \(NRS\) 354.596](#) requires a tentative budget be filed on or before April 15th and requires the Board to give notice of a time and place of a public hearing on the tentative budget no sooner than the third Monday in May and no later than the last day of May (currently scheduled for May 23, 2107). A copy of the tentative budget, on the prescribed Department of Taxation forms, as well as a narrative of the significant changes for the FY 17-18 budget as compared to the FY 16-17 budget for each fund is submitted as part of this item as well as a narrative related to addressing the budget deficit.

[Washoe County School District Administrative Regulation 3110](#) requires Board approval of the tentative budget, although State statutes do not. **The recommendation is to approve the budget with an unresolved budget deficit which means any decisions to increase class sizes or implement other budget reductions have not been authorized at this point in time.**

ADDITIONAL BACKGROUND INFORMATION:

A Board budget workshop was held on March 16, 2017 and presented the preliminary information related to the Fiscal Year 2018 budget. The presentation discussed the District's general fund revenues, expenditures, enrollment, staffing, per pupil expenditures, budget assumptions, remaining open items, budget process, budget reductions, other district funds and budget timeline. A budget summary report, detailed budget report for all budget accounts and a position summary for each Executive Leadership Team member was also presented.

As discussed at the workshop, the District faces a \$40 million budget deficit. Various options to address the deficit were presented at the workshop and included **expenditure reductions of \$10 million from the current fiscal year which can be used to reduce the deficit down to \$30 million.** However, any use of budget savings to offset ongoing expenditures will result in a corresponding budget deficit in the subsequent fiscal year.

Other potential budget deficit solutions were discussed at the workshop. Staff is still in the process of compiling central service

budget reductions and creating a prioritized budget reduction list to present to the Board.

The budget is still very tentative at this point in time as there are many unknown factors due to: the Legislature still being in session; final determination of per pupil funding; final ad valorem tax projections; resolution of the District's budget deficit; information still needed to determine funding for other State programs and Board and public input. Input from staff, students and the public is very important to the District. There will be several venues and times for this input to occur during the budget process, including a town hall meeting, regular board meetings, and at the public hearing on the budget. The budget can be balanced by identifying additional revenues, decreasing expenditures or using reserves.

Because of the unknown factors and the need to obtain more information the recommendation is to approve the tentative budget with an unresolved budget deficit of \$40 million. **This means that increasing class sizes, reducing staff, or making any other reductions to the budget have not been approved.**

As mentioned above, the Board shall hold a public hearing on the tentative budget (currently scheduled for May 23, 2107), at which time interested persons must be given an opportunity to be heard. In addition, at the public hearing, the governing body can indicate changes, if any, to be made in the tentative budget and can adopt a final budget by the favorable votes of a majority of all members of the governing body. If the final budget is not approved at this hearing the District could approve the budget at the next regular scheduled Board meeting on June 6, 2017 in order to meet the mandated June 8, 2017 deadline.

Because of the Legislative session ends on June 2 all pertinent information related to the budget may not be known in time to include in the Board items for May 23 or June 6. As such, statute allows the District 30 days after the close of the Legislative Session to submit an Amended Final Budget. The Amended Final Budget may come before the Board for approval on June 27, 2017, depending on when the 2017 Session actually closes. No governing body may adopt any budget which appropriates for any fund any amount in excess of the budget resources of that fund.

PREVIOUS BOARD ACTION:

Date: March 16, 2017

Related Action: [The Board of Trustees conducted a work session on the Fiscal Year 2018 budget and provided direction to the Superintendent and staff with direction on approaches to the budget, process, and timeline.](#)

Date: January 10, 2017 and each meeting thereafter as needed.

Related Action: The Board of Trustees have received budget updates at each of its regular meetings beginning January 10, 2017.

ATTACHMENTS:

Attachment A – Narrative and Individual Fund Schedules

Attachment B – Department of Taxation Budget Schedules

STRATEGIC PLAN: The budget supports all five goals of Envision WCSD 2020.

BOARD POLICY:

[Board Policy 3410 – System of Accounts](#)

[Board Policy 3110 – Budgeting](#)

LEGAL: NRS 354.596 and NRS 354.598 as described above.

FINANCIAL: The budget provides funding to continue District operations.

COMMUNITY INVOLVEMENT: A Town Hall meeting will be held to discuss the budget and obtain community input. Community input may also be provided at various Board meetings, including the mandatory public hearing on the District's tentative budget to be held on May 23, 2017.

ALTERNATIVES: N/A

SUPERINTENDENT'S RECOMMENDATION: That the Board of Trustees approves the Tentative Budget for Fiscal Year 2017-18 and provides notice of a public hearing on the Tentative Budget on May 23, 2017.

[Attachment A – Narrative and Individual Fund Schedules.pdf \(342 KB\)](#)

[Attachment B – Department of Taxation Budget Schedules.pdf \(328 KB\)](#)

WASHOE COUNTY SCHOOL DISTRICT SUMMARY OF FISCAL YEAR 2017-18 PRELIMINARY BUDGET

Pages 23 - 32 summarize the District's budgets for each fund and the changes from the prior year. The District is required to report revenue and expenditure categories in accordance with the Nevada Financial Accounting Handbook prepared by the State Department of Education.

The budget reflects the District's commitment to the goals of the strategic plan. Significant investments include continuing commitments to the support of special education students, ongoing improvement in test scores and graduation rates to achieve our goal of "90 by 20," employee relations, transparency and addressing capital needs.

A description of the changes to the funds and the individual fund comparisons follow.

GENERAL FUND (PAGES 23-24)

The General Fund is a major operating fund and accounts for all financial transactions associated with the daily operations of the District except for capital projects, debt service, food service, grant funded programs and insurance programs.

As mentioned at the budget workshop and in numerous meetings prior to the workshop, the District's general operating budget continues to face a structural deficit whereby expenditures outpace revenues. If the District were to continue to operate as is, the result is a \$40 million shortfall as follows:

	<u>Final FY17</u>	<u>Preliminary FY18</u>	<u>Change</u>	<u>Ref</u>
Revenues	\$ 444,990,161	\$ 444,825,246	\$ (164,915)	A
Opening Fund Balance	<u>\$ 44,427,703</u>	<u>\$ 16,990,247</u>	<u>\$(27,437,456)</u>	B
Total Sources	\$ 489,417,864	\$ 461,815,493	\$(27,602,371)	
Expenditures	\$(472,427,617)	\$(484,947,246)	\$(12,519,629)	C
Ending Fund Balance	<u>\$ (16,990,247)</u>	<u>\$ (17,397,704)</u>	<u>\$ (407,457)</u>	D
Total Applications	<u>\$(489,417,864)</u>	<u>\$(502,344,950)</u>	<u>\$(12,927,086)</u>	
Deficit	<u>\$ -</u>	<u>\$ (40,529,457)</u>	<u>\$(40,529,457)</u>	

District staff has worked to reduce expenditures in fiscal year 2016-17 and \$10 million has been identified that can be used to reduce the \$40 million deficit down to \$30 million. However, this use of savings to offset ongoing expenditures will result in the deficit continuing in the subsequent fiscal year.

The major factors causing the deficit are: the depletion of savings or fund balance (\$28 million); FY17 projected enrollment not materializing along with a decrease to FY17 per pupil funding and Average Daily Enrollment (ADE) adjustments (\$4.4 million); carryforward of prior year negotiated costs (\$3.6 million); and a reduction of vacancy savings (\$4 million). These will be explained further below.

This is not new to Washoe County School District as we have been addressing structural deficits back to 2008 as a part of the Great Recession and the recovery since then.

Since 2008, our District has worked hard to minimize impacts to our schools and were assisted by the Legislature with temporary tools such as increasing the small class sizes in Grades 1-3 by 2 students and deferring textbooks that helped save nearly \$8 million a year to put towards our deficit. In addition, the school district utilized premium holidays (another temporary tool) that helped generate initially \$6 million a year and decreased as our insurance funds started to decrease. As well, we have had to deplete our savings or reserves to help offset our expenses over revenues.

While there are signs of an economic recovery, the State's overall budget has been impaired in the slow recovery of our economy which has impacted the per-pupil funding school districts have needed to sustain their operations. This resulted in our employees and our associations, sacrificing by taking furloughs, salary step freezes, and contract concessions that saved hundreds of jobs for our organization. All these tools have either been reduced or eliminated, leaving us very few options to balance the operating funds of the school district.

To exacerbate the problem property tax revenue has not kept pace with economic growth as this resource hovers around 2007 levels. The State has increased categorical funding, which we are very appreciative of, however, the base funding is not matching costs for inflation, enrollment growth and health insurance increases. The base is further eroded due to unfunded mandates related to Read by 3 costs, AB483 teacher and school administrator bonuses and elimination of charging indirect costs.

Although we are extremely thankful and pleased with the outcome of WC-1, we need to point out that this voter approved ballot initiative is for capital funds only, or more specifically the building of new schools and the revitalization of older schools, and these funds cannot by law be used to address the shortfalls we are experiencing in our operating funds.

As we noted above, our District has been in a structural deficit for many years now and we have finally reached a point where we have to look at all options to balance the budget. That process will be described on pages 18 to 27 of this attachment. We will also continue to advocate and educate at the Legislature to present our elected officials with the problems we are experiencing and lobbying for additional supports to minimize the impacts to our schools. Ultimately the Board will approve a final budget including the options used to balance the budget; and by law this must be done on or before June 8, 2017. The District will be able to adjust this budget with any final legislative changes that may occur after we adopt the final budget.

General Fund Resources

Ref A - Revenues are projected to decrease by \$165,000 while opening fund balances will decrease \$27.4 million for a net decrease of \$27.6 million versus the prior fiscal year. The specific revenue changes are detailed on Page 28 and the descriptions for the revenues are included below. The major revenue changes are as follows (in millions):

Ad Valorem Tax	\$ 2.80
Local School Support Tax	10.05
Other Revenue	<u>(0.30)</u>
Distributive School Account (DSA)	<u>(12.71)</u>
Total	<u>\$ (0.17)</u>

Although local support is showing growth, State support is declining. This is first due to projected enrollment for FY17 being less than anticipated as projecting enrollment related to the new economic growth is proving challenging. This differential causes a decrease to the DSA of -\$9.1 million. Next, although we anticipate an overall increase in our per pupil funding of \$122 per student or \$7.5 million, this additional funding is offset by 1/3rd of the increase to our Ad Valorem tax or -\$1.1 million and the entire increase to our Local School Support Tax of -\$10.1 million, thereby further decreasing the DSA funding by -\$3.6.

Ref B - The increases/(decreases) to the opening fund balance are as follows (in millions):

Unresolved Lawsuits	(1.37)
FY15 Carryover for use in FY17	(12.60)
FY16 Carryover for use in FY17	(13.88)
Board Policy 2%	<u>0.41</u>
Total	<u>\$ (27.44)</u>

The opening fund balance decreases of \$27.85 million are due to the reserves used to balance the FY17 budget with a slight increase to the Board Policy reserve.

General Fund Applications

Ref C and D - Expenditures will increase overall by \$12.52 million while ending fund balance will increase by \$.41 million for a net increase of \$12.93 million.

The specific increases and decreases to expenditures are as follows (in millions):

Salary Rollups	6.12
Reduce Allocations for Enrollment Decrease (FY17)	(4.62)
Negotiations FY17	3.58
Negotiations FY18	3.59
Turnover/Vacancy Savings	(3.59)
Health Insurance Increase (FY17)	1.25
Health Insurance Increase (FY18)	1.81
Restore Vacancy Savings	4.00

Basis Adjustment	(2.12)
Full Day Kindergarten Cost	1.32
MTYR Schools Salary & Benefits	0.81
Other S&B Adjustments	0.06
Special Education Transfer	0.41
Fixed/Mandated Changes	(0.10)
Subsequent Year's Expenditures	<u>0.41</u>
	\$12.93

Employee Relations

Employees are the District's most valuable asset and the District appreciates their incredible work ethic and commitment to ensure every child is college and career ready. The District does its best to recognize their achievements and provide for them financially, despite the limited amount of per pupil funding provided for this. We are proud to say we have negotiated multi-year agreements with all but one of our groups. The total increase to the budget for employee relations for FY18 is over \$12.75 million as explained below.

Salary rollups are for ongoing costs related to contractual obligations. *Negotiated* items for FY17 increase costs in FY18 by \$3.58 million. All but one of the bargaining units have already negotiated increases for FY18, for which the cost of \$3.59 million will be offset by anticipated *turnover and vacancy savings*.

The *health insurance* increase for FY17 was implemented on 1/1/17 so only ½ of the cost was recognized in FY17. The other ½ of that increase cost now needs to be recognized in FY17. Another health insurance increase of 10% is necessary in FY18 (effective 1/1/18) as the normal medical inflation is impacting the District's Health Insurance Fund and proper reserve levels for the fund must be maintained.

Reduce Allocations for Enrollment Decrease (FY17)

As mentioned above, projecting enrollment related to the new economic growth is proving challenging and reduced revenue by \$9.1 million along with adjustments for ADE. This decrease has been mitigated by identifying teaching allocations originally provided to support the growth but were no longer needed.

Restore Vacancy Savings

Prior year vacancy savings were used not only to offset negotiated increases but to balance the budget. The District's recruiting efforts have now paid off as we have less vacancies than before and are able to provide a permanent means for quality instruction of students rather than relying on long-term substitutes. However, this good impact results in less savings to offset costs.

Basis Adjustment

Salaries and benefits from one year to the next change due to a number of factors which affect the base and has to be accounted for to show the progression from the prior fiscal year to the next.

Full Day Kindergarten (FDK)

FDK was formerly considered a State categorical program with separate funding. For the upcoming biennium it appears it will now be included in the DSA by increasing the per pupil

amount and allowing districts to use full, instead of weighted enrollment. This has a negative effect on our funding as our district does not receive less than the statewide per pupil amount.

Multi Track Year Round (MTYR) Costs

The conversion of schools to a MTYR schedule results in a year-round, rather than a balanced calendar. This means the school is operating for more days than our other schools and results in increased costs related to a number of positions. Four schools are tentatively slated to start a MTYR calendar for FY18.

Other S&B Adjustments

This includes \$201,000 for the addition of 5 bus drivers needed for growth less a savings of \$138,000 related to a District reorganization. The Office of School Performance is being replaced by the Office of School Leadership and a new Ombudsman and Strategy Office will be created. The reduction is for the elimination of the Behavioral Services Officer.

Special Education

The District is committed to providing for the needs of our special education students. This began in FY17 by adding \$10.7 million in additional resources to provide much needed additional staffing for teachers, support staff, bus drivers and pupil transportation assistants. This came despite the State not providing the District any additional funding as part of a new weighted funding formula.

The FY18 continues that commitment as well as provides for rollups, negotiated costs, health insurance increases and resources for MTYR schools costing \$2.7 million. These additional costs are partially offset by some salary savings related to the enrollment projection not materializing and a salary and benefit basis adjustment (\$1.1 million). In addition, we estimate receiving an increase in our special education funding of \$1.2 million due to a proposed increase in the Governor's recommended budget. These offsets do not cover all the increased costs so \$0.4 million is needed as a transfer from the General Fund.

The District is currently lobbying to eliminate the cap limiting funding to 13% of a district's special education population. This could result in additional funds being received.

Fixed/Mandated and Subsequent Years Expenditures

These are costs and reductions related to increasing department and schools operating budgets and for adding MTYR cost for transportation. The net increase of \$266,000 is offset by a decrease for our transfer to the debt service fund of \$366,000.

The ending fund balance for Subsequent Years Expenditure represents the District's commitment to our Board policy to maintain a 2% ending reserve and requires an additional \$411,000.

Pages 23 and 24 of the report reflect these various resource and expenditure alterations discussed above in the "change" column as the difference between the Final FY17 budget and the Preliminary FY18 Budget.

GENERAL FUND RESOURCES (page 23):

Local Sources:

- ***Ad Valorem Tax*** - Property tax assessed at \$.75 per \$100 of assessed valuation, adjusted for tax cap abatements. The projected increase of roughly 3% is based on the tax cap related to the consumer price index increasing to about 2.4% and the balance coming from growth to the property tax base. The Department of Taxation will provide certified ad valorem amounts at the end of March and the amount will be adjusted accordingly. Any change to ad valorem tax is offset by a 1/3rd adjustment to the Distributive School Account. Source data: Washoe County Assessor and certified by State Department of Taxation.
- ***Local School Support Tax (LSST)*** – Sales tax assessed at \$0.026 for every \$1.00 of gross retail sales in Washoe County (the rate was \$0.225 but the last legislature made permanent a temporary additional \$0.0035 from the last two biennium’s making the ongoing rate \$0.026). Preliminary sales tax Sales information provided by the Department of Taxation indicate the tax will increase by over 5%, however any increase is offset by a decrease to the Distributive School Account as part of the K-12 education funding methodology for Nevada. Source data: State Department of Taxation.
- ***Franchise Taxes*** - Tax of 2% of net proceeds of public utilities business outside of the incorporated cities in Washoe County.
- ***Government Services Tax*** - District’s portion of the tax of \$.04 for every \$1.00 of value of all of the vehicles licensed in Washoe County. The funding is being held flat at this point in time as the amount anticipated for FY17 appears to be coming in short, limiting our ability to foresee any increase for the new year. Source data: State Department of Taxation.
- ***Revenue in Lieu of Taxes*** – 50% of Washoe County motorboat registration fees collected by the State Division of Wildlife.
- ***Tuition*** – Amounts paid for students enrolled in our schools who reside outside Washoe County; amounts paid for students enrolled in summer school; and amount paid for adult continuing education.
- ***Earnings on Investments*** - Interest earned from investing the District’s cash.
- ***Other Local Revenue*** – Other local revenues such as transportation reimbursements for field trips, rental income from use of school facilities, indirect costs from grants, grant administration fees (ended in FY16), salary reimbursements and miscellaneous income. The indirect cost projection reflects a change by the State disallowing our ability to charge indirect cost to their categorical grants.

State Sources:

- ***Distributive School Account (DSA)*** - This represents the per-pupil funding provided by the State. The amount may be subject to change based on the final legislative approved per pupil amount and any impacts of due to the Equity Allocation Model which determines our unique per pupil funding.

As mentioned earlier, enrollment is becoming more difficult to project so we are keeping the enrollment flat compared to the prior year first quarter enrollment. Therefore this actually results in a weighted enrollment decrease of 1,268.8 students. The FY18 enrollment would therefore be 63,885 full students and 61,845 weighted.

The District receives funding based on weighted enrollment whereby kindergarten students are counted (weighted) as .6. This may change for the upcoming year as the intent of the legislature is to include full day kindergarten funding in the DSA and therefore utilize a full weight but the details related to this change are not known yet. The state-wide per-pupil funding amount proposed in the Governor’s recommended budget will increase by \$126 from \$5,774 to \$5,900. Because we only receive under 98% of the state-wide amount we are projecting our per pupil amount to be \$5,780 or \$122 more than the FY17 final budget amount.

For the Preliminary Budget the calculation is as follows:

DSA Weighted Enrollment	61,845.0
Basic Support per Pupil	<u>\$5,780</u>
Total Basic Support	\$357,464,100
Less LSST	(184,841,672)
Less 1/3 Ad Valorem Tax	(35,224,332)
Less Charter & SB444 Adj	(5,017,423)
RDA Adj	220,000
Aver Daily Enrollment Adj	<u>(1,200,000)</u>
Total DSA	<u>\$131,400,673</u>

Source Data: State Department of Education per Pupil Calculation.

Federal Sources:

- ***Forest Reserve*** - Washoe County's portion of the revenue received from the Federal government for the sale of forest products, minerals, and land use for national forests that are located in our state.
- ***National Energy PL 95-619 (E-Rate Refund)*** – Federal program that provides discounts in telecommunications services to schools and libraries.
- ***Impact Aid*** – Public Law (P.L.) 81-874 provides revenue to the District from the Federal government for Federal properties located within Washoe County that are exempt from county property taxes. The distribution of funds is based upon the number of children enrolled in our District whose parents are employed by and work on those exempt properties.

Other Sources:

- ***Sale of Fixed Assets*** – Proceeds from sale of District surplus vehicles and equipment.

Opening Fund Balance:

- ***Nonspendable*** – Non-monetary balances. The District maintains an inventory for the warehouse. This represents the year end cost for the inventory.
- ***Assigned*** – These accounts represent funds earmarked in the prior year for use in the current year and include the assignments for subsequent year's expenditures, outstanding and unresolved lawsuits, balancing the subsequent year's budget (FY15) and balancing the subsequent year's budget (FY16).

The amount assigned for subsequent year's expenditures of \$9.7 million represents the District's minimum policy for an ending balance of 2% of expenditures. The increase is \$407,457 and will simply be applied to the ending fund balance. These funds would not be available for use unless the Board overrides the minimum fund balance policy.

\$6.1 million is assigned for unresolved Incline Village lawsuits and is a reduction of \$1.4 million versus the prior year. Several lawsuits are still outstanding and unresolved. This earmarking of funds provides protection for possible unfavorable resolutions of those lawsuits.

A significant decrease in resources is for the amount assigned for balancing the subsequent year's budget (FY15) and (FY16). All of the \$26.48 million was utilized to balance the FY17 budget deficit so no funds remain for FY18 and create a large funding gap.

GENERAL FUND APPLICATIONS (Page 24):

All existing programs for fiscal year 2017-18 are provided for in the preliminary budget. The increases and decreases to each of the expenditure categories are due to the various expenditure changes described above.

A brief description of the expenditure categories utilized in the budget follows.

- ***Instruction*** - Expenditures associated with providing direct regular instruction to students consisting mostly of salaries and benefits for teachers, teacher aides and assistants, as well as other direct instruction costs for supplies, textbooks and equipment. The category also includes costs for teacher substitutes, ROTC teachers, Early Separation Incentive Program (ESIP) costs and sick leave payout.
- ***Special Programs*** - Expenditures associated with activities for elementary and secondary students receiving special services for gifted and talented instruction and related support services.
- ***Vocational Programs*** - Expenditures associated with providing learning experiences to individuals to develop the necessary knowledge, skills, and attitudes needed for employment in an occupational area.
- ***Other Instructional Programs*** – Expenditures for the cost of operating the District's English as a Second Language (ESL), summer school and remedial instruction programs.

- **Co/Extra-Curricular Programs** - Expenditures for activities that typically take place outside the traditional classroom. Included are costs for athletics; including coaches, officials, dues, administration and transportation; band, choir and other extra-curricular activities.
- **Student Support Services** – Expenditures to assess and improve the well-being of students and to supplement the teaching process, including counselors, psychologists, nurses & clinical aides, attendance, and related supplies and equipment.
- **Instruction Support Services** - Expenditures associated with assisting the instructional staff with the content and process of providing learning experiences for students including costs for curriculum support, instructional coaches, librarians, library assistants, student assessment, staff training and related supplies and equipment.
- **General Administration** – Expenditures concerned with establishing and administering policy for operating the district including costs for the superintendent, assistant superintendents, Board of Trustees, legal counsel, community/state/federal relations and related supplies and equipment.
- **School Administration** - Expenditures for the overall administrative responsibility for a school including salaries and benefits for school principals, assistant principals, school secretaries, clerks, registrars, bookkeepers and related supplies and equipment for the school offices.
- **Central Services** – Expenditures that support other administrative and instructional functions including fiscal services, human resources, planning and administrative information technology. Other costs include purchasing, warehouse, printing, risk management, grant services, public information services, internal audit, mail services, research and evaluation, liability insurance, software licenses, and the related supplies and equipment.
- **Operations and Maintenance** - Expenditures related to keeping the physical plant open, comfortable and safe including the costs for custodians, groundskeepers, maintenance workers, school police, building maintenance, grounds maintenance, equipment repair, all utilities and the related supplies and equipment.
- **Student Transportation** - Expenditures for the costs related to pupil transportation including bus drivers, mechanics, support personnel, vehicle repair and maintenance, gasoline, bus replacement and related supplies and equipment.
- **Interfund Transfers** – Funds that are transferred from the General Fund to other funds such as the Insurance Trust Fund, Debt Service Fund, Special Education Fund and Capital Projects Fund.
- **Contingency** – Funds reserved for future use for unforeseen circumstances.

Ending Fund Balance:

- **Nonspendable Inventory** – The District maintains an inventory for the warehouse. This represents the year end amount.
- **Assigned For:** – These represent balances set aside for various obligations or commitments. The outstanding and unresolved lawsuits amount of \$6.1 million is related to several Incline Village property tax disputes. The subsequent year's expenditures (\$10.1 million) represent the District's policy for a minimum reserve of 2% of expenditures.

A detailed summary by object code for each of the expenditure categories is presented on pages 33 and 34. For example, the first column represents the Instruction category. The rows going down the column show the type of expenditure, i.e., teachers, retirement, general supplies, textbooks, etc. Sub-totals are provided for salaries, benefits, purchased services, supplies, equipment and other. The total for the category at the bottom of page 34 of the schedule will agree to the total for the category on page 24.

Pages 35 and 36 provide the General Fund Detailed Program and Function Expenditures. This report summarizes the expenditures totals for each program and function presented on page 24 for salaries, benefits, purchased services, supplies, property and other. In addition, sub-categories for various programs and functions within the broad categories are detailed.

OTHER DISTRICT FUNDS

The District maintains funds other than the General Fund. The Budget reflects the anticipated revenues and expenditures for all of the District's funds to continue programs related to those funds. Separate funds are utilized to identify various operations of the District and account for specified revenue sources, which can only be used for specific purposes. A description of the various funds included in the Preliminary Budget follows.

Building and Sites Fund (page 25)

This fund accounts for the proceeds from sales of District property and the expenditures allowable with these proceeds. The \$100,000 revenue is from cell tower leases at high schools and is earmarked for their use. Opening fund balance is intended to be utilized for small capital expenditures and maintenance costs.

Capital Projects Fund (page 26)

This fund accounts for the District's resources and expenditures for capital projects. The local sources of \$3.74 million are from Government Services Tax (GST). These proceeds are maintained in a separate fund from the bond funds and \$4.0 million of the opening fund balance is also attributed to this fund. The government services tax has been primarily utilized for environmental, government mandated, portable classroom and remodel issues (asbestos, mold, lead, underground storage tanks, backflow prevention, ADA accessibility, salary related to government compliance, etc.) unless otherwise approved. The various expenditure categories reflect \$3.9 million of anticipated expenditures related to those projects and the ending fund balance related to GST is \$3.9 million.

The remaining opening fund balance of \$32.7 million represents the funds remaining from the 2002 Rollover Bond proceeds and recent bond sales and \$491,000 from the recent receipt from the Reno Sparks Indian Colony. Approximately \$3.5 million of rollover funds are committed to

the bond administration. The remaining funds have been approved for various projects by the Bond Oversight Panel and the Board. The ending fund balance related to 2002 Rollover Bond recent bond sales is \$9.1 million and remain in order to complete approved projects in future years.

Special Revenue Funds (page 27)

This fund accounts for the District's resources and expenditures for all grants, adult education, special state appropriations, and other special revenues. Grants received can vary in amount and nature from year to year. All anticipated changes are reflected in the budget. If additional or new grant funding is received during the year, State statutes do not require a formal budget augmentation and the additional funds are authorized to be spent.

The Governor's proposed budget includes increases to various categorical funding over the prior year. Based on this we are anticipating increased State funding related to Career and Technical Education, Adult Education, Nevada Early Childhood, 1/5 PERS Credit, Regional Professional Development, Great Teachers and Learners and Career and College Ready STEM.

Meanwhile, the ending of our TIF 4 grant accounts for the majority of the decrease to Federal revenues and about \$1 million of the decrease is related to Title I funding.

Special Education Fund (page 28)

This fund accounts for the District's resources and expenditures for providing special educational programs of the District. The fund accounts for the direct costs to teach, transport, and provide related services for Special Education students. The changes to the various categories are similar to the salary and benefits changes made to the general fund for rollups, health insurance increase, negotiation costs, and some reduction of cost for turnover savings and reduced allocations for the prior year enrollment shortfall.

The Governor's recommended budget adds over \$15 million to the special education weighted funding. The precise formula to determine our allocation is not available yet, but we estimate an increase in funding of \$1.2 million. Once the final figure is known, the budget will be updated.

Class Size Reduction Fund (page 28)

This fund accounts for the District's resources and expenditures of State money provided to reduce class sizes in first, second and third grades. These ratios are currently 17:1 for grades 1 and 2 and 20:1 for grade 3. We are seeking flexibility from the Legislature for flexibility with class size to address our budget shortfall needs.

Debt Service Fund (page 29)

This fund accounts for the District's revenues and expenditures related to retiring bond and other debt. The District receives revenues, after tax cap abatements, from property tax assessed at \$.3885 per \$100 of assessed valuation on all of the property in Washoe County to utilize for bond debt retirement. In addition, a transfer will be made from the District's General Fund to pay for medium term debt for buses and vehicles and energy retrofits.

The fund now also includes the anticipated sales tax revenue and expense related to the voter approved passing of WC-1. We anticipate receiving approximately \$35 million from the sales tax increase. Complete plans have not yet been made for the expenditure of these funds but the budget provides expending \$30 to address capital needs.

Internal Service Fund (page 30)

This fund accounts for transactions relating to the District's risk management services for property and casualty insurance, health insurance and workers' compensation. A transfer is made from the General Fund to cover the cost for the retiree subsidy in the Health Insurance Trust Fund.

The property and casualty and workers' compensation operating revenue and reserves continue to provide enough resources for anticipated operations. The health insurance fund is showing some improvement but not enough to continue without last year's plan to increase premiums or stop \$5 million reimbursement from the OPEB Trust Fund. As such, another 10% increase to premiums is anticipated. We will continue to monitor the fund to ensure fund balances are restored.

Nutrition Service Fund (page 31)

This enterprise fund accounts for the District's resources and expenditures for the food service program. The program's management is outsourced and the District is currently working with them to develop next year's budget. Therefore, the budget reflects the fiscal year 2016-17 guaranteed profit until we receive next year's estimate.

Other Post-Employment Benefits (OPEB) Trust Fund (page 32)

This trust fund accounts for funds used to pay for healthcare and life insurance costs for qualified District retirees. The projection for next fiscal year will mirror that of the current year until we receive more direction from the Board regarding solutions to the budget deficit for the General Fund as one possible direction would be to suspend funding for OPEB.

All District Funds Summary (page 37)

This report summarizes the revenues, expenditures, other sources (uses), net change in fund balance and opening/ending fund balances for all the District funds (other than Internal Service Funds). As previously discussed, the report indicates the unresolved budget deficit for the General Fund of \$40 million. The report also shows the \$23.7 million spend down of Capital Project Funds.

ADDRESSING THE BUDGET DEFICIT

Every year we go through a process of estimating our incoming revenues and outgoing expenses to determine if we have a balanced budget or not. Nearly 90% of the budget is people or salaries/benefits and the other 10% covers fixed costs like utilities, school and department operational expenses, textbooks, technology and so forth. As part of the budget process departments reviewed their budgets to ensure alignment of costs with the District's strategic plan.

Staff has been working diligently to identify potential solutions to address the budget deficit. The Superintendent has instituted a Financial Review Committee (FRC) made up of the Deputy Superintendent, Chief of Staff, Chief Financial Officer, and the Chief Human Resources Officer, Chief Operations Officer and facilitated by the Budget Director who are charged with reviewing all non-school related positions to generate savings. As well, all department budgets have been reviewed for potential carryover into FY18. Through this review \$10 million in reduced expenditures have been identified and the goal is to reach \$15 million through continued expenditure reviews and reductions in positions in central services.

As part of the budget process, we also review all of our staffing guidelines which are determined by the number of students or building square footages or individual needs and/or fixed staffing we have and the goals for the ratios we would like to staff by, if we have the resources to do so.

Because the allocations and hiring process begins well before the commencement of the upcoming school year it is imperative that any changes to the guidelines are implemented early in the budget process. As such, we are using flat enrollment projections going into SY17-18 to avoid the situation that occurred this year, with many teachers having to be overaged and placed which was difficult for those teachers and their students.

In addition, we have had to make the extremely difficult decisions of having to reduce expenses which directly impact your schools. Our situation is such that we must plan for not only having to increase class sizes in K-12 by two students, but making changes to ratios for deans and English Language allocations. We must also plan to reduce as well, fixed allocations in several schools, alternative education allocations and Central Support positions (Teachers On Special Assignment or TOSA's and Implementation Specialists or IS's). These changes will not only affect schools, but they also impact the Offices of Student Services and Academics.

These changes are as follows:

- Increase class sizes in grades K-12 by two students
- ELL at the Elementary Level. The ratios will change from 60:1 to 65:1
- ELL at the Secondary Level. The ratios will change from 60:1 to 70:1
- Deans at the Elementary Level. Title and At-Risk (500-649 = 0.5), below 500 = 0
- Reductions in other central support (TOSA and IS positions)

The Superintendent has mandated that any staffing reductions resulting from increased class sizes or other staffing changes be done without layoffs to the best of our abilities.

District leadership has worked with the associations to notify them of this situation as well. We cannot emphasize enough how difficult these decisions were to make. We will be continuing to advocate during the Legislative session for increases to our per-pupil funding within the DSA.

Funding the base is one of the most important issues facing school districts across the state. This must be rectified in order to have sustainable funding for education.

Another issue that will have to be addressed is the Property Tax cap that is crippling municipalities across the state. For school districts, as enrollments increase the property tax rates and revenues are not keeping up. Of the Washoe County School District's (WCSD's) \$442M Revenues - Property tax is the second largest local revenue source generating nearly \$100M in the general (operating) fund budget and is a critical part of base funding.

Staff is still in the process of identifying additional savings this year and for the next in all areas in both the Academic and Operational areas as this is a *district-wide* issue and we need to find district-wide solutions.

There are still many unknown factors that may impact the budget before it will be finalized. The budget will be updated accordingly and the Board will be informed of the changes as the information becomes known. Most notably are the following:

- Final Ad Valorem Estimate by Department of Taxation in Late March
- Special Education Funding From Revised Weighted Formula
- Full Day Kindergarten Funding and Impact on General Fund
- Class Size Reduction Funding and Impact on General Fund
- DSA Per-Pupil based on the Equity Allocation Plan (Nevada Plan)
- Additional Budget Offsets
- Board Input
- Community Input
- Employee Bargaining Unit Negotiations

A Budget Town Hall meeting is scheduled for April 6, 2017. The District must file a balanced Tentative Budget with the Department of Taxation by April 15, 2017 and a Final Budget by June 8, 2017. A public hearing on the tentative budget is scheduled for May 23, 2017. The Board would have to approve the final budget on this date or on June 6, 2017, to meet the June 8, 2017 deadline. The District is given 30 days after the close of the Legislative Session to submit an Amended Final Budget. The Amended Final Budget may come before the Board for approval on June 27, 2017, depending on when the 2017 Session actually closes. No governing body may adopt any budget which appropriates for any fund any amount in excess of the budget resources of that fund.

A summary of what has currently been implemented and other potential budget solutions follows. The list is not in any priority order. **None of these solutions will be included in the District's budget until formal approval by the Board of Trustees.**

	<u>Amount</u>	<u>Ref</u>
FY17 Expenditures Savings Identified	10,000,000	1
FY17 Expenditures Savings to be Identified	5,000,000	2
DSA Per Pupil Funding Increase		3
Special Education Weighted Funding		4
Turnover/Vacancy Savings		5
Transfer to Capital Projects Fund for Nutrition Services	59,000	6

OPEB Funding Suspension	3,239,786	7
Move Costs to E-Rate	2,000,000	8
Textbook Adoption Savings	1,696,000	9
Utility Savings	1,200,000	10
Gasoline Savings	500,000	11
Reno Redevelopment Savings	35,000	12
PC Refresh	483,000	13
Bus/White Fleet Lease	400,000	14
Health Insurance - Reduce Benefits to Match DSA	1,470,000	15
Contingency Account	1,093,000	16
Assigned for Unresolved Lawsuits		17
Assigned for Subsequent Years Exp (2%)		18
Ad Valorem Tax - Additional 1% Increase	644,000	19
Projected Enrollment (1.264%) less Teacher/Bus Driver Cost	2,100,000	20
Central Service Reductions		21
Central Support (Consultants/IS's/TOSA's) (-17 fte)	1,339,000	22
ELL Allocations (-14 fte)	910,000	23
SWAS Spanish Springs and Reno HS's (-4 fte)	260,000	24
Incline (-1 fte), AACT (-1.5 fte), Innovations (-1 fte)	227,500	25
Alt Ed positions (-3 fte)	195,000	26
Deans for Title Schools (-11.5 fte)	747,500	27
Class Size Increase +2 Kindergarten (-15 fte)	975,000	28
Class Size Increase Gr 1-3 (+1) (-51 fte)	3,315,000	29
Class Size Increase Gr 1-3 (+2) (-36 fte)	2,340,000	30
Class Size Increase Gr 4-12 (+1) (-50.5 fte)	3,282,500	31
Class Size Increase Gr 4-12 (+2) (-55 fte)	3,575,000	32
Other Options to be Determined		33
Total	47,086,286	

Ref 1, 2 - FY17 Expenditures Savings

Under the guidance of the Financial Review Committee (FRC) the District has identified the following as potential savings for in the current fiscal year with the goal of finding \$5 million more through continued expenditure reviews and reductions in positions in central services. These savings carry forward to FY18 and help mitigate the budget shortfall. However, the use of one-time savings to balance on-going expenditures is not sustainable and will result in an initial deficit the following year (Fiscal Year 2018-19) for a corresponding amount.

Textbooks	2,080,000
Utility Savings	1,500,000
Fuel Savings	950,000
Contingency Account	1,093,277
OPEB (no charge for FY17)	3,656,850
Freeze Bus/Vehicle Replacement	450,000
Freeze Computer Refresh or Move to E-Rate	460,000
	10,190,127

Ref 3, 4, 5 - DSA Per Pupil Funding Increase, Special Education Weighted Funding, Turnover/Vacancy Savings

Any funding increases or vacancy savings that may occur will be the first priority to offset the budget deficit so other expenditure reductions will not have to be enacted.

Ref 6 - Transfer to Capital Projects Fund for Nutrition Services

When the District converted the Nutrition Services fund from a special revenue fund to an enterprise fund a savings to the general fund of \$59,000 was identified and this amount has been budgeted as a transfer to the capital projects fund to provide for capital/equipment needs since. Because the Nutrition Services Fund has shown a profit over the last several years and because there is new capital funds available the elimination of this transfer will not harm the fund.

Ref 7 - OPEB Funding Suspension

The District is one of few responsible government entities to provided funding for Other Post Employment Benefits (OPEB). This is similar to a retirement fund but is intended to provide for future costs related to health and life insurance. The District has aggressively funded the cost over for a number of years and there are sufficient reserves to suspend the funding for several years.

Ref 8 - Move Costs to E-Rate Fund

The district receives funds from E-rate for category two costs and accounts for them in the E-Rate Fund. The money can be utilized to provide for various technology costs. The District can shift technology costs from the General Fund to this fund to reduce the budget deficit. We are currently trying to determine if this will be a sustainable funding source as the receipts are unpredictable and vary depending on a number of circumstances.

Ref 9, 10, 11, 12 - Textbook Adoption, Utility, Gasoline and RDA Savings

The District operates off a prescribed textbook adoption cycle for various core subjects as well as provides for advanced placement and international bachelorette needs. The ongoing budget for these needs is \$4.31 million and the requirement for high school math and world language textbooks will only cost \$2.3 million. In addition, AP and IB needs will be \$0.31 million so the balance can help mitigate the budget shortfall. However, the need for these dollars will continue as the District must update textbooks in order to make sure students are receiving current and relevant materials aligned with the NVACS.

Electricity, natural gas and gasoline prices have decreased over the last few years so there will be a savings versus the budget. The District's budget related to the Reno Redevelopment (RDA) should also not be fully utilized.

Ref 13, 14 - PC Refresh, Bus/White Fleet Lease

The District has an ongoing budget to provide for classroom computer and bus/white fleet replacement. The computer budget can possible be moved to the E-rate fund or offset by capital funds. The bus/white fleet reduction would not impact safety and would reduce the purchase of buses from 20 to 10 and decrease the amount of funding for white fleet replacement by ½ (or instead of being able to replace \$1 million worth of vehicles only \$.5 million).

Ref 15 - Health Insurance - Reduce Benefits to Match DSA

The Governor's proposed budget of the DSA per pupil funding only provides a 3.6% increase for health insurance while our projected needs are 10%. Reducing our budgeted increase of 10% to the DSA rate of 3.6% would save \$1.47 million and would match our expenditures with our funding to provide a sustainable budget. Unfortunately, the reduction would mean we would have to implement benefit reductions to our health insurance program which would adversely impact employees, dependents and retirees.

Ref 16 - Contingency Account

The district budgets a \$1.1 million contingency account each year. Rarely is the account used. However, if some type of unforeseen event occurs we may have to make further reductions to other areas to provide for the costs.

Ref 17 - Assigned for Unresolved Lawsuits

A January, 2017 ruling by the Supreme Court denied the County's stance and sent this issue back to the District Court. At this point it is unknown what the exact direction of the court will be so we continue to monitor the situation to determine if any funds set aside for this can be utilized for other purposes. Use of these funds would force the District to provide for any potential cost by making other reductions.

Ref 18 - Assigned for Subsequent Years Exp (2%)

The budgeted ending fund balance assigned for subsequent year's expenditures represents the Board policy to maintain a 2% ending fund balance. Any use of this reserve would be a one-time event and would result in creating a deficit in the subsequent fiscal year for a corresponding amount. A reduction to this reserve would also cause increase concern from our bond rating agencies regarding our ending fund balances and ability to offset unknown economic circumstances. Recently the bond rating for another district in Nevada was downgraded due to a decrease in their fund balance.

Ref 19 - Ad Valorem Tax - Additional 1% Increase

Currently the budget provides for a 3% increase over the prior year amount. This is a very aggressive assumption as the prior year amount was more than the pro-forma estimate from the Department of Taxation. The tax cap related to CPI will provide about a 2.4 % increase and property growth should cover what we have in the budget. We will continue to monitor our current year receipts and wait for the FY18 pro-forma estimate to determine if we can budget a further increase. Each 1% increase in revenue generate a net amount of \$644,000 after factoring the State's 1/3rd share.

Ref 20 - Projected Enrollment (1.264%) less Teacher/Bus Driver Cost

Our demographer has projected a 1.27% increase for enrollment. However, given the new difficult nature of projecting economic growth impact on our enrollment we are using flat enrollment to avoid the current year situation. If the enrollment projection actually occurred the district would realize additional revenue of \$4.68 million but we would also have to provide teachers, bus drivers and other support costing about \$2.58 million for a net increase of \$2.1 million.

Ref 21 - Central Service Reductions

Staff is in the process of identify reductions related to central service operations that support schools and other departments. This recommendations will be provided once obtained and vetted.

Ref 22 - Central Support (Consultants/IS's/TOSA's) (-17 fte)

As mentioned above, staff has already reviewed central support positions for consulting teachers, implementation specialists and teachers on special assignment and identified a reduction of 17 fte. Those position are related to several different central offices and the impacts for the reduction follow.

Curriculum and Instruction Department would incur a reduction in math TOSA's from 6 to 4 and a .5 Library TOSA. The Math TOSAs work with teachers in implementing the NVACS with the textbook & instructional materials. They work with whole staffs, grade levels, PLCs, or individual teachers. They do this through a variety of formats including presentations, planning, co-planning, co-teaching, model lessons etc. Currently, there is one assigned to each grade level K-5. In light of the new 6-8 adoption, we were planning to shift the 4th & 5th grade leads to support not only 4th & 5th but also 6th as they both have taught 6th in previous years. By losing two of these positions, support for 1st & 2nd grade would have to be taken on by the kindergarten lead and the third grade lead. Other projects that they support such as DreamBox support, Parent University, Blue Friday/LTL would have to be taken on by the remaining TOSAs.

The library position provides supports to our 93 librarians & HS Career Center Facilitators. The position coordinates & provides training in our library Destiny program which manages the library books of each school in the District. The position also provides training to all librarians in various topics such as 21st Century Learning, Digital Citizenship, Teaching in the library, Standards, MTSS, collaborating with staff, etc. This year the position has provided support to the Career Center Facilitators as an advocate, assisted in coordinating their professional development & coordinated events for them.

The Department of Professional Learning would incur a reduction of 11 fte, 5 related to the acceleration zone, 1 each for Stead, Dodson and Cannan, and 1 each for Booth, Desert Heights and Natchez that will be offset by using other funds.

Currently 1.0 FTE Implementation Specialist is embedded at each acceleration zone school, providing teachers with support in the form of coaching, co-planning, modeling lessons, observing lessons, providing feedback, serving on the principals' leadership teams, assisting with PLC's, data collection and interpretation, and facilitating professional learning. The proposed reduction will impact IS support by cutting it in half for each of these ten A-Zone schools: Anderson, Corbett, Duncan, Elmcrest, Lincoln Park, Loder, Mathews, Sun Valley, Veterans, and Warner.

Stead, Dodson and Cannan will no longer have IS's, so impact is loss of all support listed above.

Booth: cover 1.0 FTE embedded IS out of Victory funding (*no impact on support*). Desert Heights: cover 1.0 embedded IS out of Title (a) funding/Priority school (*no impact on support*). Natchez ES, which will no longer have an IS, but will be New to A-Zone for 2017-18 is Natchez ES, which will no longer have an IS, but will be allocated 1.0 FTE Instructional Coach from Victory grant funds (*no impact on support*).

The Office of Student Support (OSS) would incur a reduction of 2.5 fte. Innovations loss of .5 fte Implementation Specialist (IS) will impact professional learning support and coaching for all six schools in the OSS. Loss of 1.0 fte Athletic IS will impact the PLC support for physical education teachers, support for SHARE, and support for WCSD Athletics and Activities

programming. Loss of 1.0 fte Special Education IS will impact the support schools receive for special education services.

Ref 23 - ELL Allocations (-14 fte)

The teacher to student ratio at the Elementary Level will change from 60:1 to 65:1 while the Secondary Level would change from 60:1 to 70:1

Elementary Reduction in Staff - The decrease in services will impact all schools, but specifically an elementary school that has only one teacher and may have approximately 80 to over 100 EL students. The reason this is difficult is that one teacher is attempting to serve grades k – 5/6 with several EL students at each grade level that may also range from a Level 1 proficiency level to a Level 5 proficiency level. It is also difficult to provide effective inclusive practices that include not only instruction, but also opportunities to co-plan for that instruction.

As former pilot schools, Smithridge and Cannan, made outstanding progress in overall progress and exit rates by having enough EL personnel to embed one in each grade level. Both schools had the highest percentage of exited students in 2015-16, as well as language progress increasing. The success was not only the implementation of the co-teaching/co-planning model, but a change in entire staff focusing on explicit language through the academic content. All teachers had ownership of the students and had time during their PLCs to plan appropriately for language. Dropping by at least 2 -3 teachers at each of these sites will drastically effect the implementation of a co-teaching model designed to serve students effectively and provide the differentiation and scaffolding needed to provide them with consist instruction that increases their language acquisition. Losing the allocations at these pilot schools will make it more difficult to implement the Strategic Plan Initiative 1.2.1.

It is important that we have qualified and quality EL teachers in our positions. At the principal's request, I have converted several teaching positions to assistant positions. The schools received additional allocations in the fall and were unable to find qualified staff, so the conversions were requested and filled. With the increase in ratio at schools, we will have 17.5 EL teachers overage. At this time we do not know of many EL open positions due to retirement or leaving district. It is important that teachers be given the opportunity to move into the converted teaching assistant positions. There are seven converted positions that could be available for overage teachers.

Secondary Reduction in Staff - The decrease at the secondary level will also impact the ability for EL teachers to provide the EL courses that were designed for long term, short term or newcomers, as well as provide content class support. The EL teacher monitors many EL students that are close to exiting. They usually support these students by monitoring their grades and checking in with content teachers to see what support is needed. The secondary students have either been in EL for less than five years (short term) or over six years (long term). The language proficiency level of these students is usually within the range of a level 3 or 4. EL students make excellent progress as beginning language learners. However, once an EL student reaches the level 3 or 4 they exhibit behaviors and language similar to a native English speaker. They may seem to understand everything that is going on in class because their social language is developed and a teacher may not have a clue they did not understand content until the test. The reason for is that academic language develops much slower at levels 3 and 4. The reason for this is that the demands of the content, as well as the academic language have increased and the multiple opportunities to practice using the language (speaking, writing) decrease.

The ability to increase the EL graduation rates will be more difficult to reach. The decrease in staff and the increase in students served will be making it more difficult to provide the appropriate instruction and support at the secondary level.

Sparks MS has collaborated with the Department of EL to implement a co-teaching/co-planning model at the secondary level. Teams of EL teachers were assigned to specific content level teams. The ability to collaborate and implement an inclusive model at a secondary level will be more difficult with an increased ratio.

ESSA requires a district to monitor exited students for four years instead of two years. We already had difficulty implementing this part of the law because the former ELs are not included in the ratio. For example, a school may have 303 EL students and 138 to monitor for four years. At the end of the four years decisions will be made to reclassify exited EL students. If they are successful in state assessments and their courses, they will be reclassified as a former EL, if they are struggling they could be reclassified to receive explicit language instruction to help increase their language progress.

The shared positions have been very successful. The shared positions require the EL teacher to travel daily between schools, build relationships with staff members and administrators, as well as become involved with families at each of the schools. They also make it possible that WCSD can state they provide language instruction for every EL student in our district.

Newcomer schools are Wooster, Hug, Sparks HS, Pine, and Sparks MS (moved from Traner for 2017-18). Newcomers need not only to be taught English, but also provided with opportunities for cultural instruction. Courses have been designed at the secondary level to meet the unique needs of our Newcomers. All secondary schools receive 1.5 extra allocations. This needs to be ensured for the success of students new to our country. The 1.0 is a teacher position and the .5 teacher position is converted to an assistant. This provides the school with someone who is able to complete the assessments for identification, meets with families, and provides instructional support.

Ref 24 - SWAS Spanish Springs and Reno HS's (-4 fte)

The loss of the SWAS allocations will negatively impact the breadth of support provided to students off track for graduation. More specifically, the result is less support class and intervention opportunities and higher class sizes in those opportunities that remain. This has some affect at every grade level.

Ref 25 - Incline (-1 fte), AACT (-1.5 fte), Innovations (-1 fte)

This will affect the breadth of course offerings in our smaller HS settings. It also impacts TWI programming.

Ref 26 - Alt Ed positions (-3 fte)

All high schools receive more than one alternative education positions. All .5 fte allocations above the one for all high school were reduced resulting in 3 less fte. The reduction will affect credit recovery and intervention efforts at the impacted schools.

Ref 27 - Deans for Title Schools (-11.5 fte)

The staffing ratio to provide Deans at the Elementary Level related to Title and At-Risk schools was changed to (500-649 = 0.5 fte, below 500 = 0) from (400-499 = .5 fte, 500-699 = 1.0 fte) resulting in a reduction of 11.5 fte.

This will create an administrative burden primarily affecting discipline and school management. In the Title I world it will also affect conversions to Assistant Principals. That will further impact administrative burden relative to staff evaluations and LEA responsibilities.

Ref 28 - Class Size Increase +2 Kindergarten (-15 fte)

The State mandates kindergarten class sizes to be a 21 student to 1 teacher ratio (21:1) and no school can have a ratio of more than 25 students to 1 teacher. Historically we have staffed kindergarten at a low ratio (district wide about 19:1) only requiring a request for variance above the 21:1 ratio for about 5 schools. In comparison, we typically have 25 or more schools requesting variances for each of grades 1 -3, although our district wide ratio remains below the state mandate for each grade.

We can still keep the district wide ratio below 21:1 even if we increase our guidelines to by a two student margin. This will increase the variances from 6 to 18 but would still be well under what we request for grades 1 – 3.

In addition, this change will match our revenue with our expenditures and provide for a sustainable cost. This is because we will actually receive a decrease in Full Day Kindergarten funding as the funding becomes built into the DSA per pupil funding for the upcoming biennium.

The net effect is larger class sizes and it may limit team teaching as class sizes might exceed classroom space capacity. The change also hinders inclusive practice/differentiation and affect classroom management.

Ref 29, 30 - Class Size Increase Gr 1-3 (+2) (-87 fte)

An increase to class size staffing guidelines for grades 1-3 of 1 student would reduce allocations by 51 teachers. An increase of 2 students would reduce allocations by 87 teachers.

The net effect is larger class sizes. May limit team teaching as sizes might exceed classroom space capacity. Hinders inclusive practice/differentiation and affect classroom management.

Ref 31, 32 - Class Size Increase Gr 4-12 (+2) (-105.5 fte)

An increase to class size staffing guidelines for grades 4-12 of 1 student would reduce allocations by 50.5 teachers. An increase of 2 students would reduce allocations by 105.5 teachers.

For grades 4-6 the net effect is larger class sizes and it would hinder inclusive practice/differentiation and affect classroom management.

For grades 7-8 the net effect is larger class sizes. Hinders inclusive practice/differentiation and affect classroom management. May affect elective course offerings.

For grades 9-12 the net effect is larger class sizes. Hinders inclusive practice/differentiation and affect classroom management. Will affect elective course offerings and AP-Honors.

Ref 33 – Other Options to be Determined

This is not intended to be a complete list. Staff is working other options and we more than likely receive other recommendations from the Board, Community and Internal staff.

As stated above, this list of potential solutions to our budget deficit **HAS NOT BEEN APPROVED FOR INCLUSION IN THE BUDGET**. The list is not in any priority order and further options will become available and brought to the Board. Our ultimate goal is to create a budget that is sustainable long-term and not one that is dependent on short-term solutions. Our first priority is to work with Legislators to receive increased base funding or more flexibility with existing categorical funding to mitigate any possible reduction to expenditures. Should we have to move forward with reductions they will all be thoroughly discussed. The Superintendent has mandated that any staffing reductions resulting from increased class sizes or other staffing changes be done without layoffs to the best of our abilities. We understand the difficult nature of making these decisions and the impact it has to students, employees and the community. Working together we will persevere and become a better organization.

**WASHOE COUNTY SCHOOL DISTRICT
GENERAL FUND BUDGET COMPARISON
FY 17 FINAL vs FY 18 TENTATIVE BUDGET**

	<u>Final FY17</u>	<u>Tentative FY18</u>	<u>Change</u>
RESOURCES			
Local Sources:			
Ad Valorem Tax	\$ 102,871,949	\$ 105,672,996	\$ 2,801,047
L.S.S.T.	174,794,100	184,841,672	10,047,572
Franchise Taxes	250,000	250,000	0
Government Services Tax	16,123,905	16,123,905	0
Rev In Lieu of Taxes	200,000	185,000	(15,000)
Regular Tuition	330,000	256,000	(74,000)
Summer School	51,000	61,000	10,000
Other Tuition	40,000	40,000	0
Transportation	515,000	565,000	50,000
Earnings on Investments	320,000	420,000	100,000
Student Activities Revenue	150,000	170,000	20,000
Other Local Revenue	803,000	838,000	35,000
Indirect Cost Revenue	2,290,000	1,700,000	(590,000)
Salary Reimbursements	1,500,000	1,500,000	0
	<u>\$ 300,238,954</u>	<u>\$ 312,623,573</u>	<u>\$ 12,384,619</u>
State Sources:			
DSA Apportionments	\$ 144,105,207	\$ 131,400,673	\$ (12,704,534)
Special Appropriations	0	0	0
	<u>\$ 144,105,207</u>	<u>\$ 131,400,673</u>	<u>\$ (12,704,534)</u>
Federal Sources:			
Forest Reserve	\$ 31,000	\$ 31,000	\$ -
E-Rate Refund	360,000	500,000	140,000
P.L. 81-874	190,000	185,000	(5,000)
	<u>\$ 581,000</u>	<u>\$ 716,000</u>	<u>\$ 135,000</u>
Other Sources:			
Sale of Fixed Assets	\$ 65,000	\$ 85,000	\$ 20,000
Lease Proceeds	0	0	0
	<u>\$ 65,000</u>	<u>\$ 85,000</u>	<u>\$ 20,000</u>
Opening Fund Balance:			
Nonspendable Inventory	\$ 1,141,214	\$ 1,141,214	\$ -
Assigned for:			
Subsequent Year's Expenditures	\$ 9,307,457	\$ 9,714,914	\$ 407,457
Outstanding & Unresolved Lawsuits	7,500,000	6,134,119	(1,365,881)
Balancing the Subsequent Year's Budget (15)	12,598,748	0	(12,598,748)
Balancing the Subsequent Year's Budget (16)	13,880,284	0	(13,880,284)
Balancing the Subsequent Year's Budget (17)	0	0	0
	<u>\$ 44,427,703</u>	<u>\$ 16,990,247</u>	<u>\$ (27,437,456)</u>
TOTAL RESOURCES	<u><u>\$ 489,417,864</u></u>	<u><u>\$ 461,815,493</u></u>	<u><u>\$ (27,602,371)</u></u>

**WASHOE COUNTY SCHOOL DISTRICT
GENERAL FUND BUDGET COMPARISON
FY 17 FINAL vs FY 18 TENTATIVE BUDGET**

	<u>Final FY17</u>	<u>Tentative FY18</u>	<u>Change</u>
APPLICATIONS			
Expenditures:			
Instruction	\$ 212,255,514	\$ 216,516,509	\$ 4,260,995
Special Programs	5,911,763	5,439,383	(472,380)
Vocational Programs	6,330,717	6,496,714	165,997
Other Instructional Programs	15,137,860	14,391,216	(746,644)
Co/Extra - Curricular Programs	3,832,469	4,065,355	232,886
Student Support Services	32,378,590	33,794,943	1,416,353
Instruction Support Services	16,653,871	17,504,764	850,893
General Administration	6,713,106	6,935,194	222,088
School Administration	34,715,680	36,900,577	2,184,897
Central Services	23,806,518	24,503,614	697,096
Operation and Maintenance	48,367,289	50,538,064	2,170,775
Student Transportation	15,756,087	17,247,485	1,491,398
	<u>\$ 421,859,465</u>	<u>\$ 434,333,819</u>	<u>\$ 12,474,354</u>
Other Financing Uses:			
Debt Service Fund Transfer	\$ 3,073,999	\$ 2,708,358	(365,641)
Insurance Trust Fund Transfer	1,640,019	1,640,019	0
Special Education Transfer	44,701,857	45,112,773	410,916
Capital Projects Fund Transfer	59,000	59,000	0
Contingency	1,093,277	1,093,277	0
Budget Deficit	0	(40,529,457)	(40,529,458)
	<u>\$ 50,568,152</u>	<u>\$ 10,083,970</u>	<u>\$ (40,484,182)</u>
Ending Fund Balance:			
Nonspendable Inventory	\$ 1,141,214	\$ 1,141,214	0
Assigned for:			
Outstanding & Unresolved Lawsuits	6,134,119	6,134,119	0
Subsequent Year's Expenditures	9,714,914	10,122,371	407,457
Balancing the Subsequent Year's Budget	0	0	0
	<u>\$ 16,990,247</u>	<u>\$ 17,397,704</u>	<u>\$ 407,457</u>
TOTAL APPLICATIONS	<u><u>\$ 489,417,864</u></u>	<u><u>\$ 461,815,493</u></u>	<u><u>\$ (27,602,371)</u></u>
	0	0	

**WASHOE COUNTY SCHOOL DISTRICT
BUILDING AND SITES FUND
FY 17 FINAL vs FY 18 TENTATIVE BUDGET**

	<u>Final FY17</u>	<u>Tentative FY18</u>	<u>Change</u>
RESOURCES			
Revenue:			
Local Sources:			
Earnings on Investments	\$ -	\$ -	\$ -
Other Local Revenue-Rent	100,000	100,000	-
	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>
State Sources:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Federal Sources:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Sources:			
Transfers In	\$ -	\$ -	\$ -
Sale of Assets	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenue	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>
Opening Fund Balance:			
Reserved	<u>\$ 450,000</u>	<u>\$ 240,000</u>	<u>\$ (210,000)</u>
TOTAL ALL RESOURCES	<u><u>\$ 550,000</u></u>	<u><u>\$ 340,000</u></u>	<u><u>\$ (210,000)</u></u>
APPLICATIONS			
Expenditures:			
Business Support	\$ -	\$ -	\$ -
Central Support	-	-	-
Land Acquisitions	-	-	-
Architecture/Engineering Svcs	40,000	33,000	(7,000)
Educational Specs Devel	-	-	-
Building Acquisition & Const	-	-	-
Site Improvments	40,000	41,000	1,000
Building Improvements	330,000	166,000	(164,000)
	<u>\$ 410,000</u>	<u>\$ 240,000</u>	<u>\$ (170,000)</u>
Other Financing Uses:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Fund Balance:			
Reserved	<u>\$ 140,000</u>	<u>\$ 100,000</u>	<u>\$ (40,000)</u>
TOTAL APPLICATIONS	<u><u>\$ 550,000</u></u>	<u><u>\$ 340,000</u></u>	<u><u>\$ (210,000)</u></u>

**WASHOE COUNTY SCHOOL DISTRICT
CAPITAL PROJECTS FUND BUDGET COMPARISON
FY 17 FINAL vs FY 18 TENTATIVE BUDGET**

	<u>Final FY17</u>	<u>Tentative FY18</u>	<u>Change</u>
RESOURCES			
Revenue:			
Local Sources:			
Gov't Svcs Tax	\$ 3,526,663	\$ 3,740,000	\$ 213,337
Earnings on Investments	-	-	-
Other Local Revenue	-	-	-
	<u>\$ 3,526,663</u>	<u>\$ 3,740,000</u>	<u>\$ 213,337</u>
State Sources:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Federal Sources:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Other Sources:			
Transfers In	\$ 59,000	\$ 59,000	\$ -
Sale of Bonds	-	-	-
	<u>\$ 59,000</u>	<u>\$ 59,000</u>	<u>\$ -</u>
Total Revenue	<u>\$ 3,585,663</u>	<u>\$ 3,799,000</u>	<u>\$ 213,337</u>
Opening Fund Balance:			
Reserved	\$ -	\$ -	\$ -
Unreserved	34,693,000	36,718,952	2,025,952
	<u>\$ 34,693,000</u>	<u>\$ 36,718,952</u>	<u>\$ 2,025,952</u>
TOTAL ALL RESOURCES	<u><u>\$ 38,278,663</u></u>	<u><u>\$ 40,517,952</u></u>	<u><u>\$ 2,239,289</u></u>
APPLICATIONS			
Expenditures:			
Central Services	\$ 2,987,533	\$ 3,504,891	\$ 517,358
Land Acquisitions	-	1,810,000	1,810,000
Architecture/Engineering Svcs	5,020,288	4,950,166	(70,122)
Building Acquisition & Const	-	-	-
Site Improvements	2,829,000	1,599,688	(1,229,312)
Building Improvements	13,511,342	15,655,408	2,144,066
	<u>\$ 24,348,163</u>	<u>\$ 27,520,153</u>	<u>\$ 3,171,990</u>
Transfer to Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Ending Fund Balance:			
Reserved	\$ -	\$ -	\$ -
Unreserved	13,930,500	12,997,799	(932,701)
	<u>\$ 13,930,500</u>	<u>\$ 12,997,799</u>	<u>\$ (932,701)</u>
TOTAL APPLICATIONS	<u><u>\$ 38,278,663</u></u>	<u><u>\$ 40,517,952</u></u>	<u><u>\$ 2,239,289</u></u>

**WASHOE COUNTY SCHOOL DISTRICT
SPECIAL REVENUE FUND BUDGET COMPARISON
FY 17 FINAL vs FY 18 TENTATIVE BUDGET**

	<u>Final FY17</u>	<u>Tentative FY18</u>	<u>Change</u>
RESOURCES			
Revenue:			
Local	\$ 4,712,488	\$ 5,231,474	\$ 518,986
State	38,391,185	46,909,528	8,518,343
Federal	55,968,970	47,199,141	(8,769,829)
Transfers In	0	0	0
Total Revenue	<u>\$ 99,072,643</u>	<u>\$ 99,340,143</u>	<u>\$ 267,500</u>
Opening Fund Balance:			
Reserved	\$ -	\$ -	\$ -
Unreserved	3,054,169	2,428,286	(625,883)
Total Opening Fund Balance:	<u>\$ 3,054,169</u>	<u>\$ 2,428,286</u>	<u>\$ (625,883)</u>
TOTAL ALL RESOURCES	<u><u>\$ 102,126,812</u></u>	<u><u>\$ 101,768,429</u></u>	<u><u>\$ (358,383)</u></u>
APPLICATIONS			
Expenditures by Function:			
Other Instructional Programs	\$ 78,565,181	\$ 76,153,467	\$ (2,411,714)
Special Programs	13,946,947	16,666,877	2,719,930
Vocational Programs	3,181,525	3,079,484	(102,041)
Adult Education Programs	1,450,000	1,375,000	(75,000)
Community Service Programs	743,780	668,859	(74,921)
Instructional Programs	592,296	530,906	(61,390)
Student Support Services	630,811	611,693	(19,118)
Instruction Support Services	28,620	38,170	9,550
General Administration	646,769	746,040	99,271
Central Services	145,825	314,402	168,577
Operation and Maintenance	21,336	24,811	3,475
Other Support	0	0	0
	<u>\$ 99,953,090</u>	<u>\$ 100,209,709</u>	<u>\$ 256,619</u>
Other Uses:			
Transfers Out	\$ 0	\$ 0	\$ -
Contingency	0	0	0
	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ending Fund Balance:			
Reserved	\$ 0	\$ 0	\$ -
Unreserved	2,173,722	1,558,720	(615,002)
	<u>\$ 2,173,722</u>	<u>\$ 1,558,720</u>	<u>\$ (615,002)</u>
TOTAL APPLICATIONS	<u><u>\$ 102,126,812</u></u>	<u><u>\$ 101,768,429</u></u>	<u><u>\$ (358,383)</u></u>

**WASHOE COUNTY SCHOOL DISTRICT
SPECIAL EDUCATION FUND BUDGET COMPARISON
FY 17 FINAL vs FY 18 TENTATIVE BUDGET**

	<u>Final FY17</u>	<u>Tentative FY18</u>	<u>Change</u>
RESOURCES			
State Sources:	\$ 25,977,533	\$ 27,177,533	\$ 1,200,000
Transfers In	<u>\$ 44,701,857</u>	<u>\$ 45,112,773</u>	<u>\$ 410,916</u>
TOTAL RESOURCES	<u>\$ 70,679,390</u>	<u>\$ 72,290,306</u>	<u>\$ 1,610,916</u>
APPLICATIONS			
Expenditures:			
Instruction	\$ 46,918,703	\$ 46,581,317	\$ (337,386)
Student Support Services	12,459,944	13,498,444	1,038,500
Instruction Support Services	2,173,451	2,326,544	153,093
General Administration	446,995	557,327	110,332
School Administration	800,280	488,857	(311,423)
Central Services	107,405	104,824	(2,581)
Operation and Maintenance	64,368	72,378	8,010
Student Transportation	<u>7,708,244</u>	<u>8,660,615</u>	<u>952,371</u>
TOTAL APPLICATIONS	<u>\$ 70,679,390</u>	<u>\$ 72,290,306</u>	<u>\$ 1,610,916</u>

**WASHOE COUNTY SCHOOL DISTRICT
CLASS SIZE REDUCTION FUND BUDGET COMPARISON
FY 17 FINAL vs FY 18 TENTATIVE BUDGET**

	<u>Final FY17</u>	<u>Tentative FY18</u>	<u>Change</u>
RESOURCES			
Revenue:			
State	\$ 18,185,432	\$ 18,549,140	\$ 363,708
Other	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenue	<u>\$ 18,185,432</u>	<u>\$ 18,549,140</u>	<u>\$ 363,708</u>
Transfers In	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL ALL RESOURCES	<u>\$ 18,185,432</u>	<u>\$ 18,549,140</u>	<u>\$ 363,708</u>
APPLICATIONS			
Expenditures by Function:			
Instruction	\$ 18,185,432	\$ 18,549,140	\$ 363,708
Transfer To Other Funds	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL APPLICATIONS	<u>\$ 18,185,432</u>	<u>\$ 18,549,140</u>	<u>\$ 363,708</u>

**WASHOE COUNTY SCHOOL DISTRICT
DEBT SERVICE FUND BUDGET COMPARISON
FY 17 FINAL vs FY 18 TENTATIVE BUDGET**

	<u>Final FY17</u>	<u>Tentative FY18</u>	<u>Change</u>
RESOURCES			
Combined Bonds:			
Ad Valorem Taxes	\$ 52,834,698	\$ 54,419,739	\$ 1,585,041
Local School Support Tax (WC-1)	0	35,000,000	35,000,000
Earnings on Investments	400,000	400,000	0
Interest Subsidy	1,413,480	1,389,977	(23,503)
Proceeds From Refunding Bond Issuance	0	0	0
Premiums on Bonds Sold	0	0	0
	<u>\$ 54,648,178</u>	<u>\$ 91,209,716</u>	<u>\$ 36,561,538</u>
Opening Fund Balance	<u>\$ 23,006,763</u>	<u>\$ 31,757,598</u>	<u>\$ 8,750,835</u>
Subtotal - Combined Bonds	<u>\$ 77,654,941</u>	<u>\$ 122,967,314</u>	<u>\$ 45,312,373</u>
Medium-Term Financing:			
Earnings on Investments	\$ 0	\$ 0	\$ -
Transfer In From General Fund	3,073,999	2,708,358	(365,641)
	<u>\$ 3,073,999</u>	<u>\$ 2,708,358</u>	<u>\$ (365,641)</u>
Opening Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ -</u>
Subtotal - Combined Bonds	<u>\$ 3,073,999</u>	<u>\$ 2,708,358</u>	<u>\$ (365,641)</u>
TOTAL RESOURCES	<u><u>\$ 80,728,940</u></u>	<u><u>\$ 125,675,672</u></u>	<u><u>\$ 44,946,732</u></u>
APPLICATIONS			
Combined Bonds			
Principal	\$ 28,440,000	\$ 29,565,000	\$ 1,125,000
Interest	20,274,322	22,144,219	1,869,897
Building Improvements (WC-1)	0	30,000,000	30,000,000
Other Costs	100,000	1,100,000	1,000,000
Payments - Refunded Debt	0	0	0
Bond Issuance Costs - Refunded Debt	0	0	0
Incline Property Tax Refunds & Interest	0	0	0
Reserves (Inc Unapprop Bal)	28,840,619	40,158,095	11,317,476
Subtotal Combined Bonds	<u>\$ 77,654,941</u>	<u>\$ 122,967,314</u>	<u>\$ 45,312,373</u>
Medium-Term Financing:			
Principal	\$ 2,976,507	\$ 2,636,287	\$ (340,220)
Interest	97,492	72,071	(25,421)
Reserves (Inc Unapprop Bal)	0	0	0
Subtotal Combined Bonds	<u>\$ 3,073,999</u>	<u>\$ 2,708,358</u>	<u>\$ (365,641)</u>
TOTAL APPLICATIONS	<u><u>\$ 80,728,940</u></u>	<u><u>\$ 125,675,672</u></u>	<u><u>\$ 44,946,732</u></u>

**WASHOE COUNTY SCHOOL DISTRICT
INTERNAL SERVICE FUND BUDGET COMPARISON
FY 17 FINAL vs FY 18 TENTATIVE BUDGET**

	<u>Final FY17</u>	<u>Tentative FY18</u>	<u>Change</u>
Operating Revenue			
Premiums Collected	\$ 72,251,857	\$ 76,433,018	\$ 4,181,161
Total Operating Revenue	<u>\$ 72,251,857</u>	<u>\$ 76,433,018</u>	<u>\$ 4,181,161</u>
Operating Expenses			
Salaries and Benefits	\$ 748,628	\$ 813,054	\$ 64,426
Employee Benefits	82,362,574	89,194,612	6,832,038
Services and Supplies	628,269	642,913	14,644
Total Operating Expense	<u>\$ 83,739,471</u>	<u>\$ 90,650,579</u>	<u>\$ 6,911,108</u>
Operating Income (Loss)	\$ (11,487,614)	\$ (14,217,561)	\$ (2,729,947)
Nonoperating Revenues			
Interest Earned	\$ 89,312	\$ 107,314	\$ 18,002
Stop Loss Insurance Reimbursement	1,611,586	840,096	(771,490)
OPEB Trust Fund Reimbursement	5,000,000	5,000,000	0
Prescription Rebates, Miscellaneous	1,689,322	6,256,917	4,567,595
	<u>\$ 8,390,220</u>	<u>\$ 12,204,327</u>	<u>\$ 3,814,107</u>
Nonoperating Expenses			
Interest Expense	\$ 0	\$ 0	\$ 0
Total Nonoperating Expense	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Income Before Operating Transfers	\$ (3,097,394)	\$ (2,013,234)	\$ 1,084,160
Operating Transfers			
IN	\$ 1,640,019	\$ 1,640,019	\$ 0
OUT	0	0	0
Net Operating Transfers	<u>\$ 1,640,019</u>	<u>\$ 1,640,019</u>	<u>\$ 0</u>
Net Income (Loss)	(\$1,457,375)	(\$373,215)	\$ 1,084,160
Opening Retained Earnings	15,162,289	14,318,520	(843,769)
Ending Retained Earnings	<u>\$13,704,914</u>	<u>\$13,945,305</u>	<u>\$240,391</u>

**WASHOE COUNTY SCHOOL DISTRICT
NUTRITION SERVICES FUND BUDGET COMPARISON**

	Final FY17	Tentative FY18	Change
Operating Revenue			
Food Service Revenues	\$ 5,055,336	\$ 5,055,336	\$ 0
Total Operating Revenue	\$ 5,055,336	\$ 5,055,336	\$ 0
Operating Expenses			
Salaries	\$ 7,730,061	\$ 7,730,061	\$ 0
Benefits	3,149,766	3,149,766	0
Purchased Service	1,489,723	1,489,723	0
Supplies	11,508,305	11,508,305	0
Depreciation	133,055	133,055	0
Other	559,241	559,241	0
Total Operating Expense	\$ 24,570,151	\$ 24,570,151	\$ 0
Operating Income (Loss)	\$ (19,514,815)	\$ (19,514,815)	\$ 0
Nonoperating Revenues			
Commodity Revenue	\$ 1,366,586	\$ 1,366,586	\$ 0
State Matching Funds	212,258	212,258	0
Federal School Feeding Program	18,477,317	18,477,317	0
	\$ 20,056,161	\$ 20,056,161	\$ 0
Nonoperating Expenses			
Interest Expense	\$ 0	\$ 0	\$ 0
	0	0	0
Total Nonoperating Expense	\$ 0	\$ 0	\$ 0
Net Income Before Operating Transfers	\$ 541,346	\$ 541,346	\$ 0
Operating Transfers			
IN	\$ 0	\$ 0	\$ 0
OUT	0	0	0
Net Operating Transfers	\$ 0	\$ 0	\$ 0
Net Income	\$541,346	\$541,346	\$ 0
Opening Retained Earnings	(2,427,016)	(1,885,670)	541,346
Ending Retained Earnings	(\$1,885,670)	(\$1,344,324)	\$541,346

**WASHOE COUNTY SCHOOL DISTRICT
OPEB TRUST FUND
FY 17 FINAL vs FY 18 TENTATIVE BUDGET**

	<u>Final FY17</u>	<u>Tentative FY18</u>	<u>Change</u>
Additions			
Contributions by Employer	\$ 3,780,000	\$ 3,780,000	\$ 0
Earnings (loss) on investments	2,600,000	2,600,000	-
Total Additions	<u>\$ 6,380,000</u>	<u>\$ 6,380,000</u>	<u>\$ 0</u>
Deductions			
Benefits	\$ 9,800,000	\$ 9,800,000	\$ 0
Total Deductions	<u>\$ 9,800,000</u>	<u>\$ 9,800,000</u>	<u>\$ 0</u>
Net Increase	\$ (3,420,000)	\$ (3,420,000)	\$ 0
Net Assets Held in Trust for OPEB			
Beginning July 1	70,985,572	67,565,572	(3,420,000)
Ending June 30	<u>\$ 67,565,572</u>	<u>\$ 64,145,572</u>	<u>\$ (3,420,000)</u>

WASHOE COUNTY SCHOOL DISTRICT - GENERAL FUND														
NRS 354.596 EXPENDITURE REPORT														
FOR THE TENTATIVE BUDGET, FISCAL YEAR JUNE 30, 2018														
FUNCTION/PROGRAM		REGULAR	SPECIAL	VOCATIONAL	OTHER INST	CO/EXTRA	STUDENT	INSTRUCTIONAL	GENERAL	SCHOOL	CENTRAL	OPERATIONS	STUDENT	TOTALS
OBJECT	ACCOUNT DESCRIPTION	INSTRUCTION	PROGRAMS	PROGRAMS	PROGRAMS	CURRICULAR	SUPPORT	SUPPORT	ADMIN	ADMIN	SERVICES	& MAINT	TRANSPORT	
64422	EXCESS COPIES-LEASED COPIERS	37,000	0	0	0	0	0	0	0	0	50,000	0	0	87,000
64502	SITE IMPROVEMENTS	5,000	0	0	0	0	0	0	0	300	0	0	0	5,300
64503	BUILDING IMPROVEMENTS	6,520	0	0	0	0	0	0	0	0	0	0	0	6,520
64900	OTHER PURCHASED PROPERTY SRVCS	0	0	0	0	0	0	0	0	0	0	310,000	0	310,000
64901	JOINT USE AGREEMENTS	0	0	0	0	0	0	0	0	0	0	235,000	0	235,000
64909	CHARGEBACKS/PROPERTY SERVICES	0	0	0	0	0	0	0	0	0	(240,000)	(92,000)	0	(332,000)
65000	OTHER PURCHASED SERVICES	196	0	0	0	306,500	0	200	0	0	0	23,750	0	330,646
65100	INLIEU OF TRANSPORTATION PYMTS	0	0	0	0	0	0	0	0	0	0	0	75,000	75,000
65101	FIELD TRIPS	3,000	0	0	0	0	0	4,500	0	0	0	0	0	7,500
65102	ACTIVITY TRIPS	0	0	0	0	179,000	0	0	0	0	0	0	0	179,000
65103	ATHLETIC TRAVEL	0	0	0	0	181,474	0	0	0	0	0	0	0	181,474
65190	STUDENT TRAVEL & RELATED	1,000	0	0	0	0	0	0	0	0	0	0	0	1,000
65200	PROPERTY/LIABILITY INSURANCE	0	0	0	0	0	0	0	0	0	1,899,362	0	0	1,899,362
65310	POSTAGE	5,850	3,080	200	0	0	0	19	500	1,150	364,725	50	100	375,674
65330	TELEPHONE	1,330	0	0	0	200	184	188	0	10,643	0	375,000	0	387,545
65340	CELLULAR TELEPHONE COSTS	755	0	0	1,000	0	900	800	15,852	900	10,212	62,000	12,000	104,419
65350	TELEPHONE - DATA TRANSMISSION	500	0	0	0	0	600	0	1,000	0	0	650,000	0	652,100
65400	ADVERTISING	3,500	0	0	0	0	300	400	250	0	99,000	0	700	104,150
65500	PRINTING	299,600	6,500	4,500	10,500	7,300	6,300	76,900	3,050	23,306	39,621	2,250	4,500	484,327
65600	STUDENT TUITION & REGISTRATION	1,126,260	0	0	0	0	0	0	0	0	0	0	0	1,126,260
65800	TRAVEL/PER DIEM/LODGING	75,800	7,750	2,200	1,400	5,000	2,800	20,969	62,173	11,500	90,261	4,537	11,500	295,890
65801	MILEAGE	7,950	17,500	1,000	11,000	3,000	49,041	83,434	4,400	96,238	25,815	5,150	6,000	310,528
65802	CONFERENCE/SEMINAR/TRAINING	2,000	0	0	0	0	0	0	0	0	0	0	0	2,000
65870	TRAVEL-NON STAFF INDIVIDUALS	0	0	0	0	0	0	850	0	0	500	0	0	1,350
65910	INTERAGENCY PURCHASED SERVICES	0	0	0	0	0	0	0	12,077	0	2,000	0	0	14,077
TOTAL PURCHASED SERVICES		2,883,281	120,396	13,450	400,560	879,099	747,200	2,324,418	617,857	291,387	6,161,970	6,448,852	783,382	21,671,852
66100	GENERAL SUPPLIES	2,529,900	116,840	111,740	776,671	3,133	181,258	526,066	268,761	89,809	500,988	2,275,034	144,538	7,524,738
66101	TELECOMM EQUIPMENT-UNDER \$1,000	0	0	0	0	0	0	0	0	0	0	0	50	50
66109	CHARGEBACKS/SUPPLIES	0	0	0	0	0	0	0	0	0	(360,000)	0	0	(360,000)
66111	WAREHOUSE SUPPLIES	487,295	1,000	3,000	6,406	500	825	3,393	1,450	37,338	102,350	1,300	5,950	650,807
66120	NON-TECH INVENTORY ITEMS	19,976	0	0	0	0	150	4,500	0	1,000	8,326	2,500	0	36,452
66122	FURNITURE OF VALUE	161,226	0	0	0	0	0	2,000	2,700	800	1,000	0	0	167,726
66123	STUDENT MEALS	22,000	0	0	0	0	0	0	0	0	0	0	0	22,000
66210	NATURAL GAS	0	0	0	0	0	0	0	0	0	0	1,650,000	0	1,650,000
66220	ELECTRICITY	0	0	0	0	0	0	0	0	0	0	6,926,287	0	6,926,287
66230	BOTTLED GAS	0	0	0	0	0	0	0	0	0	0	70,000	0	70,000
66240	HEATING OIL	0	0	0	0	0	0	0	0	0	0	5,000	0	5,000
66260	GAS/DIESEL/BIODIESEL	0	0	0	0	0	0	0	0	0	0	0	1,710,886	1,710,886
66290	LUBRICANTS	0	0	0	0	0	0	0	0	0	0	0	75,000	75,000
66400	PROFESSIONAL BOOKS	41,544	16,654	0	1,000	800	1,558	3,250	12,500	450	4,130	700	2,000	84,586
66401	MAGAZINES & PERIODICALS	27,912	0	200	8,000	0	1,250	23,696	1,050	0	4,550	990	0	67,648
66402	LIBRARY BOOKS	1,000	0	0	0	0	0	194,242	0	0	0	0	0	195,242
66410	TEXTBOOKS	4,857,079	3,000	5,000	0	0	3,050	97,575	0	0	0	0	0	4,965,704
66500	AUDIO VISUAL MATERIALS	800	0	0	0	0	0	3,293	0	0	0	350	2,000	6,443
66501	INSTRUCTIONAL KITS	3,250	0	0	0	0	0	500	0	0	0	0	0	3,750
66503	INFORMATION TECH SUPPLIES	248,167	0	6,700	2,850	0	5,460	17,796	6,826	22,600	91,550	4,100	11,000	417,049
66510	INSTRUCTIONAL SOFTWARE	375,344	0	1,000	0	0	0	1,000	0	0	0	0	0	377,344
66511	ADMINISTRATIVE SOFTWARE	2,386	0	200	300	0	0	0	100	0	24,018	1,000	5,000	33,004
66520	COMPUTER HARDWARE OF VALUE	765,627	0	0	5,500	0	800	(9,850)	9,165	3,000	70,591	1,000	10,500	856,333
66521	OTHER TECH EQUIP OF VALUE	101,829	0	0	0	0	0	0	3,600	0	3,300	500	0	109,229
66530	WEB-BASED & SIMILAR PROGRAMS	272,817	0	300	0	0	0	24,600	8,004	0	5,500	0	0	311,221
TOTAL SUPPLIES		9,918,152	137,494	128,140	800,727	4,433	194,351	892,061	314,156	154,997	456,303	10,938,761	1,966,924	25,906,499
67310	NEW EQUIPMENT & MACHINERY	182,991	0	1,000	0	0	0	160	6,000	3,000	2,000	7,543	45,000	247,694
67320	NEW VEHICLES	0	0	0	0	0	0	0	0	0	0	0	820,000	820,000
67330	FURNITURE	80,000	0	0	0	0	0	1,000	0	0	2,364	0	0	83,364
67340	COMPUTER HARDWARE	0	0	0	0	0	0	15,939	0	0	12,506	3,000	6,999	38,444
67390	MINOR EQUIPMENT	500	0	0	0	0	0	900	0	0	0	1,500	250	3,150
TOTAL PROPERTY		263,491	0	1,000	0	0	0	17,999	6,000	3,000	16,870	12,043	872,249	1,192,652
68100	DUES & FEES	76,700	0	700	0	63,544	2,300	5,600	18,859	10,600	20,166	76,600	11,750	286,819
68312	RENO REDEV II SETTLEMENT	0	0	0	0	0	0	0	0	0	630,000	0	0	630,000
TOTAL OTHER		76,700	0	700	0	63,544	2,300	5,600	18,859	10,600	650,166	76,600	11,750	916,819
TOTAL OPERATING		13,141,624	257,890	143,290	1,201,287	947,076	943,851	3,240,078	956,872	459,984	7,285,309	17,476,256	3,634,305	49,687,822
TOTAL EXPENDITURES		216,516,511	5,439,383	6,496,714	14,391,217	4,065,355	33,794,943	17,504,765	6,935,194	36,900,577	24,503,614	50,538,064	17,247,484	434,333,819
TRANSFERS TO DEBT SERVICE FUND														2,708,358
TRANSFERS TO INSURANCE TRUST FUNDS (Retiree Subsidy)														1,640,019
TRANSFERS TO SPECIAL ED. FUND														45,112,773
TRANSFER TO CAPITAL PROJECTS FUND														59,000
CONTINGENCY														1,093,277
NONSPENDABLE INVENTORY														1,141,214
Outstanding & Unresolved Lawsuits														6,134,119
Budget Deficit														(40,529,458)
Subsequent Year's Expenditures														10,122,371
TOTAL GENERAL FUND														461,815,492

General Fund Detailed Program and Function Expenditures

	Salary	Benefits	Purchased Services	Supplies	Property	Other	Grand Total
Regular Programs							
Instruction	\$ 142,120,755	\$ 61,254,130	\$ 2,883,281	\$ 9,918,152	\$ 263,491	\$ 76,700	\$ 216,516,510
Special Programs							
Gifted and Talented							
Improvement Of Instruction	506,880	207,599	96,566	19,654	-	-	830,699
Instruction	3,082,464	1,384,550	23,830	117,840	-	-	4,608,684
Total Special Programs	\$ 3,589,344	\$ 1,592,149	\$ 120,396	\$ 137,494	\$ -	\$ -	\$ 5,439,383
Vocational Programs							
Improvement Of Instruction	215,060	88,534	3,950	2,784	-	-	310,328
Instruction	4,142,248	1,907,582	9,500	125,356	1,000	700	6,186,386
Total Vocational Programs	\$ 4,357,308	\$ 1,996,117	\$ 13,450	\$ 128,140	\$ 1,000	\$ 700	\$ 6,496,714
Other Instructional Programs							
Bilingual-ELL							
Academic Student Assesment	221,451	87,048	317,846	52,252	-	-	678,597
Improvement Of Instruction	452,288	187,146	69,214	46,310	-	-	754,958
Instruction	8,332,960	3,641,215	-	15,000	-	-	11,989,175
Total Bilingual-ESL	9,006,698	3,915,409	387,060	113,562	-	-	13,422,730
Summer School							
Instruction	248,120	19,702	13,500	17,256	-	-	298,578
Remedial Programs							
Instruction	-	-	-	669,909	-	-	669,909
Total Other Instructional Programs	\$ 9,254,818	\$ 3,935,111	\$ 400,560	\$ 800,727	\$ -	\$ -	\$ 14,391,217
Co/Extra - Curricular Programs							
Co-Curricular Programs							
Instruction	589,686	39,126	-	-	-	-	628,812
Other Support Services	154,087	56,018	-	-	-	-	210,104
Vehicle Operation Trans	-	-	69,000	-	-	-	69,000
Total Co-Curricular Programs	743,773	95,144	-	-	-	-	838,916
Athletics							
Improvement Of Instruction	-	-	518,625	4,433	-	63,544	586,602
Instruction	1,644,104	91,916	-	-	-	-	1,736,020
Vehicle Operation Trans	330,514	212,828	291,474	-	-	-	834,816
Total Athletics	1,974,618	304,744	810,099	4,433	-	63,544	3,157,438
Total Co/Extra - Curricular Programs	\$ 2,718,391	\$ 399,888	\$ 879,099	\$ 4,433	\$ -	\$ 63,544	\$ 4,065,355
Student Support Services							
Attendance And Social Work Svc	749,555	347,360	5,125	35,842	-	-	1,137,882
Guidance Services	11,980,143	5,230,447	12,825	1,858	-	400	17,225,673
Health Services	4,719,140	2,219,291	70,306	18,866	-	200	7,027,803
Other Support Services	1,454,399	548,720	522,075	118,785	-	1,500	2,645,479
Psychological Services	3,992,356	1,609,680	136,869	19,000	-	200	5,758,105
Total Student Support Services	\$ 22,895,593	\$ 9,955,498	\$ 747,200	\$ 194,351	\$ -	\$ 2,300	\$ 33,794,943
Instruction Support Services							
Academic Student Assesment	747,476	322,314	1,063,299	146,118	-	2,000	2,281,207
Curriculum Instructional Dev	1,353,224	581,658	13,931	103,659	-	100	2,052,572
Improvement Of Instruction	1,440,741	593,816	308,433	102,901	2,648	500	2,449,038
Inst-Related Technology	-	-	5,100	2,843	2,400	-	10,343
Instructional Staff Training	2,433,061	1,033,283	599,131	268,627	-	-	4,334,102
Library And Media Services	3,878,720	1,633,164	138,138	253,303	12,951	3,000	5,919,276
Other Support Svc-Instr	173,772	73,458	196,386	14,610	-	-	458,225
Total Instructional Support Services	\$ 10,026,995	\$ 4,237,692	\$ 2,324,418	\$ 892,061	\$ 17,999	\$ 5,600	\$ 17,504,765
General Administration							
Board Of Education	208,702	96,777	244,293	49,868	-	10,000	609,640
Community Relations	694,569	295,020	200,996	57,358	-	500	1,248,444
Legal Services	755,081	286,749	21,750	31,250	-	3,684	1,098,514
Office Of The Superintendent	1,847,623	633,641	89,043	150,080	6,000	4,675	2,731,063
Other Executive Administration	420,229	552,501	59,150	12,600	-	-	1,044,480
State & Federal Relations	146,225	41,204	2,625	13,000	-	-	203,054
Total General Administration	\$ 4,072,429	\$ 1,905,893	\$ 617,857	\$ 314,156	\$ 6,000	\$ 18,859	\$ 6,935,194

General Fund Detailed Program and Function Expenditures

	Salary	Benefits	Purchased Services	Supplies	Property	Other	Grand Total
School Administration							
Office Of The Principal	\$ 26,049,800	\$ 10,390,793	\$ 291,387	\$ 154,997	\$ 3,000	\$ 10,600	\$ 36,900,577
Central Services							
Administrative Technology	3,924,617	1,508,536	2,874,773	564,131	10,000	7,972	8,890,029
Fiscal Services	2,423,532	1,009,356	2,098,707	52,519	-	5,900	5,590,014
Grant Services	565,340	229,636	26,875	10,000	-	-	831,851
Other Central Support Services	518,764	220,134	426,479	22,286	864	631,200	1,819,727
Personnel Services	2,074,175	804,310	250,617	22,200	3,006	694	3,155,001
Planning Research Dev & Eval	942,202	365,344	52,514	22,851	1,000	1,000	1,384,911
Print Publish Duplication Svc	553,716	226,929	307,341	(263,478)	2,000	-	826,508
Public Information Services	787,386	301,341	116,139	15,794	-	1,700	1,222,360
Purchasing Warehse Distrib	542,723	220,264	8,525	10,000	-	1,700	783,212
Total Central Services	\$ 12,332,455	\$ 4,885,851	\$ 6,161,970	\$ 456,303	\$ 16,870	\$ 650,166	\$ 24,503,614
Operation and Maintenance							
Care And Upkeep Of Equipment	837,825	290,655	83,591	187,095	2,043	10,250	1,411,459
Care And Upkeep Of Grounds	403,182	187,100	87,357	140,000	-	50	817,689
Maintenance Of Buildings	1,764,853	700,583	533,500	36,700	-	6,500	3,042,136
Operation Of Buildings	16,442,904	7,195,033	5,163,650	10,518,557	10,000	45,000	39,375,144
Safety	141,093	61,612	69,254	6,000	-	2,300	280,259
Security	3,230,605	1,806,363	511,500	50,409	-	12,500	5,611,377
Total Operation And Maintenance	\$ 22,820,462	\$ 10,241,346	\$ 6,448,852	\$ 10,938,761	\$ 12,043	\$ 76,600	\$ 50,538,064
Student Transportation							
Other Student Transpservices	-	-	239,431	-	-	-	239,431
Vehicle Operation Trans	9,422,809	4,190,370	543,951	1,966,924	872,249	11,750	17,008,053
Total Student Transportation	\$ 9,422,809	\$ 4,190,370	\$ 783,382	\$ 1,966,924	\$ 872,249	\$ 11,750	\$ 17,247,484
Total Expenditures:	\$ 269,661,157	\$ 114,984,838	\$ 21,671,852	\$ 25,906,499	\$ 1,192,652	\$ 916,819	\$ 434,333,818

ALL DISTRICT FUNDS - TENETATIVE BUDGET SOURCES AND USES SUMMARY

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Enterprise Fund	TOTAL ALL FUNDS
Revenues:						
Local Sources	312,623,573	5,231,474	91,209,716	3,740,000	5,055,336	417,860,099
State Sources	131,400,673	92,636,201	-	-	-	224,036,874
Federal Sources	716,000	47,199,141	-	-	20,056,161	67,971,302
Other Sources	85,000	-	-	-	-	85,000
Total Revenues	444,825,246	145,066,816	91,209,716	3,740,000	25,111,497	709,953,275
x						
Expenditures:						
Salaries	269,661,158	106,701,284	-	3,632,468	7,730,061	387,724,971
Benefits	114,984,838	46,253,718	-	1,492,366	3,149,766	165,880,688
Purchased Services	21,671,852	16,909,375	-	19,013,346	1,489,723	59,084,296
Supplies	25,906,499	17,138,191	-	1,128,973	11,507,176	55,680,839
Property	1,192,652	335,408	30,000,000	1,895,000	134,184	33,557,244
Other	916,819	3,711,179	1,100,000	358,000	559,241	6,645,239
Budget Deficit	(40,529,457)					(40,529,457)
Total Expenditures	393,804,362	191,049,155	31,100,000	27,520,153	24,570,151	668,043,821
(708,573,278)						
Excess of Revenues over (under) Expenditures	51,020,884	(45,982,339)	60,109,716	(23,780,153)	541,346	41,909,454
Other Sources (Uses):						
Other Sources	-	45,112,773	2,708,358	59,000	-	47,880,131
Other Outlays	(50,613,427)	-	(54,417,577)	-	-	(105,031,004)
Total Other Sources (Uses):	(50,613,427)	45,112,773	(51,709,219)	59,000	-	(57,150,873)
Net Change in Fund Balance	407,457	(869,566)	8,400,497	(23,721,153)	541,346	(15,241,419)
Fund Balance, July 1	16,990,247	2,428,286	31,757,598	36,718,952	(1,885,670)	86,009,413
Fund Balance, June30	17,397,704	1,558,720	40,158,095	12,997,799	(1,344,324)	70,767,994