

**WASHOE COUNTY SCHOOL DISTRICT**  
**Reno, Nevada**

**REGULAR MEETING OF THE BOARD OF TRUSTEES**  
**May 19, 2010**

**TITLE:** PUBLIC HEARING ON THE FISCAL YEAR 2010-11 TENTATIVE BUDGET

**FROM:** Gary S. Kraemer, Chief Financial Officer

**PRESENTER(S) & PRESENTATION TIME:**  
Gary Kraemer, Chief Financial Officer (10 minutes)

**DATE REPORT WRITTEN:** April 27, 2010

**SUMMARY:** State law requires the District to hold a public hearing on the tentative budget on the third Wednesday in May (May 19, 2010), at which time interested persons must be given an opportunity to be heard. The Board is also required to indicate changes, if any, to be made to the tentative budget and adopt a final budget by a majority vote on or before June 8 of each year. The adopted budget cannot appropriate for any fund any amount in excess of the budget resources of that fund.

**ADDITIONAL BACKGROUND INFORMATION:** The Board approved the FY 2010-11 Tentative Budget on March 23, 2010. This item will be revisited at the hearing. The tentative budget includes an unresolved budget shortfall of \$29 million. In addition, budget reductions for fiscal year 2009-10 of \$4 million also need to be addressed which bring the total budget shortfall to \$33 million (AB6)\*

The recommendations to address the shortfall are as follows:

• Salary/furlough agreements	\$11.0 million
• Spend Down of Fund balance	\$3.5 million
• Spend Down of Contingency for Budget Uncertainties	\$5.0 million
• Central Services reductions	\$2.5 million
• Utilities savings (reduced rates/budgeted savings)	\$2.0 million
• Textbooks/supplementary materials (AB5)*	\$2.0 million
• Increase in class size by two students grades 1-3 (AB4)*	\$6.0 million
• Miscellaneous reductions	<u>\$1.0 million</u>
Total	\$33.0 million

\*Due to legislation passed during the 26<sup>th</sup> Special Session of the Legislature.

The spend down of the fund balance will reduce the ending fund balance shown in the Tentative Budget from \$14.9 million to \$11.4 million and still maintains the Board policy of a 2% unreserved ending fund balance. The spend down of the contingency for budget uncertainties will decrease the available amount from \$11.7 million to \$6.7 million.

Unfortunately, the shortfall mentioned above has now increased by \$3.7 million due to a projected decline for statewide ad valorem taxes. This amount is based on recent information provided by the Department of Taxation (DOT) and is mainly due to the steep decline of property values and property tax appeals in Clark County. By law this revised ad valorem tax must be used to recalculate the ad valorem adjustment and the tentative basic support guarantee for each school district. Tentatively, the Superintendent would recommend offsetting this additional deficit by using the District's designated for budget uncertainties line item in the ending fund balance, thereby reducing the available amount from \$6.7 million (mentioned above) to \$3.0 million.

The Board can make changes to the tentative budget as a final budget must be adopted by June 8, 2009 by a majority vote. The Superintendent's recommended final budget will be presented and recommended for approval at the May 25, 2010 Board meeting.

**PREVIOUS BOARD ACTION:** *(For additional information regarding the previous agenda action listed below, refer to the district's website at [www.washoe.k12.nv.us](http://www.washoe.k12.nv.us) in the Calendar section under Meetings, Agendas, and Highlights.)*

Date: December 15, 2009

Related Action: Budget Work Session, Discussion of Widely Used Budgetary Approaches and Proposed Budget Process for the Fiscal Year 2010-11 Budget.

Date: March 23, 2010

Related Action: Presentation and Approval of the Fiscal Year 2010-11 Budget.

Date: May 1, 2010

Related Action: Board Work Session on Aligning Strategic Plan to Budget.

**ATTACHMENTS:**

A) FY11 Tentative Budget.pdf

**BOARD POLICY/DISTRICT GOAL:** *This item addresses the areas of focus defined in the Washoe County School District's Blueprint for Student Success as they relate to the budget process.*

**LEGAL:** As required by NRS 354.598: At the time and place advertised for public hearing, the governing body shall hold a public hearing on the tentative budget, at which time interested persons must be given an opportunity to be heard. At the public hearing, the governing body shall indicate changes, if any, to be made in the tentative budget and shall adopt a final budget by the favorable votes of a majority of all members of the governing body. The final budgets of school districts must be adopted on or before June 8 of each year. No governing body may adopt any budget which appropriates for any fund any amount in excess of the budget resources of that fund.

**FINANCIAL:** *The budget provides tentative appropriation authority for approved programs included in Fiscal Year 2010-11 tentative budget.*

**ALTERNATIVES:** None.

**SUPERINTENDENT'S RECOMMENDATION:** that the Board of Trustees hears public opinion regarding the tentative budget and considers recommendations to balance the fiscal year 2010-11 final budget to be presented at the May 25, 2010 Board meeting