

CHURCHILL COUNTY SCHOOL DISTRICT

690 SOUTH MAINE STREET

FALLON, NEVADA 89406

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www.churchill.k12.nv.us

Excellence in Education

DR. SANDRA SHELDON
SUPERINTENDENT

May 16, 2016

Committee on Local Government Finance
Department of Taxation
1550 College Parkway, Suite 115
Carson City, NV 89706

NRS 387.3045 – Report of decline in ending balance of general fund of school district.

Dear Committee,

The Churchill County School District Comprehensive Annual Financial Report (CAFR) for year ended June 30, 2015 reports that the General Fund ending fund balance has declined for a fourth consecutive year. As required by NRS 387.3045, the District is reporting this decline to the Committee.

The District's declining fund balance is the result of many years of economic challenges as well as a significant decline in student enrollment due to the opening of a local charter school. Attached is a summary schedule of the past five CAFRs along with the current year amended budget. Over that period, our enrollment declined by 22.5%, which affected our Distributive School Account (DSA) revenues from the State of Nevada. The Trustees elected to use the fund balance to lessen the impact of the lost revenues on our District.

On a positive note, the fiscal year 2016 Amended Budget is showing a slight increase of the ending fund balance. The Board of Trustees is dedicated to ensuring the District is in good financial condition and is working toward increasing that balance further.

If you need additional information, please contact me at dowdp@churchill.k12.nv.us or (775) 428-7220.

Respectfully,

A handwritten signature in blue ink, appearing to read "Phyllis Dowd".

Phyllis Dowd, CPA
Director of Business Services

CC: Dr. Sandra Sheldon, Superintendent, Churchill County School District
Heidi Rose, Budget Analyst, Nevada Department of Taxation
Michael Shafer, Chief Auditor, Nevada Department of Education

BUSINESS OFFICE
PHONE: (775) 428-7230
FAX: (775) 423-0583

Churchill County School District
General Fund
Historical Audit Results

	Amended Budget 2016	2015	2014	2013	2012	2011
Revenues						
Local	10,643,309	11,095,116	11,374,084	11,362,198	12,415,566	12,176,450
State	16,002,930	16,761,460	16,313,799	15,821,416	16,152,928	16,334,265
Federal	607,850	698,760	544,639	639,096	962,608	1,100,022
Sub-Total - Revenue	27,254,089	28,555,336	28,232,522	27,822,710	29,531,102	29,610,737
Expenditures						
Wages	(13,105,046)	(14,817,597)	(15,426,374)	(16,046,221)	(15,685,770)	(15,463,368)
Benefits	(7,393,889)	(7,394,691)	(7,651,930)	(7,643,488)	(7,314,784)	(7,185,149)
Services	(2,098,917)	(1,895,976)	(1,851,217)	(1,742,810)	(1,765,446)	(1,541,934)
Supplies	(1,559,708)	(1,270,195)	(1,409,088)	(1,610,757)	(1,725,157)	(1,730,785)
Property	(8,455)	(24,512)	(5,075)	(82,778)	(262,825)	(159,690)
Other	(35,379)	(31,061)	(11,508)	(37,466)	(56,603)	(68,367)
Sub-Total - Expenditures	(24,201,394)	(25,434,032)	(26,355,192)	(27,163,520)	(26,810,585)	(26,149,293)
Other						
Transfers In	-	-	153,206	-	-	10,807
Transfers Out	(2,994,000)	(3,255,000)	(3,167,000)	(3,738,894)	(3,539,698)	(3,303,680)
Sale of Property	5,000	25,801	2,190	13,176	13,887	13,282
Other	(31,000)	-	-	-	-	-
Sub-Total - Other	(3,020,000)	(3,229,199)	(3,011,604)	(3,725,718)	(3,525,811)	(3,279,591)
Net Change	32,695	(107,895)	(1,134,274)	(3,066,528)	(805,294)	181,853
Fund Balance						
Beginning Balance	984,666	1,092,561	2,226,835	5,293,363	6,098,657	5,916,804
Ending Balance	1,017,361	984,666	1,092,561	2,226,835	5,293,363	6,098,657
Fund Balance Change	32,695	(107,895)	(1,134,274)	(3,066,528)	(805,294)	181,853
% Change from Prior Year						
Revenue	-4.6%	1.1%	1.5%	-5.8%	-0.3%	-6.3%
Expenditures	-4.8%	-3.5%	-3.0%	1.3%	2.5%	-3.4%
Other	-6.5%	7.2%	-19.2%	5.7%	7.5%	0.8%
Ending Fund Balance (EFB)	3.3%	-9.9%	-50.9%	-57.9%	-13.2%	3.1%
EFB of Prior Year Expenditures	4.0%	3.7%	4.0%	8.3%	20.2%	22.5%
Enrollment	ADE - Q3					
Full Count	3,232	3,486	3,674	3,723	3,917	4,169
Percent Change	-7.3%	-5.1%	-1.3%	-5.0%	-6.0%	-0.9%
	Oasis 9-12 Expanded	Oasis K-8 Expanded			Oasis K-8 Opened	



Information

Phone: (775) 782-5134
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Administration

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Education Services

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(775) 265-5262

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Rommy Cronin
Director, Area 3
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Brandon Swain
Director, Area 4
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Business Services

Holly Luna
Chief Financial Officer
(775) 782-5131

Human Resources

Keith Lewis
Director
(775) 782-7177

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Douglas County School District

1638 Mono Avenue • Minden, Nevada 89423

April 11, 2016

Nevada Department of Taxation
Attn: Committee on Local Government Finance
1550 College Parkway, Suite 115
Carson City, Nevada 89706

NRS 387.3045 REPORT IN DECLINING ENDING FUND BALANCE

To Whom It May Concern:

Douglas County School District (DCSD) is submitting the required 387.3045 report regarding the District's General Fund declining ending fund balance as Fiscal Year 2015 marked the third year of diminished reserves. Having served as the District's Chief Financial Officer for the last ten years, this is my first time writing this report.

I have attached a summary of the General Fund's revenues and expenditures for the last four fiscal years, along with a ten year enrollment history. Highlighted in green is the ending fund balance referencing year-over-year declines. Several main drivers of the declines are noted as follows.

While there have been increases the local revenue streams as well as in the DSA per pupil allotment, the declines in enrollment have offset the revenue growth which have not sufficiently covered the increases in expenditures. DCSD has been experiencing declines in student enrollment since peak enrollment of 7,322 students in 1998. Although DCSD annually realigns the number of certified positions (teachers) needed based on student enrollment, salaries and benefits costs continue to rise.

As noted in the summary, line items #7 and #8 reflect the salaries and benefits of personnel outlays. Fiscal years 2012 and 2014 saw increases in PERS which were negotiated as shared costs, and salary schedules were reduced accordingly. Furthermore, Step and Column (longevity) costs were incurred every fiscal year, along with a 4% salary increase in fiscal year 2014 – the first cost of living increase since 2008.

Fiscal year 2014 reflected the first year in additive expenditures (line item #10) as the district allocated increased revenues to expenditures that had been foregone during the Great Economic Crisis such as bus, vehicle and equipment replacement purchases, and an increase in the school resource officers' grant.



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Chief Financial Officer
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Director
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Douglas County School District

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Simultaneously, Special Education pupil enrollment was increasing. Contrary to the overall decline in DCSD's enrollment, Special Education enrollment has been on the rise with the highest enrollment occurring in fiscal year 2015 where 935 students were identified as Special Education students – 15.4% of DCSD's population, growing from 792 students in fiscal year 2012 or 12.6% of the population. Line item #11 reflects the transfer from the General Fund to the Special Education fund to support the increasing costs of maintaining the requirements of the program.

In closing, DCSD has seen year-over-year declines in its General Fund ending fund balance in the last three fiscal cycles. Fiscal years 2013, 2014 and 2015 reflect ending fund balance declines of 3.06%, 3.56%, and 0.32% respectively. Given the current state of affairs with an increasing burden and impact on the District's General Fund due to lack of sufficient funding for Class Size Reduction, Full Day Kindergarten and Special Education requirements, the General Fund's ending fund balance will not only continue to decline, but is expected to sharply decline.

Respectfully submitted,

Holly Luna
Chief Financial Officer

Enclosures

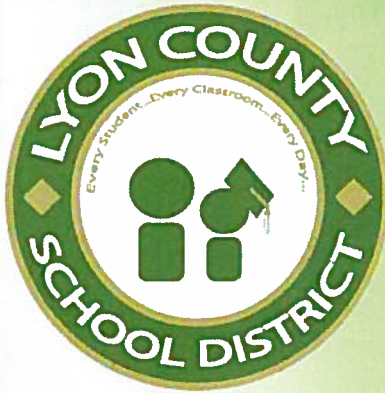
Cc: Teri White, Superintendent, Douglas County School District
Michael Shafer, Chief Auditor, Nevada Department of Education

General + Revolving		FY11/12		FY12/13		FY13/14		FY14/15	
	ITEM	ACTUAL		ACTUAL		ACTUAL		ACTUAL	
% Change in Revenues									
Revenues	1	\$ 47,066,910	\$	46,905,716	\$ (0.34%)	49,576,069	\$ 5.69%	50,400,330	\$ 1.66%
Installment Note	2	\$ 4,980,000	\$	-					
Transfers In	3	\$ -	\$	-		-			
Change Inv/Rsvs	4	\$ (6,363)	\$	(8,533)	\$	12,855	\$	(22,574)	\$
BFB	5	\$ 5,347,563	\$	5,486,456	\$	5,318,495	\$	5,129,338	\$
Total Resources		\$ 57,388,110	\$	52,383,639	\$	54,907,419	\$	55,507,094	\$
Expenditures									
Salaries	6	\$ 42,693,640	\$	42,615,144	\$	45,218,081	\$	45,194,004	\$
Benefits	7	\$ 26,021,054	\$	25,989,489	\$	27,207,518	\$	27,237,115	\$
Prof Svcs	8	\$ 10,395,312	\$	10,106,152	\$	10,869,801	\$	10,915,485	\$
All Other	9	\$ 608,147	\$	482,013	\$	512,811	\$	493,713	\$
	10	\$ 5,669,127	\$	6,037,489	\$	6,627,951	\$	6,547,691	\$
Transfers Out	11	\$ 4,280,095	\$	4,450,000	\$	4,560,000	\$	5,200,000	\$
Pmts to Escrow Agents	12	\$ 4,927,920	\$	-					
Contingency	13	\$ -	\$	-		-		-	
Reserved (Inventories) EFB	14	\$ 107,517	\$	98,984	\$	111,840	\$	89,265	\$
UnReserved EFB	15	\$ 5,378,939	\$	5,219,511	\$	5,017,498	\$	5,023,826	\$
Total Expenditures		\$ 57,388,110	\$	52,383,639	\$	54,907,419	\$	55,507,094	\$
EFB	16	\$ 5,486,456	\$	\$ 5,318,495	\$ (3.06%)	\$ 5,129,338	\$ (3.56%)	\$ 5,113,091	\$ (0.32%)
% Change in EFB									

DOUGLAS COUNTY SCHOOL DISTRICT

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
ECSE (Pre-K)	45	66	65	61	61	57	51	44	44	51
Kindergarten	431	438	402	417	395	406	394	417	400	412
First	467	460	489	450	452	446	425	439	441	408
Second	511	446	464	490	445	463	439	442	425	448
Third	483	519	455	454	504	443	454	440	460	408
Fourth	471	475	525	472	478	501	454	445	451	468
Fifth	506	484	475	523	470	478	494	456	447	453
Sixth	517	519	472	487	513	481	467	509	461	453
Seventh	503	514	520	467	487	501	475	453	508	470
Eighth	561	510	513	529	467	500	502	498	450	498
Ninth	640	580	526	564	540	468	515	504	508	474
Tenth	715	716	637	577	618	598	551	593	560	493
Eleventh	560	562	534	493	467	526	481	447	482	498
Twelfth	438	466	457	458	434	398	411	416	404	498
Ungraded	0	0	13	9	11	7	10	15	13	7
Alpine (variance)	0	0	0	0	1	2	1	2	3	4
Total	6,848	6,755	6,547	6,451	6,343	6,275	6,124	6,120	6,057	6,043
CHANGE:	(187)	(93)	(208)	(96)	(108)	(68)	(151)	(4)	(63)	(14)
% CHANGE:	(2.7%)	(1.4%)	(3.1%)	(1.5%)	(1.7%)	(1.1%)	(2.4%)	(0.1%)	(1.0%)	(0.2%)
Average Annual % Change Over Last 5 Years										
Average Annual % Change Over Last 3 Years										
Weighted Average for DSA purposes:	6,609.0	6,509.8	6,320.6	6,208.8	6,117.4	6,052.8	5,900.0	5,883.9	5,836.4	5,823.8
CHANGE:	(190.8)	(99.2)	(189.2)	(111.8)	(91.4)	(64.6)	(152.8)	(16.1)	(47.5)	(12.6)
% CHANGE:	(2.8%)	(1.5%)	(2.9%)	(1.8%)	(1.5%)	(1.1%)	(2.5%)	(0.3%)	(0.8%)	(0.2%)

*Weighted Average weights Pre-K and K pupils at 0.6 (Pre-K only beginning FY16/17), and does not include transfers in for Alpine students.



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Deputy Superintendent

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Lyon County School District
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Yerington, NV 89447

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April 11, 2016

Committee on Local Government Finance
Department of Taxation
1550 College Parkway, Suite 115
Carson City, NV 89706

Dear Committee,

The Lyon County School District Board of Trustees approved the Comprehensive Annual Financial Report for fiscal year ended June 30, 2015, at their board meeting on March 8, 2016. The General Fund ending balance contained in that report declined for the third consecutive year. As required by NRS 387.3045, I am reporting this decline to the Committee on Local Government Finance.

While the General Fund balance has declined for three consecutive years, the Fiscal Year 2015 ending fund balance was 8.27% of expenditures. This percentage of ending fund balance is more than double the amount that would require an explanation to the Department of Taxation pursuant to NAC 354.650.

The primary cause of the decline from fiscal year ended June 2014 to fiscal year ended June 2015, resulted from the increases in revenue and student enrollment. This allowed the district to begin making purchases that had been deferred for many years as a result of the recession. In addition, during the three year period personnel costs have increased because of PERS contributions and pay raises to make up for a year in which no merit increases were awarded. Further, the District continues to transfer a large amount, \$8,000,000 in fiscal year 2015, to ensure adequate funding of Special Education.

The Lyon County School District Board of Trustees is dedicated to ensuring a proper balance between an adequate ending fund balance and meeting student educational needs.

Please contact me at sheusser@lyoncsd.org or (775) 463-6800 should you have any additional questions.

Sincerely,

Shawn P. Heusser
Director of Finance and Facilities

RECEIVED
APR 13 2016
State of Nevada
Department of Taxation

White Pine County School District

1135 Avenue C Ely, Nevada 89301 (775) 289-4851 FAX (775) 289-3999



April 14, 2016

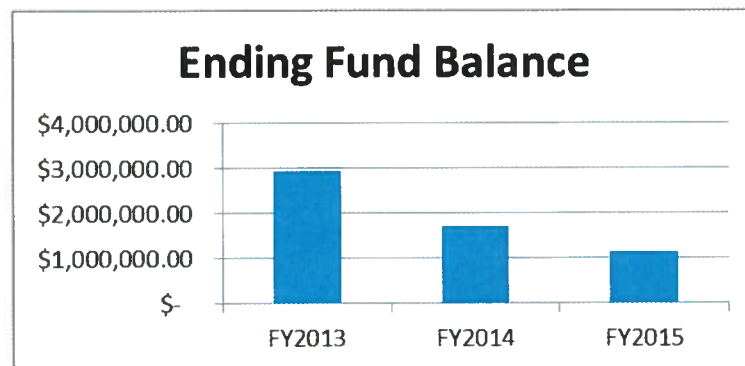
Committee on Local Government Finance
Department of Taxation
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Dear Committee,

Pursuant to NRS 387.3045, school districts are required to submit a written explanation of the cause of the decline of the general fund ending balance if the balance declines for 3 consecutive years. Please be advised that for fiscal years 2013, 2014, 2015; the White Pine County School District realized the following general fund ending balances.

	FY2013	FY2014	FY2015
Ending Fund Balance	\$ 2,930,588.00	\$ 1,699,351.00	\$ 1,130,336.00
% Decline From Prior Year		-42.01%	-33.48%



The decline in fund balance is the result of a combination of factors:

- Declining Student Enrollment
- Increase in Charter School Enrollment
- Decrease in local sources (Net Proceed of Minerals)

In order to adjust to a significant migration of students from the school district to charter schools and declining local revenue primarily from net proceeds of minerals, the District has had to significantly alter its FY2016 budget and is in the process making significant budget cuts again in the FY2017 tentative budget. The District has cut approximately \$1.2 million from its budget in FY2016 and anticipates cutting an additional \$1 million in

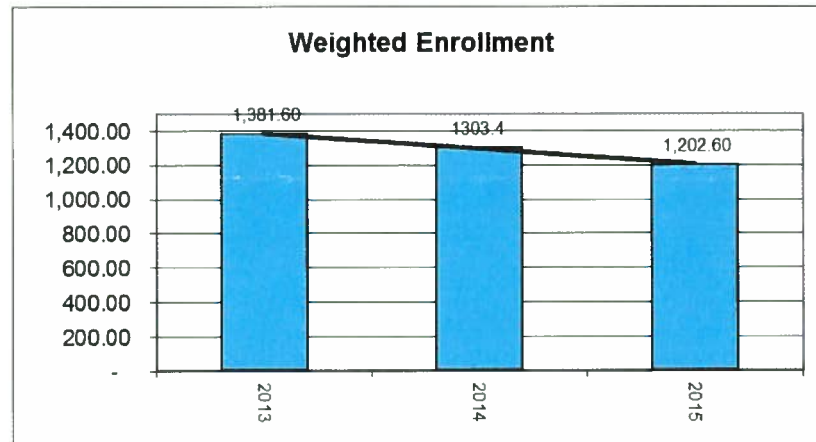
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The White Pine County School District operates without discrimination on the basis of sex, religion, national origin, age or disability in compliance with the Title VI, Title VII, Title IX, Section 504, and all other applicable civil rights legislation.

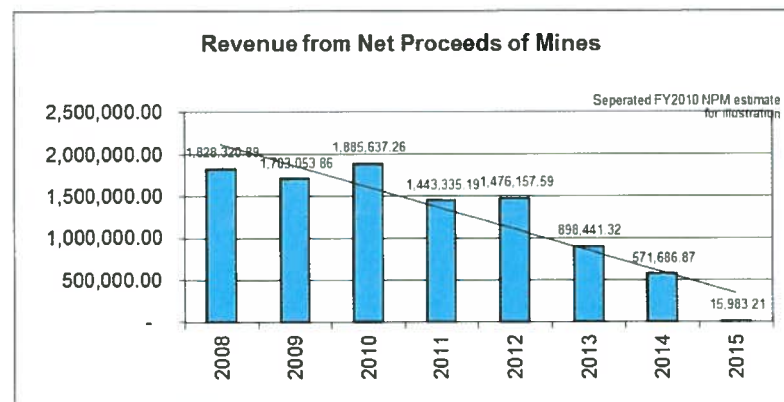
FY2017. Expenditures have shrunk from \$13,968,082 in FY2014 to approximately \$11,746,527 in the tentative FY2017 budget. In order to spend within the diminished revenue, the District has had to entertain the possibility of school closures, elimination of athletic and co-curricular programs, elimination of vocational programs and further reduction of support services and administration.

In FY2014, the Learning Bridge Charter School opened in Ely and over two years has enrolled approximately 143 students that were previously enrolled with the District. Enrollment has dropped from 1,381.6 in FY2013 to 1202.6 in FY2015.



This migration of approximately 11% of student enrollment to charter schools also migrated approximately \$1.4 million from the District's \$12.5 million general fund budget to charter schools.

From FY2008 through FY2012, net proceeds of minerals averaged \$1.67 million and ranged from a high of \$1.8 million to \$1.4 million. During this period, the District was able to build a significant fund balance. Unfortunately, from FY2013 through FY2015, NPM decreased significantly as the tables below illustrates.



The NPM provided a tremendous boost in local revenue through the recession and helped stabilize the District's budget while the State realized its worst economic cycle in its history. Unfortunately, mining revenue has

BOARD OF SCHOOL TRUSTEES

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recessed and the District has had to adjust its spending accordingly. The fund balance has been used to slow the erosion of programs and services available for students.

In order to address the changing economics, the District convened a 41 member, community-based committee to review the financial situation, assess the budget and make budget recommendations. Although the ending fund balance has declined, and will most likely continue to decline through FY2017, the District has a system in place to adapt to the financial challenges and manage its resources to realize a positive fund balance.

If the Committee has any questions or requires additional information, please contact me at your convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Johnson", with a stylized, cursive script.

Paul Johnson, CFO

cc: Board of Trustees
Bob Dolezal, Superintendent

BOARD OF SCHOOL TRUSTEES

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NRS 387.3045 – Report of decline in ending balance of general fund of school district.

If the ending balance of the general fund of a school district has declined for 3 consecutive years, the school district shall submit to the Committee on Local Government Finance created pursuant to NRS 354.105 a written explanation of the cause of the decline.

BOARD OF SCHOOL TRUSTEES

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