

Douglas County School District

Board Agenda Item Memo

Date: October 15, 2026

To: DCSD Board of Trustees

From: Chief Financial Officer

Re: Cash Management and Interfund Financing Policy and Administrative Regulation

Requested Action:

Approve the proposed Board Policy on Cash Management and Interfund Financing. Review the accompanying Administrative Regulation, which establishes the staff process for reconciliation, cash forecasting, loan approvals, accounting, and reporting. The Board's action on the policy would establish prospective controls; it would not approve a particular interfund loan or determine the legal status of any prior transaction.

Background Information:

The District's monthly cash reports show negative fund-level cash activity in several funds. The existing deficit tracker carries FY 2025–26 negative balances into FY 2026–27, while the FY 2026–27 cash report begins at zero. The FY 2025–26 13th-period postings also materially change the reported year-end positions. These views must be bridged before the District identifies any actual interfund balance or proposes a lender. The August 2026 cash report lists negative balances in the General Fund and Special Education Fund as well as in funds identified as potential sources of coverage in the tracker.

The proposed documents require separate accounting for each fund's pooled cash, a reviewed bridge between fiscal years, a rolling cash forecast, and a transaction-level register. They require a restriction and liquidity assessment before any loan proposal and prompt reporting of negative positions and repayment risk. Both documents direct staff to follow applicable law if a conflict arises.

Legal framework. NRS 354.6118 requires a public hearing and findings that sufficient unrestricted money is available and that lending will not compromise the lending fund's economic viability. The Board must establish the loan term, repayment conditions, and interest rate, if any. NAC 354.290 imposes additional conditions on a temporary interfund loan, including a written agreement for repayment within one year, filing of the authorizing resolution with the Department of Taxation, and notice when repaid. Debt service funds and funds dedicated to bonded debt may not serve as temporary lenders. Enterprise, food service, capital, grant, and self-insurance resources warrant separate restriction reviews. These requirements apply to each proposed loan; adopting the policy alone does not satisfy them.

Implementation and oversight. Business Services will reconcile FY 2025–26 year-end and 13th-period cash to FY 2026–27 opening entries, July and August activity, bank balances, and interfund ledger accounts. The CFO will identify unresolved differences and consult district counsel and the independent auditor before characterizing historic coverage as a loan. The District will then present monthly cash and loan status with its fiscal recovery reporting. The separate Cash Receipts and Deposits Administrative Regulation governs how collections are safeguarded and deposited.

Budget Considerations and Impact:

Adopting the policy and regulation does not itself appropriate money, transfer resources, or authorize borrowing. Staff time will be required to reconcile the fiscal-year bridge, maintain forecasts and loan records, and report monthly. Any proposed advance will return to the Board with its own fund-specific analysis, public hearing, and resolution.

Recommendation:

Adopt the proposed Board Policy. Receive the accompanying Administrative Regulation for implementation by the Superintendent. Direct staff to return with a reconciled fund-level cash report and bring each proposed interfund loan to the Board separately under applicable law.

Discussed at Previous Meeting:

Prior Board discussion and the meeting date should be confirmed before agenda publication.

Key issues for Board Discussion:

The FY 2025–26 13th-period balances must be bridged to FY 2026–27 opening entries. The District must verify whether historic pooled-cash coverage represents posted interfund loans. Food Service, capital, and self-insurance resources require fund-specific restriction review before they are proposed as lenders. Any future loan needs its own public hearing, findings, terms, and resolution.

Attachment(s):

1. Proposed Board Policy Cash Management and Interfund Financing
2. Proposed Administrative Regulation Cash Reconciliation and Interfund Loan Administration

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