
Douglas County School District Board Agenda Item Memo

Date: October 8, 2026

To: DCSD Board of Trustees

From: Terri Willoughby, Chief Financial Officer

Re: Preliminary FY 2026–27 General Fund forecast and potential budget adjustments

Requested Action:

Receive the preliminary General Fund forecast and direct the Superintendent and Chief Financial Officer to validate the projected adjustments, develop additional reductions, and return with a legally supportable budget amendment and deficit recovery plan. No augmentation or increase in appropriation authority is recommended for approval through this memo.

Background Information:

At the October 7, 2026 CLGF subcommittee meeting, the CFO discussed revised revenue projections but did not address revised expenditure projections. This memo presents the complete preliminary forecast and proposed response.

Budget Considerations and Impact:

The current working forecast projects expenditures and transfers out of \$58,753,178, approximately \$1,055,466 above the adopted amount of \$57,697,712. It includes \$1,354,641 of projected increases and \$299,175 of estimated offsets. Regular revenue is projected at \$58,655,360, a reduction of \$61,247 from the adopted budget. The combined effect worsens the recurring operating outlook by approximately \$1,116,713.

Before one-time PCFP support, the projected operating result is a deficit of \$97,818. Including the assumed \$731,000 PCFP adjustment produces a current-year surplus of \$633,182. Applied against the preliminary beginning deficit of \$2,643,398, that leaves a projected ending total fund balance deficit of approximately \$2,010,217, before any separate reservation adjustment. The one-time adjustment therefore reduces the accumulated deficit but does not establish recurring operating balance.

The projected increases are \$958,649 for salaries, \$167,407 for restoration of the Business Services personnel budget, \$100,000 for transfers out, and \$128,585 for property and casualty insurance. Estimated offsets relate to transportation vacancies, transportation appropriations, fuel, fire protection, and allocation of eligible HR salary costs to the Workers' Compensation Fund. Attachment A presents the full reconciliation.

Before finalizing the forecast, staff should reconcile the beginning deficit to year-end records, confirm salary and benefit coverage and possible overlap with the Business Services adjustment, verify PCFP funding, confirm reserve treatment, and validate each offset. The HR allocation is a shift between funds rather than a districtwide cost reduction. It requires support for allowable costs and receiving-fund capacity.

The forecast does not amend the adopted budget or authorize additional expenditures. Staff should evaluate appropriation transfers and required Board actions while developing the school-district amendment due on or before January 1 following the applicable average daily enrollment report.

An augmentation is conditional on qualifying additional resources. The preliminary resource comparison shows total revised resources approximately \$1,124,557 below the adopted estimate. It therefore does not currently demonstrate ordinary General Fund augmentation capacity under NAC 354.410. Staff should obtain Taxation's guidance on the PCFP adjustment and the revised beginning deficit before recommending an augmentation or other amendment mechanism. A formal budget cannot appropriate more than the fund's budget resources under NRS 354.598(5).

Recommendation:

- Validate the forecast and the \$299,175 in offsets within 30 days, identifying implemented, approved and estimated amounts separately.
- Develop additional reductions sufficient to address the \$1,055,466 expenditure pressure if additional authority cannot lawfully be obtained; separately address the \$97,818 recurring operating gap and accumulated deficit. These amounts are different measures and must not be added together as separate savings targets.
- Review new discretionary commitments and position changes before approval, and track actuals, encumbrances and remaining appropriation authority at applicable budget-control levels.
- Prepare a monthly cash forecast, an appropriation compliance schedule, and Board and CLGF updates showing forecast changes and realized savings.
- Return with specific amendments, transfers or augmentation documents only when the resource basis, approvals and filing requirements are established.

Suggested motion:

I move that the Board receive the preliminary FY 2026–27 General Fund forecast and direct the Superintendent and Chief Financial Officer to validate the forecast and proposed offsets, develop additional corrective actions, consult the Department of Taxation on a compliant budget amendment, and report progress monthly. Any increase in appropriations requiring Board action shall return for separate consideration through the applicable statutory process.

Discussed at Previous Meeting:

The October 7 CLGF subcommittee discussion addressed revised revenues. Prior Board consideration of this complete forecast has not been established for this draft. Staff proposes validating adjustments within 30 days, reporting progress monthly, and preparing the required enrollment-related amendment for the December Board meeting before the January 1 deadline.

Key issues for Board Discussion:

Ability to meet the adopted expenditure total; validation of the \$299,175 in offsets; additional reductions; one-time versus recurring PCFP support; the accumulated deficit and cash outlook; and the legal resource basis for any augmentation. The \$1,055,466 expenditure variance and \$97,818 operating gap are separate measures and should not be added together as independent savings targets.

Attachment(s):

- A — Financial reconciliation
- B — Proposed corrective actions
- C — Budget amendment and augmentation review

The proposed direction remains subject to proper agenda notice and does not approve individual expenditure changes or offsets.