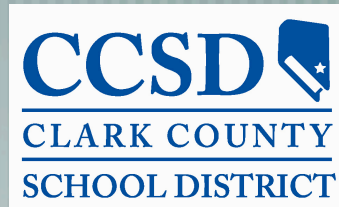


2012-2013 Tentative Budget



April 11, 2012

Board Work Session

2012-2013 TENTATIVE BUDGET

Nevada Revised Statutes require that all local governmental entities, including school districts, file a tentative budget by April 15 for the new fiscal year beginning July 1. It should be understood that a significant number of factors used to develop appropriations are subject to change based upon estimated property tax collections and the final results of the arbitration process with licensed employees as well as other needed reductions and program adjustments.

- 1. State basic guaranteed support - Distributive School Account (DSA) funding** in the 2012-2013 Tentative Budget is estimated to be \$5,249 per pupil. This amount is based upon the 2011-2013 biennium funding reflected in Assembly Bill 579. It represents a \$113 increase from the current year's DSA per pupil support of \$5,135 or an increase of 2.2% from fiscal year 2011-2012—a total increase in resources of over \$25 million.
- 2. Property tax revenues.** Due to a large number of taxpayer appeals currently before the Clark County Board of Equalization, the Nevada Department of Taxation is unable to provide a projection for property tax collections for 2012-2013. In the absence of a reliable estimate, the December 2011 forecast on the Clark County Assessor's website is being used which reflects a decrease of 10.5% in total collections from that reflected in the Revised Amended Final Budget for 2011-2012. These estimates will be revised based upon more complete projections anticipated during 2012. The effect to the general operating budget will be a net revenue reduction (offset by the projected increase in sales (LSST) taxes) of \$30 million.
- 3. Actual student enrollment** for 2012-2013 will not be known until October 2012. The 2012-2013 Tentative Budget has been developed with a total enrollment projection of 307,574 students, or a decrease of 799 students from the total enrollment in the current school year. Student Support Services, however, anticipates an increase of almost 700 more students who may qualify for special education services than in the current fiscal year. In spite of the total decrease, the District will realize a one-time projected "hold harmless" savings of more than \$3.4 million by recognizing the actual weighted enrollment from the current fiscal year.
- 4. Ending fund balances** for the current fiscal year (2011-2012) will not be determined until completion of the annual financial audit in October 2012 and are projected to be almost \$25 million less than the beginning fund balance for the current year. No residual balances are projected to assist with balancing the 2012-2013 Tentative Budget. Due to the continued decline of financial resources, the unassigned ending fund balance is again projected to be at 1% of total revenues. This is a variance from the 2% requirement as outlined in Regulation 3110 and will require Board approval to continue the waiver. Approval of the 2012-2013 Tentative Budget will constitute Board approval. This assumes no retroactive PERS payment will occur and that property tax revenues for 2011-2012 do not continue to decline.

- 5. Employee compensation.** While the Education Support Employees Association (ESEA) and Clark County Association of School Administrators and Professional-Technical Employees (CCASAPE) have agreed to concessions, the Clark County Education Association (CCEA), the bargaining group for teachers, has not yet reached an agreement with the District. The District is seeking salary concessions from the CCEA for the 2011-2012 and 2012-2013 fiscal years, and the matter is currently pending an arbitrator's decision. Depending upon the outcome of the decision, the District still faces a deficit between \$3 million (under a best case scenario) and \$63.9 million (under a worst case scenario), and a reduction in force may be required.
- 6. EduJobs Funding.** The District has received grant funding during the past two years from the American Reinvestment and Recovery Act (ARRA) subset Education Jobs Funding (EduJobs) to provide or preserve employment for educators and others in education whose work was school based or directly impacted students. Jobs funded through this program include salaries for teachers, support staff, and school administration. As funds will no longer be available beginning in the 2012-2013 fiscal year, all positions funded through **EduJobs** will need to be eliminated, potentially causing a reduction in force.
- 7. 1998 Capital Improvement Program.** As the 1998 Capital Improvement Program (CIP) continues to wind down, and without any future voter approved capital program, the level of staff needed to support construction projects continues to decline. Therefore, a reduction in capital funded positions will be required, potentially causing a reduction in force.
- 8. Fuel and utility increases in the amount of \$8 million** have been appropriated to reflect the upward spiral of motor vehicle fuel cost increases and announced water rates. Further increases in these and other utility categories are highly likely.
- 9. Potential Reductions.** \$63.9 million in further reductions are dependent upon the outcome of the licensed employee group arbitration.

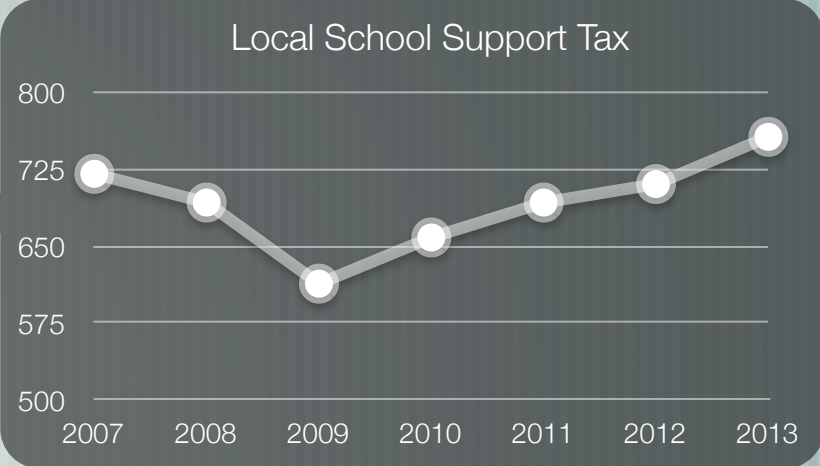
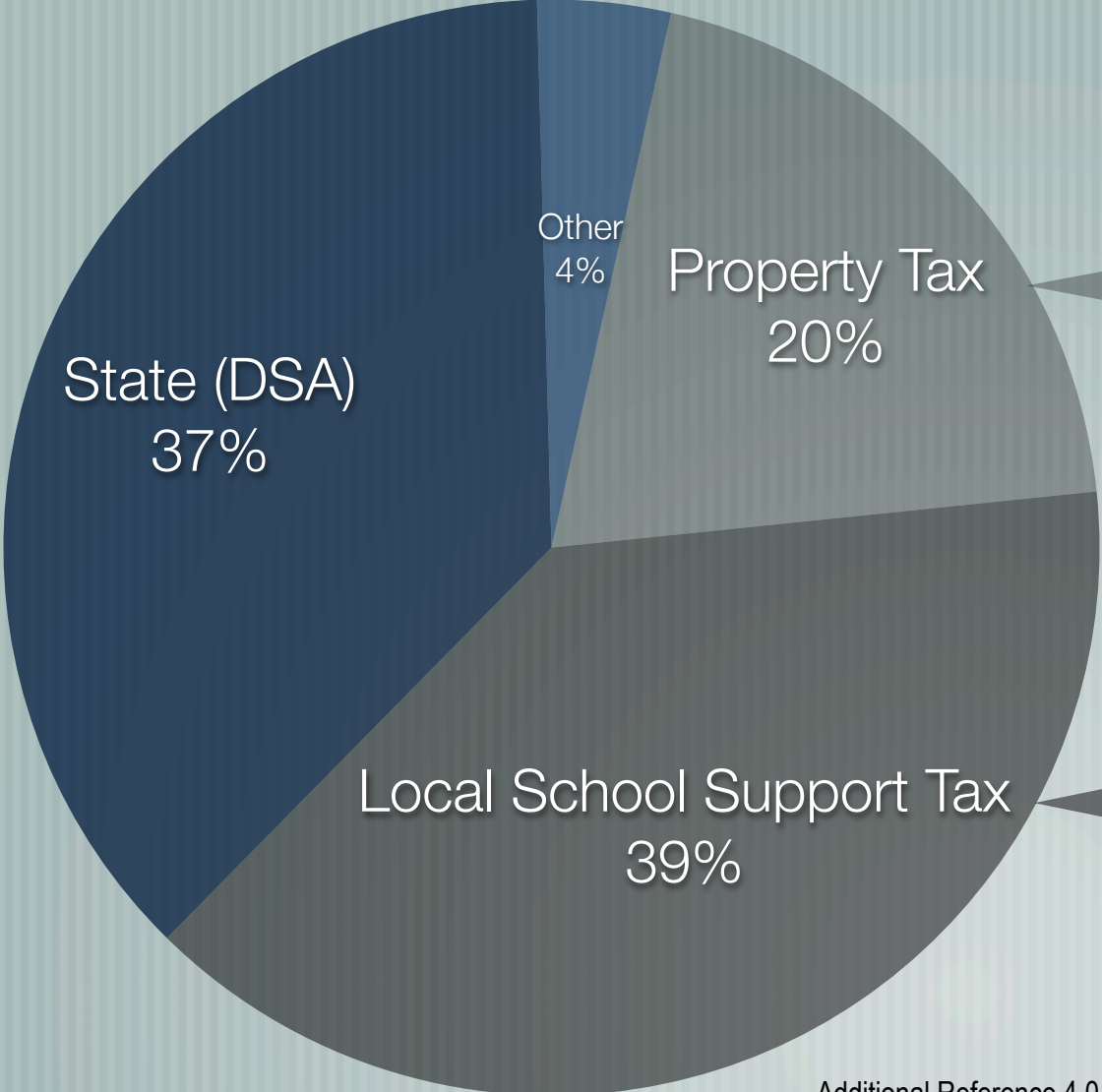
Uncertainties remain pending subsequent resolutions with the licensed employee group. The 2012-2013 Tentative Budget establishes a general operating fund budget at an appropriation level of \$2,054,325,000, or \$35.7 million less (-1.7%) than 2011-2012 total funding resources.

The 2012-2013 Tentative Budget represents a "starting position" for discussion and planning purposes. Additional reductions may be necessary to arrive at a balanced budget. It is hoped that additional resources will be subsequently realized and that estimates for revenues can be increased based upon an improving local economy and more favorable projections from the Nevada Department of Taxation. The Final Budget is scheduled to be presented to the Board of School Trustees on May 16, 2012, and per NRS 354.598, must be submitted to the Department of Taxation by June 8, 2012.

Presentation, discussion, and possible action on development and adoption of the 2012-2013 Tentative Budget, and authorization for members of the Board of School Trustees to file as required by NRS 354.596; and to authorize the Superintendent to initiate a reduction in force because of a lack of money or lack of work, per NRS 288.150(3)(b), is recommended.

Where the Money Comes From

General Operating Fund **Revenues**



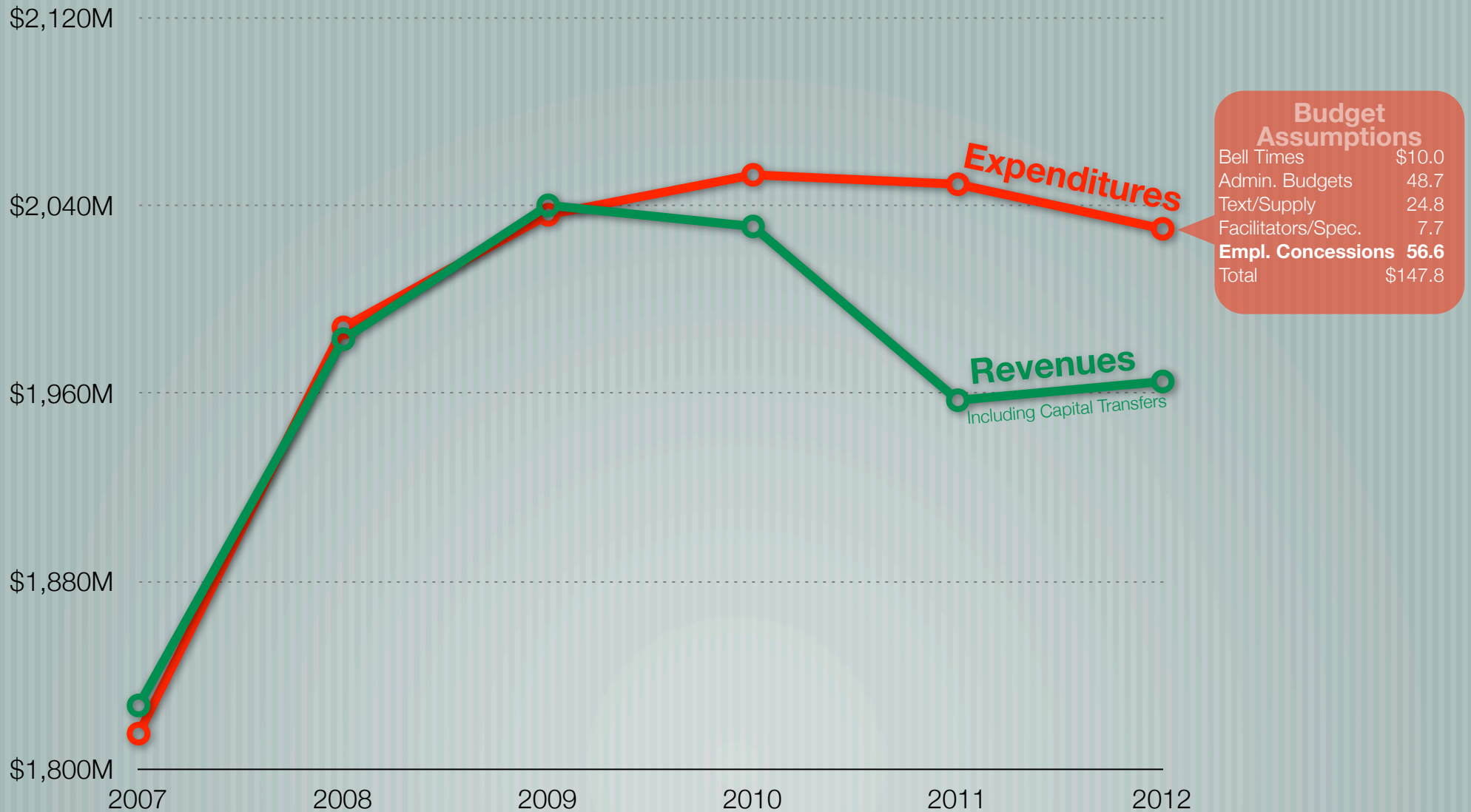
Student Enrollment



A Little History

General Operating Fund (Amended Final Budget)

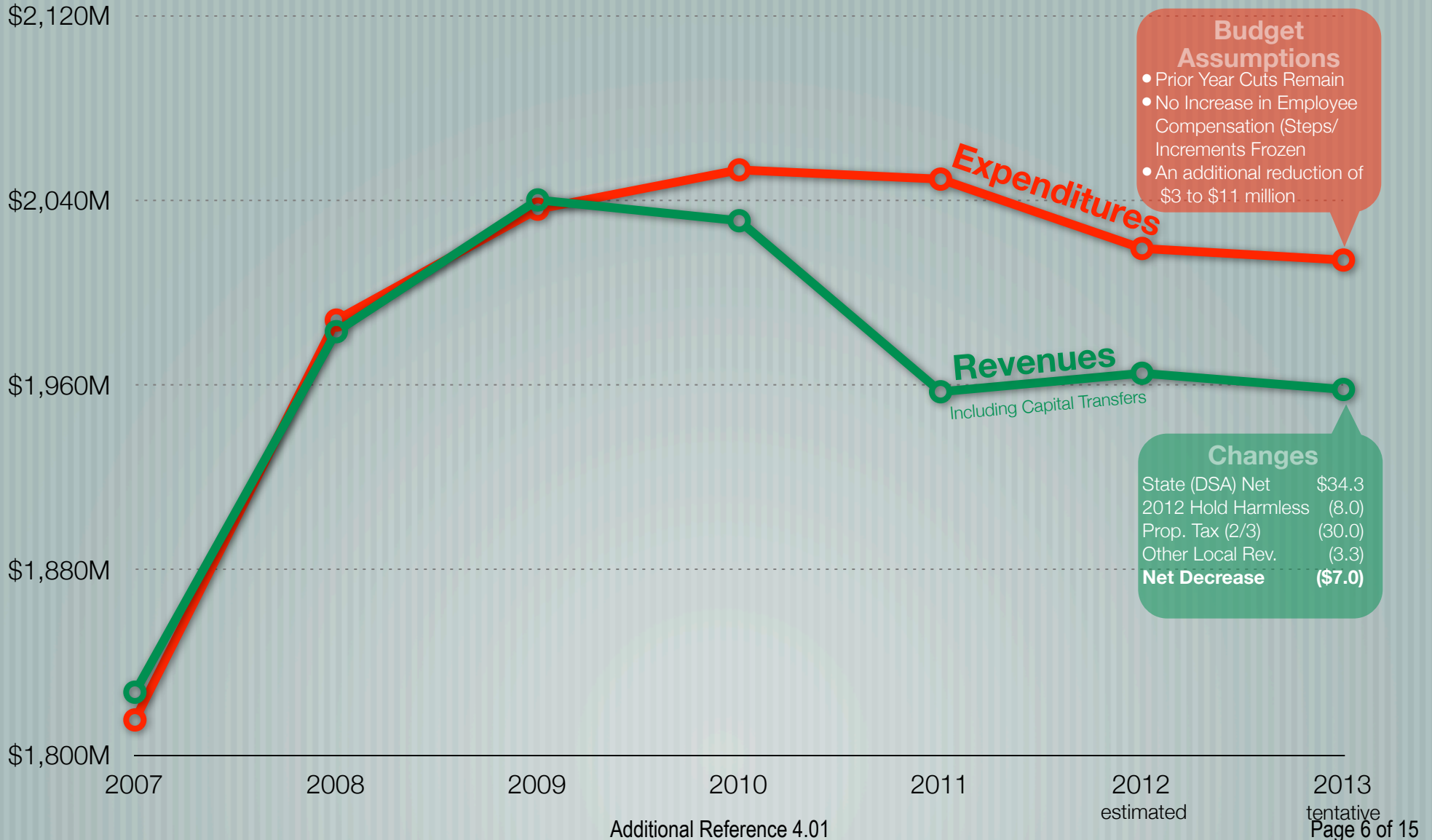
5



Tentative 2012-2013 Budget

General Operating Fund

6



Where the Money is Spent

General Operating Fund Expenditures



Positions

Category	Amount	Percentage
School-Based	22,740	91.7%
Transportation	1,202	4.8%
Central Office	863	3.5%
Total	24,805	100.0%

Non-Salary Expenditures

(\$ in millions)

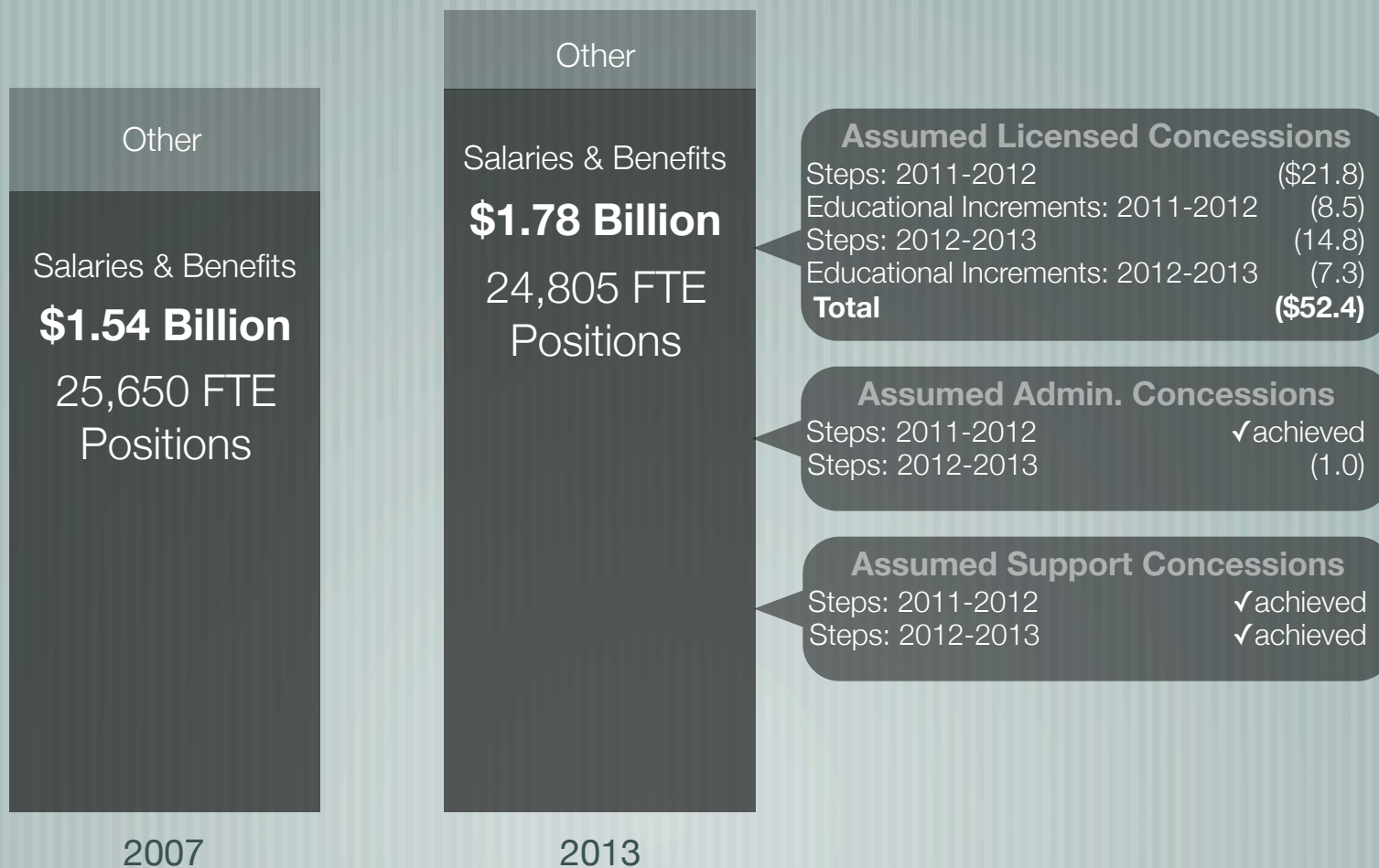
Electricity, Gas, Water , & Utilities	\$87.4
Fuel & Vehicle Maintenance	18.0
Textbooks/Supplies	58.5
Property & Liability Insurance	5.0
Classroom Equipment	4.0
Professional Services	17.0
Field Trips	4.7
Postage	2.1
Repairs and Maintenance	7.8

Major Increases: \$4 million, due to water rate increase, and \$4 million, due to projected increases in vehicle fuel costs

Employee Compensation

General Operating Fund

8



Other Funding Decreases

Special Revenue & Capital Projects Funds

9

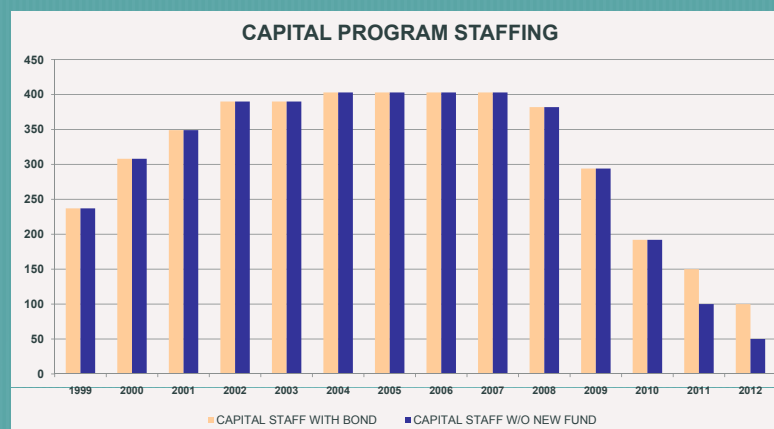
EduJobs Funding

- The District has been granted funding from the American Reinvestment and Recovery Act (ARRA) over the past two years.
- This funding has been used to pay salaries of teachers, support staff, and school administrators.
- As this EduJobs funding is no longer available after this year (2011-2012), any positions funded from this grant will need to be eliminated.

1998 Capital Improvement Program

As the 1998 Capital Program continues to wind down, staffing will need to be reduced to a level required to support the projects remaining.

Capital Program Staffing



Source: November 9, 2009, Board Agenda

25

Page 25 of 28

Water Rate Increase

General Operating Fund

10

CCSD pays the Southern Nevada Water Authority (SNWA) for most of the water used at school district facilities.

- On February 29, 2012, the SNWA Board approved an increase in water rates
- Per the SNWA, “the increase will help offset significant declines in connection charge revenues as well as continue to fund improvements to critical water-treatment and transmission infrastructure.”
- The new rates went into effect April 1st

For CCSD, the over 40 percent increase in water rates will cost an additional

\$4 million per year

Water Conservation Measures Already Taken

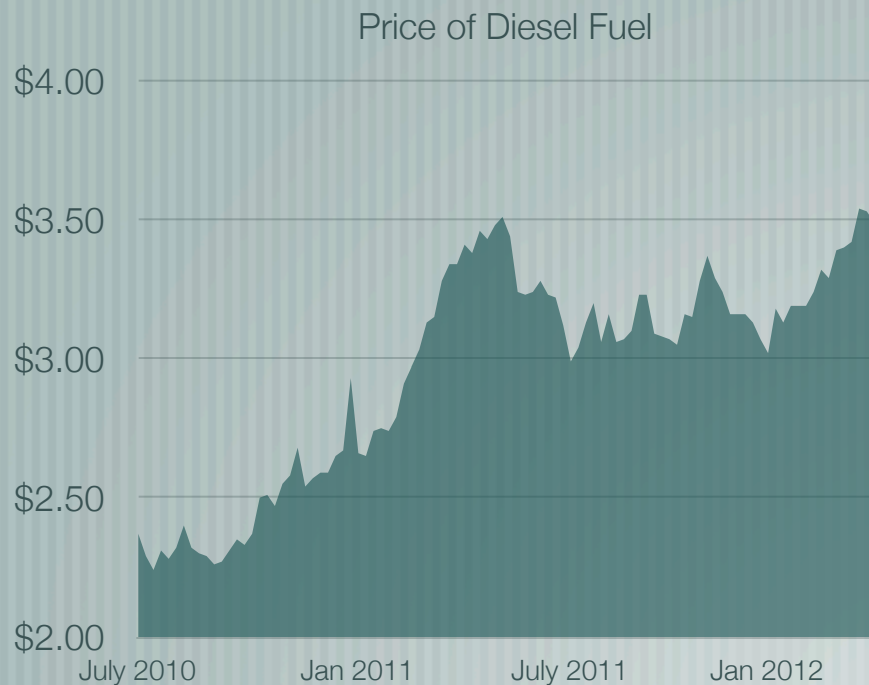
CCSD has been working to conserve water for a number of years now, having achieved a **32 percent** reduction in per-acre water consumption since 2000. This includes approximately 1.4 million square-feet of turf reduction (replaced with artificial turf) and the acceptance by schools of brown fields during the winter.

Fuel Cost Increase

General Operating Fund

11

Based on recent trends and future projections for fuel prices, an additional \$4 million will be needed next year.



Each 1¢ increase in the price of diesel costs
CCSD \$200 per day

Without several recent initiatives, the impact of this fuel price increase would have been even greater.

- Bell-time consolidation has reduced bus mileage by 704,000 miles per year.
- Opening of the Northwest Bus Yard will reduce bus mileage by 1,300,000 miles per year, due to a reduction in deadhead miles traveled.
- Efforts to reduce bus idle time are saving 105,600 gallons of fuel per year.

Potential Budget Reductions

12

General Operating Fund

\$63.9 million Deficit

Worst Case

↓
Salary Freeze for 2012 and 2013

↓
Property Tax Does Not Continue to Decline

\$3.0 million Deficit

Best Case

Budget Summary

General Operating Fund

13

Total Resources

\$2,054,325,000

\$35,675,000
less than 2012

=

Total Expenditures

Assuming \$63.9 million in concessions and/or cuts

\$2,014,325,000

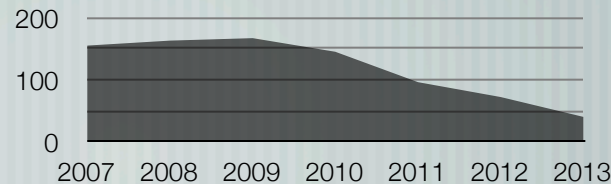
\$15,675,000
less than 2012

+

Ending Fund Balance

Assuming Waiver of 2 percent Board Policy

Third consecutive year of decreasing fund balance*



\$40,000,000

\$20,000,000
less than 2012

* Requires written notification to state Department of Taxation

Questions?