

“However, during the construction of our recent new schools (since the passage of WC-1), the district had the principals conduct a desk audit and keep track of their time and activities to see if it was appropriate to utilize capital funds,” Etchart said. “This was done in consultation with the district’s tax counsel.”

The school district had to adjust the percentages of the administrators’ time to more accurately reflect how much time was spent doing building-related activities.

“Prior to the completion of the desk audit, the principals for the new schools had their time charged 100 percent to the capital fund,” Etchart explained. “When the desk audit was completed, Business [and] Finance transferred the non-capital expenditures to the General Fund as a year-end adjusting journal entry.”

Etchart added, “The business and finance team was being proactive in completing this desk audit to assure that only capital related activities were being charged to the capital fund. It was only in the timing of the transfer process that the functional violation occurred.”

In short, the school district was being cautious about how it was spending its capital funds, making sure to have the correct time percentages noted for the staff and principals documented for the correct funding sources.

“With the schools currently under construction [Marci Herz Middle School

and John Bohach Elementary School], the principals are currently being paid from the general fund,” Etchart added. “However, as with the recently completed three schools, it would be completely appropriate to have that portion of their time that was spent on capital related activities charged to the capital fund. Once a school’s construction is completed, 100 percent of a principal’s time is charged to the general fund.”

The auditor agreed, explaining the budget violation like this:

“The school administrators for those new schools being built, they were originally budgeted to be paid out of the capital projects funds,” said Eide Bailly’s Audit Manager Michael Arciniega. “But after some digging into the actual time they were spending, it was determined that not 100 percent of their time was related to capital projects activities, like buying equipment or purchasing furniture—those types of things.

“They were actually spending some of their time doing things like setting up schedules and various other normal school administrator tasks, so those portions of their salaries were moved into the general fund,” he added. “Unfortunately, this was discovered after the augmented budget was already submitted, so that’s what the overspending in that function is. The general fund did not have any overspending—it was just in that one function.”



## ’Tis the pre season

On the Monday before Thanksgiving, city workers were seen hanging Christmas lights on the large evergreen pine in downtown City Plaza—opposite Reno City Hall—that serves as the town’s official Christmas tree at the annual tree lighting ceremony, which traditionally takes place in the first week of December. The “Believe” sign, which shares the plaza with both the tree and the Space Whale sculpture, was also observed sporting a giant Santa hat on the “B” in anticipation of the Christmas season—which now apparently preempts December altogether.

PHOTO/MATT BIEKER

# THE RESIDENTS

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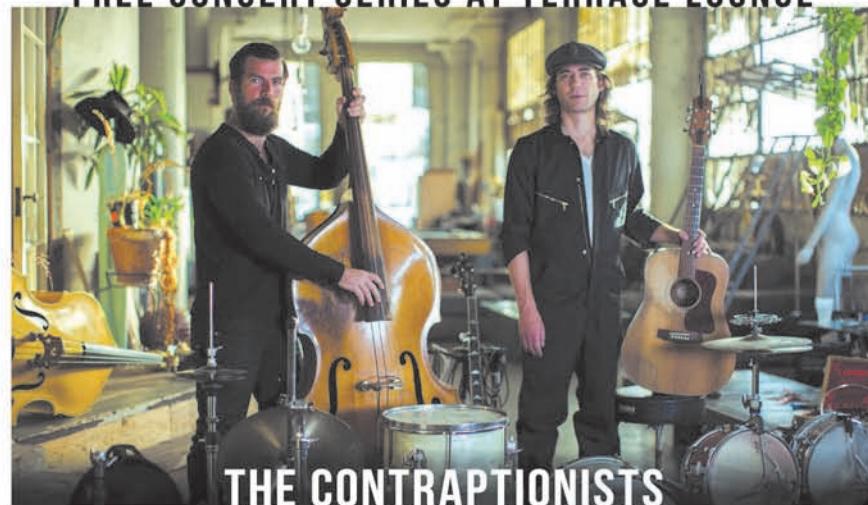
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