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**Financial  
Section**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the  
Clark County School District  
Clark County, Nevada

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clark County School District (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Special Education Fund and the Federal Projects Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As described in the "Deferred Outflows and Deferred Inflows of Resources" section of Note 1 to the financial statements, in 2013, the District adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 4–15 and 72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the District's basic financial statements for the year ended June 30, 2012, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The combining and individual nonmajor fund financial statements and schedules, related to the 2012 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2012 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

#### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2013, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Kafoury, Armstrong & Co.*

Las Vegas, Nevada  
October 10, 2013

The Management's Discussion and Analysis (MD&A) offers readers a narrative overview and analysis of the Clark County School District's (District) financial statements for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which precedes this report, and the financial statements, which immediately follow this report.

### FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2013

Following is an analysis of facts, descriptions or conditions of the District, in fiscal year 2013, that had a material effect on its financial position or operating results.

#### Government-wide Financial Statements

- The overall financial position of the District improved slightly as government-wide net position increased during fiscal year 2013, from \$1.931 billion to \$1.935 billion, a \$4 million dollar increase.
- Total revenues increased \$11 million from \$2.83 billion in fiscal year 2012 to \$2.84 billion in fiscal year 2013, a .38% increase which was due to an increase in state aid, local school support tax, and federal subsidies participation in the Food Service Fund.
- Continued county-wide reductions in assessed valuation sorely affected the collection of property tax revenue in the past year. In addition, a low interest rate environment resulted in reduced earnings on investments.
- Certain local revenues such as the real estate transfer tax and the governmental services tax experienced an increase from 2012 in the amount of \$2,017,152 and \$1,807,638, respectively, due to a slight increase in home sales and local population. Franchise tax revenue increased by 117.4% due to an overall increase in tax receipts this year, compared to last year when the tax receipts were significantly reduced by the lower net profits reported by two public utilities.
- Total expenses decreased \$2 million from \$2.837 billion in fiscal year 2012 to \$2.835 billion in fiscal year 2013, a .01% decrease. Decreased expenses were due in part to salary reductions as a result of contract negotiations. Also, there were reductions to current year expenses, namely central services and facilities acquisition and construction services, due to the restatement of last year's fund balance for the unamortized debt issuance costs, less prepaid bond insurance premiums, fully expensed as we implemented GASB No. 65.

#### Fund Financial Statements

- Ending combined governmental fund balances decreased to \$575 million in fiscal year 2013 from \$759 million in fiscal year 2012, a 24.3% decrease.
- Decreases to the combined ending fund balance were due in part to reduced local revenues, such as property tax, in the General Fund and the Debt Service Fund and increased construction costs in the Bond Fund along with the spend down of the final proceeds of the bond program and the increased principal payments in the Debt Service Fund.
- As the local economy starts to improve, combined revenues in the governmental funds recorded a \$7 million dollar increase from the previous year mainly in the General Fund and the State Grants Fund. The decrease in property tax revenue of \$48 million in the General Fund and Debt Service Fund was offset by the local school support tax revenue increase of \$41 million in the General Fund and the increase in state sources of \$8 million for full-day kindergarten in the State Grants Fund.
- One of the largest sources of revenue in the General Fund and the Special Education Fund is state aid known as the Distributive School Account (DSA). These funds increased slightly in the General Fund in 2013.

#### General Operating Fund Balance

- Ending fund balance in the General Fund increased from \$77 million in fiscal year 2012 to \$93 million in fiscal year 2013, a 20.3% increase. Although property tax revenue continues to decline, other local revenues have increased

from last year. Expenditures decreased due to the District succeeding in arbitration dispute with its licensed staff and recognized efficiencies in its utility expenditures.

- Total General Fund revenues increased \$24 million to \$1.890 billion in fiscal year 2013. This was due in part, to the increase of DSA revenues, local school support tax revenue, and e-rate reimbursements.
- The District maintained spending levels below budgeted amounts across many program and functional categories mainly due to salary reductions in all categories as a result of contract negotiations.
- The District funded the unassigned (spendable) portion of fund balance to 1% of general operating revenue in fiscal year 2013. As a component of budget savings, it was recommended to waive the current unassigned fund balance requirement from the 2% established by District Regulation 3110, which the Board of Trustees approved. Unassigned fund balance is reported at \$19.6 million in 2013.
- The District has been able to assign additional funding in its General Fund for instructional supplies, surplus school balance carryovers, categorical indirect costs, class size reduction, and funding operational initiatives in the next fiscal year.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of government-wide financial statements, fund financial statements, and notes to the financial statements. Following is a brief discussion of the structure of the basic financial statements.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with an assessment of the overall financial position and activities of the District as a whole. These statements are structured around the primary government, not including fiduciary funds. They are further divided into governmental activities and business-type activities. Governmental activities being those generally financed through taxes and intergovernmental revenues, while business-type activities are those financed to some degree by charging external parties for goods received.

The statement of net position combines and consolidates all of the District's current financial resources (short-term spendable resources) with capital assets and deferred outflows of resources and long-term obligations and deferred inflows of resources using the accrual basis of accounting. The end result is net position that is segregated into three components: net investment in capital assets; restricted and unrestricted net position.

The statement of activities presents information showing how the District's net position changed during fiscal year 2013. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, there are some revenues and expenses reported in this statement that will result in cash flows in future fiscal periods. All expenses are reported by related function as prescribed by the Nevada Department of Education Handbook II Accounting System.

### Fund Financial Statements

The District uses fund financial statements to provide detailed information about its most significant funds. All of the funds of the Clark County School District can be divided into three categories:

*Governmental Funds* – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements described above. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting, which focuses on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. To provide a better understanding of the relationship between the fund statements and government-wide statements, a reconciliation is provided for a more comprehensive picture of the District's financial position.

*Proprietary Funds* – Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows are reported in the proprietary funds. The District reports two types, enterprise funds and internal service funds. Enterprise funds are used to report an activity where a fee is charged to external users. The District's sole enterprise fund, the Food Service Enterprise Fund, is used to account for food service operations within the District. Internal service funds report activities that provide goods and services to the other departments of the District. The District reports two internal service funds, the Insurance and Risk Management Fund, and the Graphic Arts Production Fund.

*Fiduciary Funds* – Funds that are used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government’s own programs. The District currently holds assets related to student activities of various schools in its single fiduciary fund, the Student Activity Agency Fund.

Notes to the Financial Statements

The notes to the financial statements complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, the government-wide statements are structured to report financial information on the District as a whole, excluding fiduciary funds. Condensed financial information with comparative amounts from the prior year is presented along with accompanying analysis.

**Clark County School District’s Net Position:**

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Current assets	\$ 1,003,909,830	\$ 1,201,434,340	\$ 48,978,474	\$ 42,481,677	\$ 1,052,888,304	\$ 1,243,916,017
Capital assets, net	4,705,708,550	4,839,748,468	12,257,405	10,306,165	4,717,965,955	4,850,054,633
Total assets	5,709,618,380	6,041,182,808	61,235,879	52,787,842	5,770,854,259	6,093,970,650
Deferred outflows	41,966,000	-	-	-	41,966,000	-
Current liabilities	396,818,416	391,838,469	2,735,275	1,953,546	399,553,691	393,792,015
Long-term liabilities	3,475,698,537	3,760,356,568	997,026	1,056,520	3,476,695,563	3,761,413,088
Total liabilities	3,872,516,953	4,152,195,037	3,732,301	3,010,066	3,876,249,254	4,155,205,103
Deferred inflows	2,054,502	-	-	-	2,054,502	-
Net position:						
Net investment in capital assets	1,484,021,125	1,364,516,514	12,257,405	10,306,165	1,496,278,530	1,374,822,679
Restricted	355,035,762	503,579,739	-	-	355,035,762	503,579,739
Unrestricted	37,956,038	20,891,518	45,246,173	39,471,611	83,202,211	60,363,129
Total net position, beginning	1,877,012,925	1,888,987,771	57,503,578	49,777,776	1,934,516,503	1,938,765,547
Prior year restatement	-	(7,806,585)	-	-	-	(7,806,585)
Total net position (as restated)	\$ 1,877,012,925	\$ 1,881,181,186	\$ 57,503,578	\$ 49,777,776	\$ 1,934,516,503	\$ 1,930,958,962

The District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,934,516,503 at the close of the current fiscal year and total net position increased by 0.18% or \$3,557,541. The prior year restatement of net position was to fully expense unamortized debt issuance costs, not related to prepaid bond insurance costs.

Governmental Activities

The District’s total net position in governmental activities is \$1,877,012,925 of which, unrestricted net position total \$37,956,038; these are used to meet the ongoing obligations of the District.

Portions of total net position are subject to external restrictions as to how they may be used. In the current fiscal year, restricted assets include assets for servicing long-term general obligation bonded debt in the amount of \$282,823,351; assets related to bond proceeds and other revenues to be used in the District’s capital projects programs in the amount of \$62,873,801; and net position restricted for other purposes totaling \$9,338,610, which include an education foundation donations of \$464,209, state restricted money for adult education in the amount of \$1,166,019, a deposit made with the State of Nevada for the District’s workers’ compensation self-insurance program in the amount of \$6,075,000 and a total of \$1,633,382 in term endowments made over time to Vegas PBS.

Business-type Activities

Business-type activities consist solely of the District's Food Service Enterprise Fund. Net position in this fund increased by 15.5% to \$57,503,578 and revenues exceeded expenses by \$7,725,802. Food Service is reporting approximately \$45 million in unrestricted assets.

**Clark County School District's Statement of Activities:**

	Governmental activities		Business-type activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 10,032,406	\$ 10,077,071	\$ 17,415,957	\$ 18,426,214	\$ 27,448,363	\$ 28,503,285
Operating grants and contributions	436,759,925	429,993,287	94,999,625	87,778,175	531,759,550	517,771,462
Capital grants and contributions	1,533,606	2,278,364	-	-	1,533,606	2,278,364
Total program revenues	448,325,937	442,348,722	112,415,582	106,204,389	560,741,519	548,553,111
General revenues:						
Property taxes	688,600,716	736,911,517	-	-	688,600,716	736,911,517
Local school support tax	792,018,758	750,527,063	-	-	792,018,758	750,527,063
Governmental services tax	67,613,524	65,805,886	-	-	67,613,524	65,805,886
Room tax	67,277,580	66,023,176	-	-	67,277,580	66,023,176
Real estate transfer tax	19,696,212	17,679,060	-	-	19,696,212	17,679,060
Franchise tax	1,514,151	696,397	-	-	1,514,151	696,397
Other local taxes	-	15,107	-	-	-	15,107
Unrestricted federal aid	374,154	435,373	-	-	374,154	435,373
Unrestricted state aid	621,805,351	616,045,295	-	-	621,805,351	616,045,295
Other local sources	17,670,410	19,018,598	54,697	93,970	17,725,107	19,112,568
Unrestricted investment earnings	881,356	5,509,834	12,335	135,134	893,691	5,644,968
Total general revenues	2,277,452,212	2,278,667,306	67,032	229,104	2,277,519,244	2,278,896,410
Total revenues	2,725,778,149	2,721,016,028	112,482,614	106,433,493	2,838,260,763	2,827,449,521
<b>Expenses</b>						
Instruction expenses	1,604,594,098	1,639,015,663	-	-	1,604,594,098	1,639,015,663
Support services:						
Student support	115,803,335	117,555,025	-	-	115,803,335	117,555,025
Instructional staff support	162,712,891	132,135,634	-	-	162,712,891	132,135,634
General administration	21,429,448	21,926,250	-	-	21,429,448	21,926,250
School administration	179,071,665	184,711,360	-	-	179,071,665	184,711,360
Central services	73,483,533	77,257,531	-	-	73,483,533	77,257,531
Operation and maintenance of plant services	265,086,728	270,329,105	-	-	265,086,728	270,329,105
Student transportation	122,177,974	115,378,849	-	-	122,177,974	115,378,849
Other support services	4,372,133	3,595,037	-	-	4,372,133	3,595,037
Community services	2,333,725	1,784,600	-	-	2,333,725	1,784,600
Facilities acquisition and construction services	9,309,181	12,972,688	-	-	9,309,181	12,972,688
Interdistrict payments	93,796	-	-	-	93,796	-
Interest on long-term debt	168,413,566	162,178,219	-	-	168,413,566	162,178,219
Food services	-	-	105,843,199	98,463,213	105,843,199	98,463,213
Total expenses	2,728,882,073	2,738,839,961	105,843,199	98,463,213	2,834,725,272	2,837,303,174
Change in net position before term endowments and transfers	(3,103,924)	(17,823,933)	6,639,415	7,970,280	3,535,491	(9,853,653)
Term endowment	22,050	46,628	-	-	22,050	46,628
Transfers in / (out)	(1,086,387)	(728,063)	1,086,387	728,063	-	-
Change in net position	(4,168,261)	(18,505,368)	7,725,802	8,698,343	3,557,541	(9,807,025)
Net position - beginning	1,881,181,186	1,907,493,139	49,777,776	41,079,433	1,930,958,962	1,948,572,572
Prior year restatement	-	(7,806,585)	-	-	-	(7,806,585)
Net position - ending (as restated)	\$ 1,877,012,925	\$ 1,881,181,186	\$ 57,503,578	\$ 49,777,776	\$ 1,934,516,503	\$ 1,930,958,962

**Net Position**

Governmental activities decreased the District's net position by \$4,168,261. Decreases in net position are due to increases in spending for staffing of new Title I schools, the purchase of new buses, and continuing decreases in property tax revenues and investment earnings.

**Revenues**

The largest general revenues received by the District include local school support tax in the amount of \$792,018,758 and aggregated property taxes in the amount of \$688,600,716. These revenues represent 29.06% and 25.26%, respectively, of total governmental revenues for the current fiscal year.

While property tax continued its modest decline from last year, a portion of these amounts is compensated by additional increases in sales tax and room tax. This year's state aid increased by 0.94% and is guaranteed through a funding mechanism known as the Nevada Plan. The District is legislatively guaranteed to receive a specific amount of per-pupil funding from the state and is apportioned that funding through components of both sales and property taxes. The amount received per pupil for fiscal year 2013 was \$5,257, up from last year's amount of \$5,136 per pupil. The state is required to provide funding to meet the residual amount that is not collected through these taxes.

As our local economy slowly begins to recover, many other revenue collections have experienced improvements from the previous year. In fiscal year 2013, the real estate transfer tax, a tax collected on transfers of real property, has experienced an increase for the first time in six years of \$2,017,152 due to the positive change in the housing market. The room tax, which is a tax associated with hotel lodging and deposited into the Bond Fund, has seen an increase of \$1,254,404 or 1.90% over the previous year. The real estate transfer tax, along with the property tax and room tax are the main components of paying outstanding bond obligations. The reduction of the property taxes have placed a strain on servicing future debt obligations and on future bonding capacity.

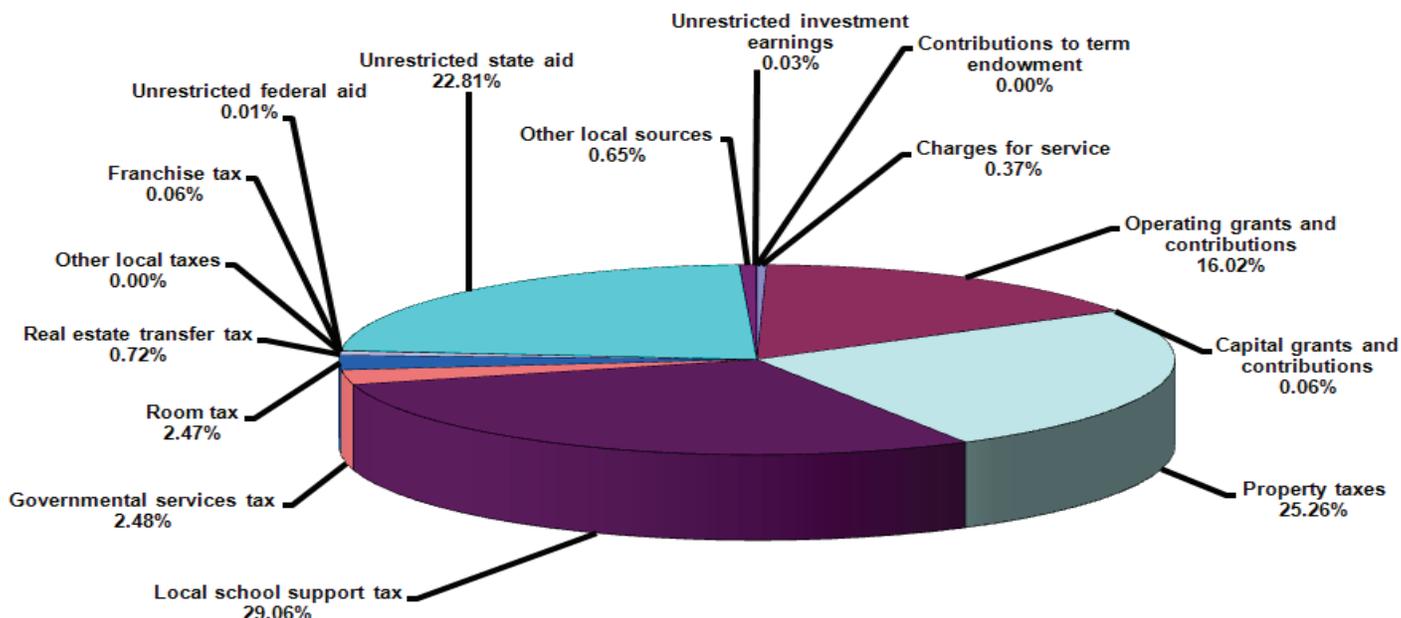
The Local School Support Tax (LSST), a component of the sales tax, in Clark County, is one of the few revenues of the District that showed a moderate increase for the last four years. It has currently increased 5.53% or \$41,491,695 over the prior year, with collections totaling \$792,018,758. This is partially due to a .35% increase in the tax passed during the 2009 Nevada Legislative Session and extended until 2013, where the LSST increased from 2.25% to 2.60%.

LSST is 100% guaranteed by the state as part of the Nevada Plan. When LSST decreases, the state must make up the difference to meet its basic support obligation. However, when LSST comes in higher as it did this year, the District does not share in a surplus, it simply means the state will reduce its state-aid payments through the DSA.

Franchise tax revenue increased significantly by \$817,754 or 117.43% due to an overall decrease in tax receipts last year that resulted primarily from lower net profits reported by two public utilities, NV Energy and CenturyLink.

As noted earlier, investment earnings by the District have continued their decline, mainly due to the extremely low interest rate environment in which it is operating and reductions in revenues. As a fixed income investor with very conservative statutory and regulatory policies, the District is currently earning approximately 0.54% on its total investment portfolio. As revenues and associated cash decline with the close of the 1998 bond program, combined with reductions in property tax collection, it also becomes more difficult to maximize yield with longer term investments.

**Governmental Activities – Revenue Sources**



**Governmental Activities - Change in Revenues**

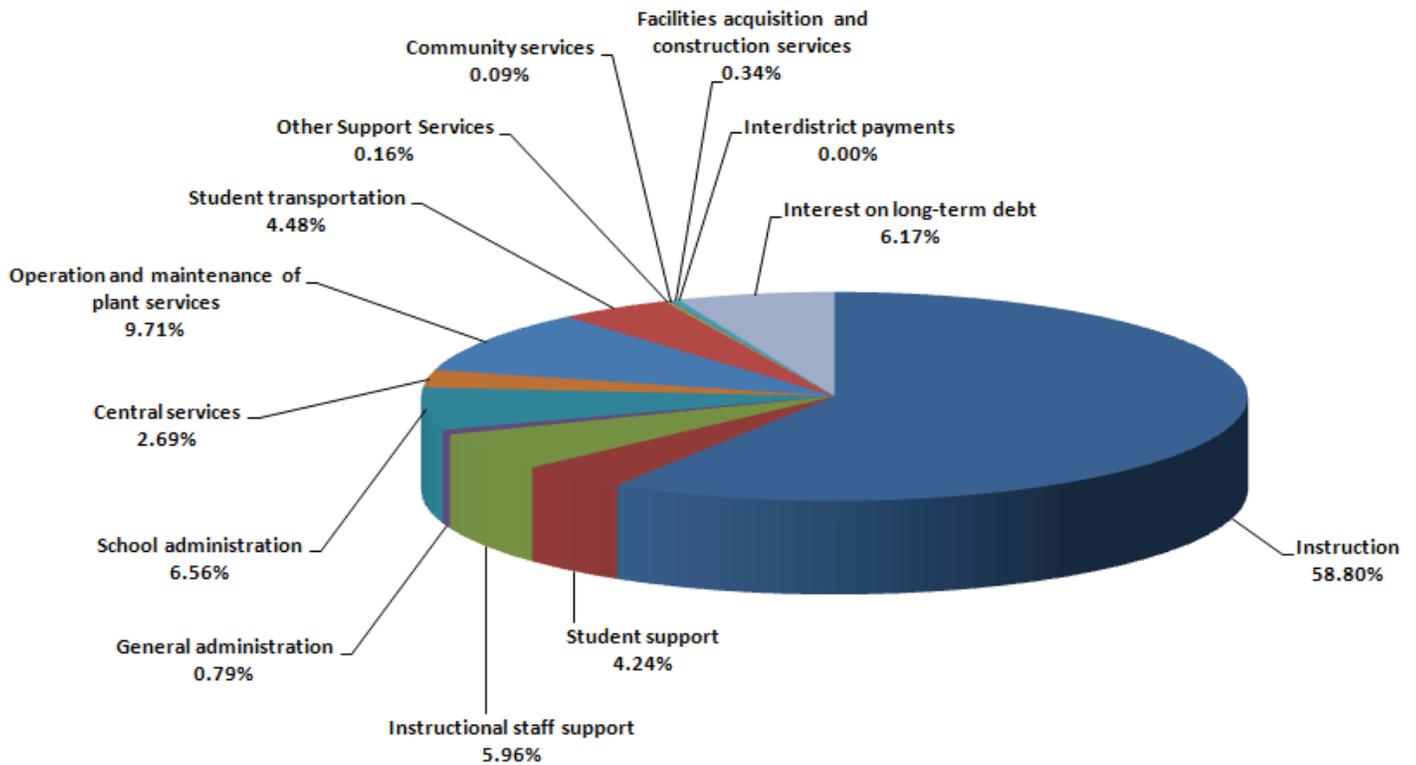
Revenues	2013	2012	Inc / (Dec) from 2012	% Inc / (Dec) from 2012
Charges for service	\$ 10,032,406	\$ 10,077,071	\$ (44,665)	-0.44%
Operating grants and contributions	436,759,925	429,993,287	6,766,638	1.57%
Capital grants and contributions	1,533,606	2,278,364	(744,758)	-32.69%
Property taxes	688,600,716	736,911,517	(48,310,801)	-6.56%
Local school support taxes	792,018,758	750,527,063	41,491,695	5.53%
Governmental services tax	67,613,524	65,805,886	1,807,638	2.75%
Room tax	67,277,580	66,023,176	1,254,404	1.90%
Real estate transfer tax	19,696,212	17,679,060	2,017,152	11.41%
Franchise tax	1,514,151	696,397	817,754	117.43%
Other local taxes	-	15,107	(15,107)	-100.00%
Unrestricted federal aid	374,154	435,373	(61,219)	-14.06%
Unrestricted state aid	621,805,351	616,045,295	5,760,056	0.94%
Other local sources	17,670,410	19,018,598	(1,348,188)	-7.09%
Unrestricted investment earnings	881,356	5,509,834	(4,628,478)	-84.00%
Contributions to term endowment	22,050	46,628	(24,578)	-52.71%
<b>Total revenues</b>	<b>\$ 2,725,800,199</b>	<b>\$ 2,721,062,656</b>	<b>\$ 4,737,543</b>	<b>0.17%</b>

**Expenses**

- Instruction related expenses represent 58.80% of total governmental expenses. They consist of regular, special, gifted and talented, vocational, other instruction, and adult program expenses, with 96.81% of these dollars spent on regular and special education.
- Operation and maintenance of plant services account for the next highest expenses comprising approximately 9.71% of total expenses. These expenses include utility and maintenance costs meant to provide upkeep for the District's schools and administrative facilities.
- The instruction function reported a significant decrease from the previous year due to the salary freezes and reduction in pay as a result of contract negotiation with the licensed employee association.

- The instruction staff support function reported a significant increase of \$30,577,257 or 23.14% which was in large part due to additional grant funding carried over from the prior year for Career Professional Development in Title I and Title II schools. Last year these programs were still being partially funded through the American Recovery and Reinvestment Act (ARRA) grants.
- Central services function decreased by 4.88% or \$3,773,998 due largely to the prior year restatement of the write off of unamortized debt issuance costs, less prepaid bond insurance premiums.
- Student transportation expenses increased by 5.89% or \$6,799,125 due to an increase in bus drivers, operational assistants, and fuel costs in the current year.
- Other support services expenses increased this year by \$777,096 or 21.62% due to an increase in the indirect cost rate, from 1.67% in 2012 to 2.18% in 2013, charged against federal grants.
- Community services expenses increased by 30.77% or \$549,125 due to expenses related to the increase in qualifying Title I schools.
- Facilities acquisition and construction services expenses decreased by 28.24% or \$3,663,507 largely due to the prior year restatement of the write off of unamortized debt issuance costs, less prepaid bond insurance premiums.

**Governmental Activities – Expenses by Function\*\***



\*\*Percentages in the chart above may not total to 100% due to rounding

**Governmental Activities – Change in Expenses by Function**

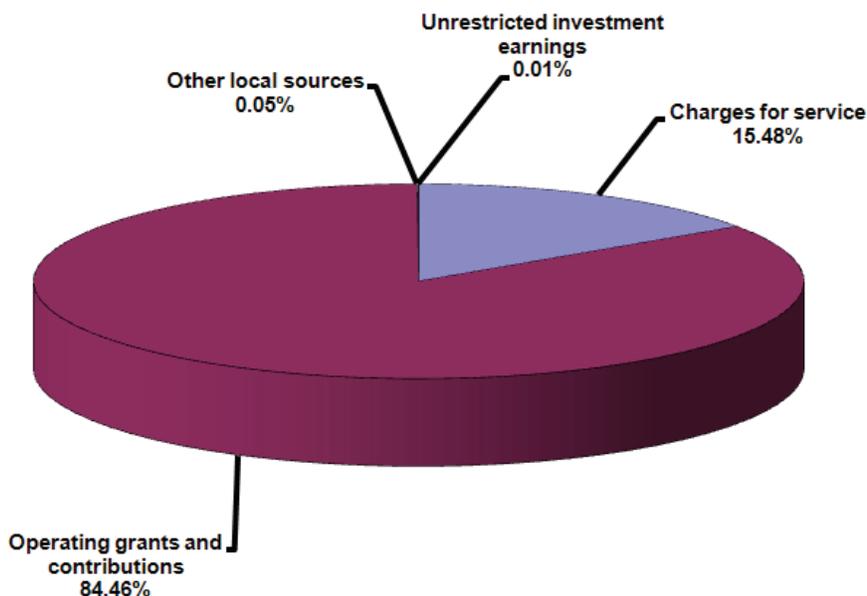
<b>Expenses</b>	<b>2013</b>	<b>2012</b>	<b>Inc / (Dec) from 2012</b>	<b>% Inc / (Dec) from 2012</b>
Instruction	\$ 1,604,594,098	\$ 1,639,015,663	\$ (34,421,565)	-2.10%
Student support	115,803,335	117,555,025	(1,751,690)	-1.49%
Instructional staff support	162,712,891	132,135,634	30,577,257	23.14%
General administration	21,429,448	21,926,250	(496,802)	-2.27%
School administration	179,071,665	184,711,360	(5,639,695)	-3.05%
Central services	73,483,533	77,257,531	(3,773,998)	-4.88%
Operation and maintenance of plant services	265,086,728	270,329,105	(5,242,377)	-1.94%
Student transportation	122,177,974	115,378,849	6,799,125	5.89%
Other support services	4,372,133	3,595,037	777,096	21.62%
Community services	2,333,725	1,784,600	549,125	30.77%
Facilities acquisition and construction services	9,309,181	12,972,688	(3,663,507)	-28.24%
Interdistrict payments	93,796	-	93,796	0.00%
Interest on long-term debt	168,413,566	162,178,219	6,235,347	3.84%
<b>Total expenses</b>	<b>\$ 2,728,882,073</b>	<b>\$ 2,738,839,961</b>	<b>\$ (9,957,888)</b>	<b>-0.36%</b>

**Business-type Activities**

Business-type activities consist solely of the District’s Food Service Enterprise Fund. In the current fiscal year, this activity increased net position by \$7,725,802.

Food service student charges and federal subsidies including contributions of commodity food products account for almost 100% of the revenues received by business-type activities, with student charges representing approximately 15.48% and federal subsidies accounting for 84.46%. The majority of the expenses in business-type activities are for food purchases and personnel expenses, including salary and benefits, to maintain the District’s food service program.

**Business-type Activities – Revenue Sources**



**Business-type Activities - Change in Revenues**

Revenues	2013	2012	Increase / (Decrease) from 2012	% Increase / (Decrease) from 2012
Charges for service	\$ 17,415,957	\$ 18,426,214	\$ (1,010,257)	-5.48%
Operating grants and contributions	94,999,625	87,778,175	7,221,450	8.23%
Other local sources	54,697	93,970	(39,273)	-41.79%
Unrestricted investment earnings	12,335	135,134	(122,799)	-90.87%
Total Revenues	\$ 112,482,614	\$ 106,433,493	\$ 6,049,121	5.68%

Revenues from charges for services decreased in fiscal year 2013 mainly due to the fact that the percentage of free meals increased from 74% to 75% while the percentage of full pay meals dropped to 15% from 17%. The change in product mix increased the federal reimbursement by \$7.2 million.

**ANALYSIS OF GOVERNMENTAL FUND BALANCES AND TRANSACTIONS**

Governmental funds use fund accounting and follow the modified accrual basis of accounting which focuses on short-term sources and uses of spendable resources. Following is an analysis of individual fund balances and material transactions.

At the end of the current fiscal year, the District’s governmental funds reported combined ending fund balances of \$575 million, a decrease of \$184 million from last year. The General Fund reported higher revenue collections overall as a result of the slight improvement of the local economy and decreased expenditures, partially due to budget reductions still in place in the Bond Fund in 2013. Of the total governmental fund balance, \$14,343,345 is classified as nonspendable and \$471,421,174 as restricted. Committed fund balance totaled \$11,096,787 which included amounts for PBS programming fees and Medicaid programs. \$58,184,804 is assigned for various projects throughout the District including instructional supplies, school carryovers, categorical indirect costs, class size reductions, and funding for operational initiatives in the next year. Unassigned fund balance, for all governmental funds (which serves as a useful measure of the District’s net resources as a whole) available for spending is \$19,617,514.

The main operating fund of the District is the General Fund. At the end of the current fiscal year, the total fund balance in the General Fund was \$92,596,487; nonspendable portion totaled \$14,329,960 and the restricted portion was \$464,209. The unassigned portion which represents spendable resources was \$19,617,514, representing 21.19% of the total fund balance or 1% of the general operating budget resources.

Although reported separately, the Special Education Fund is budgeted for in combination with the General Fund and together they represent the general operating budget of the District. Any deficiencies of revenues under expenditures in the Special Education Fund are compensated for through a transfer from the General Fund. The transfer from the General Fund to cover special education expenditures in fiscal year 2013 was \$280,931,130. This is an increase of 6.32% over 2012, as Special Education instruction and transportation costs increased over the prior year due to an increase of 818 students with special needs.

The District’s Debt Service Fund ending fund balance decreased by \$101 million, from \$277 million in fiscal year 2012 to \$176 million in fiscal year 2013. The reasons for the decrease included a 6.24% reduction in property tax revenue from the previous year and continued declines in investment income, which generated only \$381,497 in fiscal year 2013.

The District’s Bond Fund reported a decrease in fund balance of \$109 million due to continuing construction costs. As the 1998 bond program has ended, no new school construction debt could be authorized or issued in 2013. The District received \$87 million in combined revenues from the room tax and real property transfer tax. These taxes are pledged to reduce specific general obligation debts as they come due. Most of these pledged revenues are reported as a transfer out of the Bond Fund in the amount of \$84 million and are shown as transfers in to the Debt Service Fund.

The Federal Projects Fund reports no fund balance as draws, recorded as receivables, are requested from the grantor to cover any outstanding expenditures at year-end. Additionally, any revenues that were drawn down and not yet spent are considered unearned until the next fiscal year.

Towards the end of the current fiscal year, the federal projects department requested draws to cover several expenditures mainly in its Title I, Title III and IDEA grants, but did not receive the funding until the following fiscal year. As of June 30, 2013, the Federal Projects Fund is reporting a \$54 million receivable. Since the Federal Projects Fund did not receive grant awards in time to cover the current expenditures, funding was provided by the General Fund. A liability is recorded in the Federal Projects Fund in the amount of \$22,323,037 to recognize the payable, and a corresponding receivable is recorded in the General Fund.

## BUDGETARY HIGHLIGHTS

The "Original Budget" reflected in the General Fund was approved on May 16, 2012. Budgeted appropriations were developed with certain major determinants remaining unknown, namely certified student enrollment. An amendment to the 2012-13 "Original Budget" was approved by the Board of School Trustees on December 30, 2012 following recognition of final certified student enrollment, increased state revenues, and the actual June 30, 2012 ending fund balance. For this reason, the "Original Budget" was approved and submitted based upon future resolution of various unknown revenue elements. Total General Fund resources were increased by over \$15 million (.8%) between adoption of the "Original Budget" in May 2012 and the "Final Budget" in December 2012.

The "Final Budget" reflects administration's best estimates and includes all transfers, additions, and deletions that have been approved through June 30, 2013 and more accurately denote total appropriation activity throughout the year then ended.

Nevada Revised Statutes and District regulations require that school districts legally adopt budgets for all funds. Budgets are prepared in accordance with generally accepted accounting principles. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year. The "Final Budget" is prepared by fund, program, and function. All appropriations lapsed at year-end and certain encumbrances will be re-appropriated in 2013-14.

There were numerous negative variances between the original and final budgets in the General and Special Education Funds attributable largely to the additional resources realized between adoption of the original and final budgets. An actual increase of 3,600 students more than projected in May 2012, also necessitated the need for additional appropriations to support instructional services.

To better comply with the generally accepted account reporting structure for school districts, the District reclassified expenditures for alternative education credit retrieval and English language learner program services from the previously recorded regular instruction and special instruction program functions to the other instructional program function. This reclassification transferred \$10.3 million in appropriations to the other instructional program function. A restatement of fiscal year 2012 actual expenditures was performed for comparison purposes.

Appropriations for the student transportation services function were increased by \$9 million to purchase replacement buses and \$3.3 million to restore staffing to support the bus routing deemed essential. Reductions in staffing were temporarily implemented on the assumption that potential savings could be recognized following adjustments to school bell starting and ending times to more efficiently align with routing schedules.

The Board adopted the Amended Final Budget for 2012-13 of the General Fund in December 2012 that reflected total resources and applications of \$2,078,000,000, including a projected ending fund balance of \$31 million. Actual revenues were \$43.5 million above projections in the local revenue sources, while State proceeds were \$37.9 million less than budgeted. The State revenue shortfall was offset by an almost equal increase in sales tax collections under funding criteria of the Distributive School Account revenue formula.

Revenues were \$5.6 million more than anticipated, while a negative net transfer variance of \$2.7 million was higher than projected. The actual ending fund balance of \$92.6 million was \$61.6 million more than projected as a result of an offsetting positive expenditure variance of \$58.8 million.

Unassigned fund balance of 1% of total revenues increased negligibly by over \$200,000 from 2012. This continues to necessitate a waiver approval by the Board relative to Regulation 3110 that requires the unassigned fund balance be no less than 2% of total revenues. For fiscal year 2013, General Fund revenues were \$5.6 million (.3%) more than anticipated while total expenditures resulted in a positive variance of \$59 million (3.5%) and provided additional resources for fiscal year 2014 and an offset to the unexpected transfer of \$4.8 million to State Grants Fund to cover the revenue shortfall in the Full-Day Kindergarten program.

**CAPITAL ASSETS AND LONG-TERM DEBT*****Capital Assets***

At June 30, 2013, the District held approximately \$4.7 billion invested in a broad range of capital assets, net of depreciation, including land and improvements, buildings and improvements, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of \$134 million or 2.77% from last year. The following tables reflect additions and disposals of capital assets for governmental and business-type activities.

**Governmental Activities Capital Assets:**

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Land	\$ 265,550,415	\$ 7,238	\$ -	\$ 265,557,653
Land Improvements	1,242,118,586	33,611,364	-	1,275,729,950
Buildings	4,152,155,887	126,814,570	(1,770,627)	4,277,199,830
Building Improvements	875,470,782	24,641,942	-	900,112,724
Equipment	446,681,002	52,403,674	(6,810,222)	492,274,454
Construction in Progress	137,212,849	93,520,426	(225,179,101)	5,554,174
Less: Accumulated Depreciation	<u>(2,279,441,053)</u>	<u>(239,775,237)</u>	<u>8,496,055</u>	<u>(2,510,720,235)</u>
<b>Total Capital Assets, Net</b>	<b><u>\$ 4,839,748,468</u></b>	<b><u>\$ 91,223,977</u></b>	<b><u>\$ (225,263,895)</u></b>	<b><u>\$4,705,708,550</u></b>

The majority of the decrease in capital assets is due to the increase in depreciation expense. In fiscal year 2013, the District opened no new schools. Additions to land, buildings, and building improvements include expansions and renovations to existing District facilities. Construction in progress additionally includes school renovations, improvements and expansions to existing schools, as well as work performed to completely replace some older existing schools.

**Business-type Activities Capital Assets:**

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Buildings	\$ 157,393	\$ -	\$ (86,841)	\$ 70,552
Building Improvements	3,196,177	-	(3,196,177)	-
Equipment	20,223,921	3,160,182	(298,137)	23,085,966
Construction in Progress	-	1,388,714	-	1,388,714
Less: Accumulated Depreciation	<u>(13,271,326)</u>	<u>(1,874,252)</u>	<u>2,857,751</u>	<u>(12,287,827)</u>
<b>Total Capital Assets, Net</b>	<b><u>\$ 10,306,165</u></b>	<b><u>\$ 2,674,644</u></b>	<b><u>\$ (723,404)</u></b>	<b><u>\$ 12,257,405</u></b>

Additional information on the District's capital assets can be found in note 5 on pages 58-59 of this report.

***Long-term Debt***

The Clark County School District has finalized one of the largest school construction programs in the United States funded through the issuance of municipal bonds. Before bonds can be sold, the District provides information to various bond raters to obtain bond ratings for the proposed issue. Much of the information centers on the financial stability of the District and how it responds to various financial situations. Due to the severe economic downturn in Clark County, the District now has the following ratings with Standard and Poor (AA-) with a negative outlook and Fitch (A+) and Moody's Investor Services (Aa3) both with a stable outlook rating at year end.

As of June 30, 2013, the District carried approximately \$3.4 billion in debt, including general obligation bonds and liabilities for compensated absences. The District previously issued general obligation bonds to finance various projects including, but not limited to, constructing or purchasing new buildings, enlarging, remodeling or repairing existing buildings or grounds,

acquiring sites for new buildings, and purchase necessary furniture and equipment for schools including equipment used for the transportation of pupils. The following table summarizes long-term debt activity over the past fiscal year.

### Long-term Debt Obligations:

	Balance June 30, 2012	Issuances	Retirements	Balance June 30, 2013
<b>Governmental Activities:</b>				
General Obligation Debt	\$3,554,575,000	\$ 167,960,000	\$ (498,640,000)	\$3,223,895,000
Plus: Premiums	199,724,434	31,288,293	(61,082,937)	169,929,790
Less: Discounts	(7,748,309)	-	656,151	(7,092,158)
General Obligation Debt, Net	3,746,551,125	199,248,293	(559,066,786)	3,386,732,632
OBEP Obligation	33,024,636	-	(329,992)	32,694,644
Compensated Absences Payable	55,565,934	24,824,206	(24,118,879)	56,271,261
Total Long-term Debt, Net	<u>\$3,835,141,695</u>	<u>\$ 224,072,499</u>	<u>\$ (583,515,657)</u>	<u>\$3,475,698,537</u>
<b>Business-type Activities:</b>				
Compensated Absences	<u>\$ 1,056,520</u>	<u>\$ 92,845</u>	<u>\$ (152,339)</u>	<u>\$ 997,026</u>

Per Nevada Revised Statute Chapter 387.400, the debt limitation for the District is equal to 15 percent of the assessed valuation of property, excluding motor vehicles. The debt limitation currently applicable at June 30, 2013 is \$8,283,856,826. It is expected that future increases in assessed valuation and the retirement of bonds will result, at all times, in a statutory debt limitation in excess of outstanding debt, subject to changes in assumptions, costs and revenues.

The District's liability for compensated absences increased this year with combined governmental and business-type activities reporting \$57,268,287 in compensated absences payable at June 30, 2013. This represents more than a 1% increase over the previous year. In the current year, this liability increased due to the additional staffing needed for the increase in Title I schools.

Additional information on the District's long-term debt can be found in notes 8, 9 and 10 on pages 60-63 of this report.

### REQUESTS FOR INFORMATION

This financial report is designed to provide its users with a general overview of the Clark County School District's finances and to demonstrate the District's accountability for the revenues it receives. Additional information and an electronic copy of this report may be found at the District's web site, [www.ccsd.net](http://www.ccsd.net). Any further questions, comments or requests for additional financial information should be addressed to:

Clark County School District  
Accounting Department  
5100 W. Sahara Avenue  
Las Vegas, NV 89146

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**CCSD**   
**CLARK COUNTY**  
**SCHOOL DISTRICT**

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# Basic Financial Statements

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CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and investments	\$ 677,236,006	\$ 28,529,976	\$ 705,765,982
Accounts receivable	308,727,768	12,191,343	320,919,111
Interest receivable	905,277	-	905,277
Inventories	4,830,271	8,257,155	13,087,426
Prepays	9,537,211	-	9,537,211
Prepaid bond insurance premium costs	2,673,297	-	2,673,297
Capital assets - not being depreciated	271,111,827	1,388,714	272,500,541
Capital assets - net of accumulated depreciation	4,434,596,723	10,868,691	4,445,465,414
<b>Total assets</b>	<b>5,709,618,380</b>	<b>61,235,879</b>	<b>5,770,854,259</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refundings	41,966,000	-	41,966,000
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>5,751,584,380</b>	<b>61,235,879</b>	<b>5,812,820,259</b>
<b>LIABILITIES</b>			
Accounts payable	102,848,907	1,187,170	104,036,077
Accrued salaries and benefits	236,612,562	570,176	237,182,738
Unearned revenues	27,709,531	876,372	28,585,903
Interest payable	6,553,575	-	6,553,575
Construction contracts and retention payable	2,938,132	101,557	3,039,689
Liability insurance claims payable	5,515,068	-	5,515,068
Workers' compensation claims payable	14,640,641	-	14,640,641
Long term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable	335,750,000	-	335,750,000
Compensated absences payable	24,118,879	152,339	24,271,218
Portion due or payable after one year:			
General obligation bonds payable	3,050,982,632	-	3,050,982,632
Compensated absences payable	32,152,382	844,687	32,997,069
OPEB obligation	32,694,644	-	32,694,644
<b>Total Liabilities</b>	<b>3,872,516,953</b>	<b>3,732,301</b>	<b>3,876,249,254</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred gain on refundings	2,054,502	-	2,054,502
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>3,874,571,455</b>	<b>3,732,301</b>	<b>3,878,303,756</b>
<b>NET POSITION</b>			
Net investment in capital assets	1,484,021,125	12,257,405	1,496,278,530
Restricted for:			
Debt service	282,823,351	-	282,823,351
Capital projects	62,873,801	-	62,873,801
Other purposes	9,338,610	-	9,338,610
Unrestricted	37,956,038	45,246,173	83,202,211
<b>TOTAL NET POSITION</b>	<b>\$ 1,877,012,925</b>	<b>\$ 57,503,578</b>	<b>\$ 1,934,516,503</b>

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES</b>			
Instruction:			
Regular instruction	\$ (1,265,177,512)	\$ 7,936,894	\$ 273,889,765
Special instruction	(288,207,879)	-	126,732,528
Gifted and talented instruction	(10,840,152)	-	-
Vocational instruction	(23,432,914)	-	5,585,158
Other instruction	(10,639,532)	728,945	-
Adult instruction	(6,296,109)	82,110	6,311,500
Total instruction	(1,604,594,098)	8,747,949	412,518,951
Support services:			
Student support	(115,803,335)	-	1,016,221
Instructional staff support	(162,712,891)	686,481	9,893,213
General administration	(21,429,448)	-	-
School administration	(179,071,665)	-	-
Central services	(73,483,533)	433,191	6,426,076
Operation and maintenance of plant services	(265,086,728)	-	1,089,754
Student transportation	(122,177,974)	164,785	6,188
Other support services	(4,372,133)	-	-
Community services	(2,333,725)	-	-
Facilities acquisition and construction services <sup>1</sup>	(9,309,181)	-	-
Interdistrict payments	(93,796)	-	-
Interest on long-term debt	(168,413,566)	-	5,809,522
Total support services	(1,124,287,975)	1,284,457	24,240,974
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>(2,728,882,073)</b>	<b>10,032,406</b>	<b>436,759,925</b>
<b>BUSINESS-TYPE ACTIVITIES</b>			
Food service	(105,843,199)	17,415,957	94,999,625
<b>TOTAL SCHOOL DISTRICT</b>	<b>\$ (2,834,725,272)</b>	<b>\$ 27,448,363</b>	<b>\$ 531,759,550</b>

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Local school support taxes
- Governmental services tax
- Room tax
- Real estate transfer tax
- Two percent franchise tax
- Federal aid not restricted to specific purposes
- State aid not restricted to specific purposes
- Other local sources
- Unrestricted investment earnings
- Contributions to term endowment
- Transfers

Total general revenues, contributions to term endowment and transfers

Change in net position

The notes to the financial statements are an integral part of this statement.

Net position - July 1  
Prior period restatement  
Net position - beginning (as restated)  
Net position - June 30

Net (Expenses) Revenues and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ -	\$ (983,350,853)	\$ -	\$ (983,350,853)
-	(161,475,351)	-	(161,475,351)
-	(10,840,152)	-	(10,840,152)
-	(17,847,756)	-	(17,847,756)
-	(9,910,587)	-	(9,910,587)
-	97,501	-	97,501
-	(1,183,327,198)	-	(1,183,327,198)
-	(114,787,114)	-	(114,787,114)
55,079	(152,078,118)	-	(152,078,118)
-	(21,429,448)	-	(21,429,448)
-	(179,071,665)	-	(179,071,665)
-	(66,624,266)	-	(66,624,266)
-	(263,996,974)	-	(263,996,974)
-	(122,007,001)	-	(122,007,001)
-	(4,372,133)	-	(4,372,133)
-	(2,333,725)	-	(2,333,725)
1,478,527	(7,830,654)	-	(7,830,654)
-	(93,796)	-	(93,796)
-	(162,604,044)	-	(162,604,044)
1,533,606	(1,097,228,938)	-	(1,097,228,938)
1,533,606	(2,280,556,136)	-	(2,280,556,136)
-	-	6,572,383	6,572,383
\$ 1,533,606	\$ (2,280,556,136)	\$ 6,572,383	\$ (2,273,983,753)
	393,834,664	-	393,834,664
	294,766,052	-	294,766,052
	792,018,758	-	792,018,758
	67,613,524	-	67,613,524
	67,277,580	-	67,277,580
	19,696,212	-	19,696,212
	1,514,151	-	1,514,151
	374,154	-	374,154
	621,805,351	-	621,805,351
	17,670,410	54,697	17,725,107
	881,356	12,335	893,691
	22,050	-	22,050
	(1,086,387)	1,086,387	-
	2,276,387,875	1,153,419	2,277,541,294
	(4,168,261)	7,725,802	3,557,541
	1,888,987,771	49,777,776	1,938,765,547
	(7,806,585)	-	(7,806,585)
	1,881,181,186	49,777,776	1,930,958,962
	\$ 1,877,012,925	\$ 57,503,578	\$ 1,934,516,503



CLARK COUNTY SCHOOL DISTRICT  
 BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 JUNE 30, 2013

	MAJOR	
	General Fund	Special Education Fund
<b>ASSETS</b>		
Pooled cash and investments	\$ 107,511,362	\$ 38,990,219
Accounts receivable	220,799,541	46,975
Interest receivable	725,696	-
Due from other funds	22,323,037	-
Inventories	4,830,271	-
Prepays	9,499,689	-
<b>TOTAL ASSETS</b>	<b>\$ 365,689,596</b>	<b>\$ 39,037,194</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 55,671,525	\$ 951,097
Intergovernmental accounts payable	38,102,450	-
Accrued salaries and benefits	163,254,287	38,086,097
Unearned revenue	6,901,522	-
Construction contracts and retentions payable	-	-
Due to other funds	-	-
<b>Total liabilities</b>	<b>263,929,784</b>	<b>39,037,194</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue - delinquent property taxes	9,163,325	-
<b>FUND BALANCES</b>		
<b>Nonspendable:</b>		
Inventories	4,830,271	-
Prepays	9,499,689	-
<b>Restricted for:</b>		
Donations	464,209	-
Debt service reserve requirement per NRS 350.020	-	-
Capital projects	-	-
Debt service	-	-
Capital improvements	-	-
Term endowment	-	-
Adult educational programs	-	-
<b>Committed to:</b>		
PBS programming fees	-	-
Medicaid programs	-	-
<b>Assigned to:</b>		
Instructional supplies	717,509	-
School carryover	8,020,925	-
Categorical indirect costs	11,964,835	-
Class size reduction	16,885,048	-
Operational initiatives	20,596,487	-
<b>Unassigned:</b>	<b>19,617,514</b>	<b>-</b>
<b>Total fund balances</b>	<b>92,596,487</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 365,689,596</b>	<b>\$ 39,037,194</b>

The notes to the financial statements are an integral part of this statement.

FUNDS				
Debt Service Fund	Bond Fund	Federal Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 174,235,023	\$ 232,966,313	\$ -	\$ 82,849,552	\$ 636,552,469
8,327,694	17,022,874	53,843,946	8,686,738	308,727,768
165,271	-	-	-	890,967
-	-	-	-	22,323,037
-	-	-	-	4,830,271
-	-	-	13,385	9,513,074
<u>\$ 182,727,988</u>	<u>\$ 249,989,187</u>	<u>\$ 53,843,946</u>	<u>\$ 91,549,675</u>	<u>\$ 982,837,586</u>
\$ -	\$ 2,963,697	\$ 2,518,933	\$ 1,582,372	\$ 63,687,624
-	-	-	829,000	38,931,450
-	222,830	14,744,511	20,180,843	236,488,568
-	-	14,257,465	6,550,544	27,709,531
-	2,919,257	-	18,875	2,938,132
-	-	22,323,037	-	22,323,037
-	6,105,784	53,843,946	29,161,634	392,078,342
6,932,295	-	-	-	16,095,620
-	-	-	-	4,830,271
-	-	-	13,385	9,513,074
-	-	-	-	464,209
123,258,954	-	-	-	123,258,954
-	144,568,745	-	-	144,568,745
52,536,739	99,314,658	-	7,713,000	159,564,397
-	-	-	40,765,468	40,765,468
-	-	-	1,633,382	1,633,382
-	-	-	1,166,019	1,166,019
-	-	-	371,956	371,956
-	-	-	10,724,831	10,724,831
-	-	-	-	717,509
-	-	-	-	8,020,925
-	-	-	-	11,964,835
-	-	-	-	16,885,048
-	-	-	-	20,596,487
-	-	-	-	19,617,514
<u>175,795,693</u>	<u>243,883,403</u>	<u>-</u>	<u>62,388,041</u>	<u>574,663,624</u>
<u>\$ 182,727,988</u>	<u>\$ 249,989,187</u>	<u>\$ 53,843,946</u>	<u>\$ 91,549,675</u>	<u>\$ 982,837,586</u>

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CLARK COUNTY SCHOOL DISTRICT  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION  
 JUNE 30, 2013

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**Total fund balances - governmental funds** **\$ 574,663,624**

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of the related depreciation are not reported in the Governmental Funds financial statements because they are not current financial resources, but they are reported in the statement of net position. 4,705,190,656

Other long-term assets are not available to pay for current period expenditures and, therefore are unavailable in the funds. 16,095,620

Certain liabilities, deferred inflows of resources, and deferred outflows of resources (such as bonds payable and capital leases payable) are not reported in the Governmental Funds financial statements because they are due and payable, but they are presented as liabilities in the statement of net position. (3,439,250,300)

Assets and liabilities of the District's Insurance and Risk Management Internal Service Fund and the Graphic Arts Internal Service Fund are not reported in the Governmental Funds financial statements because they are presented on a different accounting basis, but they are presented as assets and liabilities in the statement of net position. 20,313,325

**Total net position - governmental activities** **\$ 1,877,012,925**

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY SCHOOL DISTRICT  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	MAJOR	
	General Fund	Special Education Fund
<b>REVENUES</b>		
Local sources	\$ 1,268,136,939	\$ 39,430
State sources	621,805,351	71,388,070
Federal sources	374,155	-
Other sources	7,452	-
<b>TOTAL REVENUES</b>	<b>1,890,323,897</b>	<b>71,427,500</b>
<b>EXPENDITURES</b>		
Current:		
Instruction:		
Regular instruction	875,442,606	-
Special instruction	352,901	269,135,550
Gifted and talented instruction	10,808,657	16,303
Vocational instruction	5,855,475	-
Other instruction	10,645,009	-
Adult instruction	-	-
Support services:		
Student support	75,239,009	21,928,337
Instructional staff support	90,274,284	4,060,373
General administration	19,699,869	770,188
School administration	178,155,281	190,229
Central services	51,985,621	627,664
Operation and maintenance of plant services	256,933,024	58,968
Student transportation	57,869,368	55,571,018
Other support services	-	-
Community services	-	-
Interdistrict payments	-	-
Capital outlay:		
Facilities acquisition and construction services	-	-
Debt service:		
Principal	-	-
Interest	-	-
Purchased services	-	-
Bond issuance costs	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,633,261,104</b>	<b>352,358,630</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>257,062,793</b>	<b>(280,931,130)</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	44,299,219	280,931,130
Transfers out	(285,748,246)	-
Premiums on general obligation bonds	-	-
General obligation refunding bonds issued	-	-
Payment to refunded bond escrow agent	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(241,449,027)</b>	<b>280,931,130</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>15,613,766</b>	<b>-</b>
<b>FUND BALANCES, JULY 1</b>	<b>76,982,721</b>	<b>-</b>
<b>FUND BALANCES, JUNE 30</b>	<b>\$ 92,596,487</b>	<b>\$ -</b>

The notes to the financial statements are an integral part of this statement.

FUNDS				
Debt Service Fund	Bond Fund	Federal Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 298,150,491	\$ 87,337,652	\$ -	\$ 30,800,375	\$ 1,684,464,887
-	-	-	162,209,670	855,403,091
-	5,809,522	181,940,026	4,212,754	192,336,457
-	-	-	-	7,452
<u>298,150,491</u>	<u>93,147,174</u>	<u>181,940,026</u>	<u>197,222,799</u>	<u>2,732,211,887</u>
-	5,514,911	70,945,504	122,643,961	1,074,546,982
-	-	16,626,903	1,204,193	287,319,547
-	-	-	-	10,824,960
-	-	1,892,534	1,065,180	8,813,189
-	-	-	-	10,645,009
-	-	4,318	6,245,593	6,249,911
-	-	16,815,141	1,005,101	114,987,588
-	256,955	51,817,775	15,319,879	161,729,266
-	-	-	135,690	20,605,747
-	-	93,551	-	178,439,061
-	487,246	16,195,967	5,646,764	74,943,262
-	-	277,024	4,010,763	261,279,779
-	-	1,158,281	414,952	115,013,619
-	-	3,723,264	133,569	3,856,833
-	-	2,226,044	104,167	2,330,211
-	-	93,652	-	93,652
-	91,293,803	70,068	1,929,221	93,293,092
329,110,000	-	-	-	329,110,000
171,213,890	-	-	-	171,213,890
123,097	-	-	-	123,097
518,784	-	-	-	518,784
<u>500,965,771</u>	<u>97,552,915</u>	<u>181,940,026</u>	<u>159,859,033</u>	<u>2,925,937,479</u>
<u>(202,815,280)</u>	<u>(4,405,741)</u>	<u>-</u>	<u>37,363,766</u>	<u>(193,725,592)</u>
91,982,730	-	-	6,156,929	423,370,008
-	(104,974,671)	-	(32,647,091)	(423,370,008)
31,288,293	-	-	-	31,288,293
167,960,000	-	-	-	167,960,000
(189,574,194)	-	-	-	(189,574,194)
<u>101,656,829</u>	<u>(104,974,671)</u>	<u>-</u>	<u>(26,490,162)</u>	<u>9,674,099</u>
(101,158,451)	(109,380,412)	-	10,873,604	(184,051,493)
<u>276,954,144</u>	<u>353,263,815</u>	<u>-</u>	<u>51,514,437</u>	<u>758,715,117</u>
<u>\$ 175,795,693</u>	<u>\$ 243,883,403</u>	<u>\$ -</u>	<u>\$ 62,388,041</u>	<u>\$ 574,663,624</u>

CLARK COUNTY SCHOOL DISTRICT  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

<b>Net change in fund balances - governmental funds</b>	<b>\$ (184,051,493)</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.	(132,760,385)
Property taxes that are collected in time to pay obligations of the current period are reported as revenue in the fund statements. However, amounts that relate to prior periods that first become available in the current period should not be reported as revenue in the statement of activities.	(6,817,025)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	319,954,685
The net revenues of the District's Insurance and Risk Management Internal Service Fund and the Graphic Arts Internal Service Fund are not reported in this fund financial statement because they are presented on a different accounting basis (in the proprietary fund financial statements), but they are presented in the statement of activities.	(4,106,893)
Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources but expenses are recognized in the statement of activities when incurred.	3,672,907
Gains, losses, and capital donations are not presented in this financial statement because they do not provide or use current financial resources, but they are presented in the statement of activities.	<u>(60,057)</u>
<b>Change in net position of governmental activities</b>	<b><u>\$ (4,168,261)</u></b>

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY SCHOOL DISTRICT  
MAJOR FUND - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
<b>REVENUES</b>					
Local sources:					
Local school support tax	\$ 756,500,000	\$ 756,500,000	\$ 792,018,758	\$ -	\$ 35,518,758
Ad valorem taxes	392,235,000	392,235,000	397,676,720	-	5,441,720
Governmental services tax	45,275,000	45,275,000	46,052,970	-	777,970
Two percent franchise tax	1,225,000	1,225,000	1,514,151	-	289,151
E-rate reimbursements	3,000,000	2,500,000	4,351,836	(500,000)	1,851,836
Local government taxes	1,500,000	1,500,000	1,260,375	-	(239,625)
Tuition and summer school fees	8,050,000	8,900,000	8,370,750	850,000	(529,250)
Adult education	50,000	100,000	75,000	50,000	(25,000)
Athletic proceeds	1,200,000	1,200,000	1,147,592	-	(52,408)
Services provided	2,700,000	2,700,000	1,722,884	-	(977,116)
Donations and grants	5,000,000	4,600,000	5,523,903	(400,000)	923,903
Other local sources	6,055,000	5,987,279	8,318,230	(67,721)	2,330,951
Investment income	1,740,000	1,865,000	103,770	125,000	(1,761,230)
<b>Total local sources</b>	<b>1,224,530,000</b>	<b>1,224,587,279</b>	<b>1,268,136,939</b>	<b>57,279</b>	<b>43,549,660</b>
State sources:					
State distributive fund	647,035,000	659,670,000	621,805,351	12,635,000	(37,864,649)
Federal sources:					
Federal impact aid	200,000	200,000	266,818	-	66,818
Forest reserve	100,000	100,000	107,337	-	7,337
<b>Total federal sources</b>	<b>300,000</b>	<b>300,000</b>	<b>374,155</b>	<b>-</b>	<b>74,155</b>
Other sources:					
Proceeds from insurance	200,000	200,000	7,452	-	(192,548)
<b>TOTAL REVENUES</b>	<b>1,872,065,000</b>	<b>1,884,757,279</b>	<b>1,890,323,897</b>	<b>12,692,279</b>	<b>5,566,618</b>
<b>EXPENDITURES</b>					
Current:					
<b>REGULAR PROGRAMS</b>					
Instruction:					
Salaries	599,436,886	601,060,000	593,776,800	(1,623,114)	7,283,200
Benefits	224,991,772	225,120,000	221,228,235	(128,228)	3,891,765
Purchased services	10,606,905	15,325,000	11,963,120	(4,718,095)	3,361,880
Supplies	52,105,474	61,090,000	46,745,158	(8,984,526)	14,344,842
Property	834,550	1,600,000	1,440,217	(765,450)	159,783
Other	1,152,100	330,000	289,076	822,100	40,924
<b>Total instruction</b>	<b>889,127,687</b>	<b>904,525,000</b>	<b>875,442,606</b>	<b>(15,397,313)</b>	<b>29,082,394</b>
Support services:					
Student transportation:					
Purchased services	353,335	1,065,000	1,036,308	(711,665)	28,692
Supplies	-	5,000	1,128	(5,000)	3,872
<b>Total student transportation</b>	<b>353,335</b>	<b>1,070,000</b>	<b>1,037,436</b>	<b>(716,665)</b>	<b>32,564</b>
Other support services:					
Salaries	34,498,893	32,545,000	32,333,522	1,953,893	211,478
Benefits	13,355,381	12,210,000	12,199,009	1,145,381	10,991
Purchased services	132,630	505,000	470,858	(372,370)	34,142
Supplies	2,656,208	2,000,000	1,959,236	656,208	40,764
Other	3,000	20,000	16,089	(17,000)	3,911

(Continued)

CLARK COUNTY SCHOOL DISTRICT  
 MAJOR FUND - GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS			VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget	Actual	Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
Total other support services	\$ 50,646,112	\$ 47,280,000	\$ 46,978,714	\$ 3,366,112	\$ 301,286
Total support services	50,999,447	48,350,000	48,016,150	2,649,447	333,850
TOTAL REGULAR PROGRAMS	940,127,134	952,875,000	923,458,756	(12,747,866)	29,416,244
SPECIAL PROGRAMS					
Instruction:					
Salaries	4,108,343	245,000	233,144	3,863,343	11,856
Benefits	1,639,829	113,500	106,928	1,526,329	6,572
Purchased services	26,500	26,500	6,961	-	19,539
Supplies	269,680	50,000	5,868	219,680	44,132
Total instruction	6,044,352	435,000	352,901	5,609,352	82,099
Other support services:					
Salaries	3,770,339	140,000	122,403	3,630,339	17,597
Benefits	1,539,687	50,000	42,429	1,489,687	7,571
Purchased services	1,302,736	35,000	31,659	1,267,736	3,341
Supplies	314,951	-	-	314,951	-
Other	10,589	-	-	10,589	-
Total other support services	6,938,302	225,000	196,491	6,713,302	28,509
TOTAL SPECIAL PROGRAMS	12,982,654	660,000	549,392	12,322,654	110,608
GIFTED AND TALENTED PROGRAMS					
Instruction:					
Salaries	7,867,547	8,000,000	7,942,054	(132,453)	57,946
Benefits	2,848,136	2,900,000	2,866,603	(51,864)	33,397
TOTAL GIFTED AND TALENTED PROGRAMS	10,715,683	10,900,000	10,808,657	(184,317)	91,343
VOCATIONAL PROGRAMS					
Instruction:					
Salaries	3,555,188	3,000,000	2,844,867	555,188	155,133
Benefits	1,288,901	1,100,000	1,026,391	188,901	73,609
Purchased services	91,565	200,000	140,707	(108,435)	59,293
Supplies	1,339,970	2,230,000	1,814,741	(890,030)	415,259
Property	313,790	-	-	313,790	-
Other	-	20,000	28,769	(20,000)	(8,769)
Total instruction	6,589,414	6,550,000	5,855,475	39,414	694,525
Support services:					
Student transportation:					
Purchased services	3,000	45,000	34,872	(42,000)	10,128
Other support services:					
Salaries	210,103	250,000	233,481	(39,897)	16,519
Benefits	73,382	75,000	74,089	(1,618)	911
Purchased services	114,454	60,000	56,581	54,454	3,419
Supplies	70,155	110,000	68,666	(39,845)	41,334
Other	9,000	5,000	3,356	4,000	1,644
Total other support services	477,094	500,000	436,173	(22,906)	63,827
Total support services	480,094	545,000	471,045	(64,906)	73,955

(Continued)

CLARK COUNTY SCHOOL DISTRICT  
MAJOR FUND - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
TOTAL VOCATIONAL PROGRAMS	\$ 7,069,508	\$ 7,095,000	\$ 6,326,520	\$ (25,492)	\$ 768,480
OTHER INSTRUCTIONAL PROGRAMS					
School co-curricular activities:					
Instruction:					
Salaries	2,290,576	1,450,000	1,327,096	840,576	122,904
Benefits	767,606	530,000	518,256	237,606	11,744
Purchased services	2,439,156	3,150,000	3,096,117	(710,844)	53,883
Supplies	2,968,915	2,025,000	1,798,275	943,915	226,725
Property	-	25,000	25,305	(25,000)	(305)
Other	187,000	250,000	220,545	(63,000)	29,455
Total instruction	8,653,253	7,430,000	6,985,594	1,223,253	444,406
Support services:					
Student transportation:					
Purchased services	1,829,545	1,450,000	1,423,635	379,545	26,365
Other support services:					
Salaries	1,650,419	1,700,000	1,679,939	(49,581)	20,061
Benefits	263,092	325,000	313,886	(61,908)	11,114
Purchased services	247,970	300,000	293,979	(52,030)	6,021
Supplies	181,583	175,000	174,263	6,583	737
Other	10,085	15,000	12,656	(4,915)	2,344
Total other support services	2,353,149	2,515,000	2,474,723	(161,851)	40,277
Total support services	4,182,694	3,965,000	3,898,358	217,694	66,642
Total school co-curricular activities	12,835,947	11,395,000	10,883,952	1,440,947	511,048
Summer school:					
Instruction:					
Salaries	1,467,068	950,000	943,995	517,068	6,005
Benefits	34,478	20,000	20,640	14,478	(640)
Purchased services	10,000	35,000	32,400	(25,000)	2,600
Supplies	111,000	15,000	13,888	96,000	1,112
Other	5,000	5,000	1,897	-	3,103
Total instruction	1,627,546	1,025,000	1,012,820	602,546	12,180
Other support services:					
Salaries	193,868	125,000	123,765	68,868	1,235
Benefits	4,034	5,000	2,805	(966)	2,195
Purchased services	15,500	-	132	15,500	(132)
Total other support services	213,402	130,000	126,702	83,402	3,298
Total summer school	1,840,948	1,155,000	1,139,522	685,948	15,478
Other programs:					
Instruction:					
Salaries	-	1,000,000	869,956	(1,000,000)	130,044
Benefits	-	325,000	306,736	(325,000)	18,264
Purchased services	-	25,000	23,883	(25,000)	1,117
Supplies	-	1,450,000	1,433,076	(1,450,000)	16,924
Property	-	15,000	12,944	(15,000)	2,056
Total instruction	-	2,815,000	2,646,595	(2,815,000)	168,405

(Continued)



CLARK COUNTY SCHOOL DISTRICT  
 MAJOR FUND - GENERAL FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS			VARIANCES	
	Original	Final	Actual	POSITIVE / (NEGATIVE)	
	Budget	Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
Other support services:					
Salaries	\$ -	\$ 4,400,000	\$ 4,376,581	\$ (4,400,000)	\$ 23,419
Benefits	-	1,725,000	1,692,050	(1,725,000)	32,950
Purchased services	-	1,200,000	1,123,916	(1,200,000)	76,084
Supplies	-	160,000	152,169	(160,000)	7,831
Property	-	15,000	12,944	(15,000)	2,056
Other	-	-	207	-	(207)
Total other support services	-	7,500,000	7,357,867	(7,500,000)	142,133
Total other programs	-	10,315,000	10,004,462	(10,315,000)	310,538
TOTAL OTHER INSTRUCTIONAL PROGRAMS	14,676,895	22,865,000	22,027,936	(8,188,105)	837,064
ADULT EDUCATION PROGRAMS					
Other support services:					
Salaries	60,000	35,000	26,277	25,000	8,723
Benefits	5,000	15,000	10,962	(10,000)	4,038
Purchased services	-	25,000	23,743	(25,000)	1,257
Supplies	75,000	75,000	40,940	-	34,060
TOTAL ADULT EDUCATION PROGRAMS	140,000	150,000	101,922	(10,000)	48,078
UNDISTRIBUTED EXPENDITURES					
Support services:					
Student support:					
Salaries	57,042,210	53,860,000	53,351,580	3,182,210	508,420
Benefits	22,510,632	20,910,000	20,825,267	1,600,632	84,733
Purchased services	93,086	10,000	7,350	83,086	2,650
Supplies	398,922	250,000	224,359	148,922	25,641
Other	6,000	10,000	6,553	(4,000)	3,447
Total student support	80,050,850	75,040,000	74,415,109	5,010,850	624,891
Instructional staff support:					
Salaries	15,398,910	17,270,000	16,961,872	(1,871,090)	308,128
Benefits	5,307,516	5,650,000	5,583,202	(342,484)	66,798
Purchased services	4,043,052	4,305,000	3,590,347	(261,948)	714,653
Supplies	3,931,295	7,350,000	6,726,449	(3,418,705)	623,551
Property	-	1,300,000	1,265,427	(1,300,000)	34,573
Other	278,029	330,000	277,153	(51,971)	52,847
Total instructional staff support	28,958,802	36,205,000	34,404,450	(7,246,198)	1,800,550
General administration:					
Salaries	9,200,866	9,400,000	9,313,638	(199,134)	86,362
Benefits	3,155,174	3,100,000	3,048,906	55,174	51,094
Purchased services	6,080,765	6,860,000	6,786,835	(779,235)	73,165
Supplies	1,432,670	670,000	475,657	762,670	194,343
Other	73,866	80,000	74,833	(6,134)	5,167
Total general administration	19,943,341	20,110,000	19,699,869	(166,659)	410,131
School administration:					
Salaries	125,968,733	127,170,000	126,208,185	(1,201,267)	961,815
Benefits	50,434,171	52,035,000	51,010,838	(1,600,829)	1,024,162
Purchased services	1,168,425	825,000	690,311	343,425	134,689
Supplies	-	175,000	173,665	(175,000)	1,335
Other	-	-	1,104	-	(1,104)

(Continued)

CLARK COUNTY SCHOOL DISTRICT  
MAJOR FUND - GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
Total school administration	\$ 177,571,329	\$ 180,205,000	\$ 178,084,103	\$ (2,633,671)	\$ 2,120,897
Central services:					
Salaries	35,794,187	29,660,000	28,436,993	6,134,187	1,223,007
Benefits	11,312,773	12,760,000	11,951,453	(1,447,227)	808,547
Purchased services	10,717,131	11,050,000	9,986,189	(332,869)	1,063,811
Supplies	1,092,187	955,000	692,249	137,187	262,751
Property	250,000	500,000	420,702	(250,000)	79,298
Other	473,415	660,000	419,128	(186,585)	240,872
Total central services	59,639,693	55,585,000	51,906,714	4,054,693	3,678,286
Operation and maintenance of plant services:					
Salaries	114,546,122	112,160,000	111,059,735	2,386,122	1,100,265
Benefits	50,215,776	50,055,000	49,374,745	160,776	680,255
Purchased services	36,953,993	35,025,000	35,617,474	1,928,993	(592,474)
Supplies	66,889,688	71,740,000	58,764,032	(4,850,312)	12,975,968
Property	298,750	925,000	909,397	(626,250)	15,603
Other	383,595	395,000	378,868	(11,405)	16,132
Total operation and maintenance of plant services	269,287,924	270,300,000	256,104,251	(1,012,076)	14,195,749
Student transportation:					
Salaries	21,099,545	25,500,000	24,937,057	(4,400,455)	562,943
Benefits	12,774,246	15,000,000	13,327,342	(2,225,754)	1,672,658
Purchased services	1,766,000	485,000	199,504	1,281,000	285,496
Supplies	11,048,896	10,000,000	8,587,664	1,048,896	1,412,336
Property	25,000	9,050,000	8,310,749	(9,025,000)	739,251
Other	27,500	15,000	11,109	12,500	3,891
Total student transportation	46,741,187	60,050,000	55,373,425	(13,308,813)	4,676,575
Other support:					
Supplies	25,000	-	-	25,000	-
TOTAL UNDISTRIBUTED EXPENDITURES	682,218,126	697,495,000	669,987,921	(15,276,874)	27,507,079
TOTAL EXPENDITURES	1,667,930,000	1,692,040,000	1,633,261,104	(24,110,000)	58,778,896
EXCESS OF REVENUES OVER EXPENDITURES	204,135,000	192,717,279	257,062,793	(11,417,721)	64,345,514
OTHER FINANCING SOURCES (USES)					
Transfers in	43,700,000	44,785,000	44,299,219	1,085,000	(485,781)
Transfers out	(282,835,000)	(283,485,000)	(285,748,246)	(650,000)	(2,263,246)
TOTAL OTHER FINANCING SOURCES (USES)	(239,135,000)	(238,700,000)	(241,449,027)	435,000	(2,749,027)
NET CHANGE IN FUND BALANCE	(35,000,000)	(45,982,721)	15,613,766	(10,982,721)	61,596,487
FUND BALANCE, JULY 1	75,000,000	76,982,721	76,982,721	1,982,721	-
FUND BALANCE, JUNE 30	\$ 40,000,000	\$ 31,000,000	\$ 92,596,487	\$ (9,000,000)	\$ 61,596,487

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY SCHOOL DISTRICT  
 MAJOR FUND - SPECIAL EDUCATION FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS			VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget	Actual	Original to Final Budget	Final Budget to Actual
<b>REVENUES</b>					
Local sources:					
Donations and grants	\$ -	\$ -	\$ 39,430	\$ -	\$ 39,430
State sources:					
State distributive fund	71,590,000	71,475,000	71,388,070	(115,000)	(86,930)
<b>TOTAL REVENUES</b>	<b>71,590,000</b>	<b>71,475,000</b>	<b>71,427,500</b>	<b>(115,000)</b>	<b>(47,500)</b>
<b>EXPENDITURES</b>					
Current:					
<b>SPECIAL PROGRAMS</b>					
Instruction:					
Salaries	187,063,518	188,500,000	186,882,616	(1,436,482)	1,617,384
Benefits	80,541,493	77,955,000	77,105,757	2,586,493	849,243
Purchased services	22,100	2,750,000	2,736,161	(2,727,900)	13,839
Supplies	2,942,970	2,400,000	2,401,647	542,970	(1,647)
Other	26,000	10,000	9,369	16,000	631
<b>Total instruction</b>	<b>270,596,081</b>	<b>271,615,000</b>	<b>269,135,550</b>	<b>(1,018,919)</b>	<b>2,479,450</b>
Support services:					
Student transportation:					
Purchased services	2,150,000	2,720,000	2,716,578	(570,000)	3,422
Other support services:					
Salaries	17,704,208	17,525,000	17,514,761	179,208	10,239
Benefits	6,591,846	6,340,000	6,338,692	251,846	1,308
Purchased services	2,882,648	3,175,000	3,165,362	(292,352)	9,638
Supplies	427,609	465,000	458,780	(37,391)	6,220
Other	6,832	20,000	14,039	(13,168)	5,961
<b>Total other support services</b>	<b>27,613,143</b>	<b>27,525,000</b>	<b>27,491,634</b>	<b>88,143</b>	<b>33,366</b>
<b>Total support services</b>	<b>29,763,143</b>	<b>30,245,000</b>	<b>30,208,212</b>	<b>(481,857)</b>	<b>36,788</b>
<b>TOTAL SPECIAL PROGRAMS</b>	<b>300,359,224</b>	<b>301,860,000</b>	<b>299,343,762</b>	<b>(1,500,776)</b>	<b>2,516,238</b>
<b>GIFTED AND TALENTED PROGRAMS</b>					
Instruction:					
Purchased services	-	-	28	-	(28)
Supplies	19,000	20,000	15,890	(1,000)	4,110
Other	-	-	385	-	(385)
<b>Total instruction</b>	<b>19,000</b>	<b>20,000</b>	<b>16,303</b>	<b>(1,000)</b>	<b>3,697</b>
Other support services:					
Salaries	50,697	55,000	53,458	(4,303)	1,542
Benefits	20,355	20,000	19,371	355	629
Purchased services	21,000	20,000	17,134	1,000	2,866
Supplies	16,425	30,000	29,409	(13,575)	591
<b>Total other support services</b>	<b>108,477</b>	<b>125,000</b>	<b>119,372</b>	<b>(16,523)</b>	<b>5,628</b>
<b>TOTAL GIFTED AND TALENTED PROGRAMS</b>	<b>127,477</b>	<b>145,000</b>	<b>135,675</b>	<b>(17,523)</b>	<b>9,325</b>

(Continued)

CLARK COUNTY SCHOOL DISTRICT  
MAJOR FUND - SPECIAL EDUCATION FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
UNDISTRIBUTED EXPENDITURES					
Support services:					
Operation and maintenance of plant services:					
Salaries	\$ 29,515	\$ 20,000	\$ 16,490	\$ 9,515	\$ 3,510
Benefits	14,884	9,300	7,599	5,584	1,701
Supplies	700	700	665	-	35
Total operation and maintenance of plant services	45,099	30,000	24,754	15,099	5,246
Student transportation:					
Salaries	34,442,754	33,380,000	33,324,700	1,062,754	55,300
Benefits	14,334,604	13,400,000	13,391,037	934,604	8,963
Purchased services	55,000	75,000	71,878	(20,000)	3,122
Supplies	5,060,842	6,070,000	6,065,085	(1,009,158)	4,915
Other	-	-	1,739	-	(1,739)
Total student transportation	53,893,200	52,925,000	52,854,439	968,200	70,561
TOTAL UNDISTRIBUTED EXPENDITURES	53,938,299	52,955,000	52,879,193	983,299	75,807
TOTAL EXPENDITURES	354,425,000	354,960,000	352,358,630	(535,000)	2,601,370
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(282,835,000)	(283,485,000)	(280,931,130)	(650,000)	2,553,870
OTHER FINANCING SOURCES					
Transfers in	282,835,000	283,485,000	280,931,130	650,000	(2,553,870)
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE, JULY 1	-	-	-	-	-
FUND BALANCE, JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY SCHOOL DISTRICT  
 MAJOR FUND - FEDERAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
<b>REVENUES</b>					
Federal sources:					
Federal-direct grants	\$ 6,000,000	\$ 4,000,000	\$ 3,040,785	\$ (2,000,000)	\$ (959,215)
Federal-pass through	224,000,000	222,950,000	178,899,241	(1,050,000)	(44,050,759)
<b>TOTAL REVENUES</b>	<b>230,000,000</b>	<b>226,950,000</b>	<b>181,940,026</b>	<b>(3,050,000)</b>	<b>(45,009,974)</b>
<b>EXPENDITURES</b>					
Current:					
<b>REGULAR PROGRAMS</b>					
Instruction:					
Salaries	47,125,000	46,000,000	35,960,951	1,125,000	10,039,049
Benefits	18,355,000	17,500,000	10,568,867	855,000	6,931,133
Purchased services	10,325,000	5,000,000	1,142,508	5,325,000	3,857,492
Supplies	29,245,000	30,900,000	22,688,817	(1,655,000)	8,211,183
Property	-	580,000	513,479	(580,000)	66,521
Other	1,135,000	75,000	70,882	1,060,000	4,118
<b>Total instruction</b>	<b>106,185,000</b>	<b>100,055,000</b>	<b>70,945,504</b>	<b>6,130,000</b>	<b>29,109,496</b>
Other support services:					
Salaries	2,725,000	2,400,000	2,394,946	325,000	5,054
Benefits	210,000	300,000	296,494	(90,000)	3,506
Purchased services	40,000	160,000	155,949	(120,000)	4,051
Supplies	225,000	240,000	239,092	(15,000)	908
Other	15,000	15,000	6,711	-	8,289
<b>Total support services</b>	<b>3,215,000</b>	<b>3,115,000</b>	<b>3,093,192</b>	<b>100,000</b>	<b>21,808</b>
<b>TOTAL REGULAR PROGRAMS</b>	<b>109,400,000</b>	<b>103,170,000</b>	<b>74,038,696</b>	<b>6,230,000</b>	<b>29,131,304</b>
<b>SPECIAL PROGRAMS</b>					
Instruction:					
Salaries	12,250,000	8,500,000	8,042,163	3,750,000	457,837
Benefits	4,180,000	4,175,000	3,813,960	5,000	361,040
Purchased services	5,275,000	3,565,000	1,897,975	1,710,000	1,667,025
Supplies	3,240,000	3,240,000	2,415,322	-	824,678
Property	-	20,000	19,650	(20,000)	350
Other	900,000	500,000	437,833	400,000	62,167
<b>Total instruction</b>	<b>25,845,000</b>	<b>20,000,000</b>	<b>16,626,903</b>	<b>5,845,000</b>	<b>3,373,097</b>
Support services:					
Student transportation:					
Purchased services	1,700,000	-	-	1,700,000	-
Supplies	3,800,000	-	-	3,800,000	-
<b>Total student transportation</b>	<b>5,500,000</b>	<b>-</b>	<b>-</b>	<b>5,500,000</b>	<b>-</b>
Other support services:					
Salaries	18,510,000	16,810,000	15,903,469	1,700,000	906,531
Benefits	5,570,000	7,270,000	4,911,188	(1,700,000)	2,358,812
Purchased services	3,805,000	3,805,000	1,289,854	-	2,515,146
Supplies	3,200,000	3,200,000	850,605	-	2,349,395
Other	2,250,000	2,250,000	1,331,481	-	918,519
<b>Total other support services</b>	<b>33,335,000</b>	<b>33,335,000</b>	<b>24,286,597</b>	<b>-</b>	<b>9,048,403</b>

(Continued)

CLARK COUNTY SCHOOL DISTRICT  
MAJOR FUND - FEDERAL PROJECTS FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS			VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget	Actual	Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
Total support services	\$ 38,835,000	\$ 33,335,000	\$ 24,286,597	\$ 5,500,000	\$ 9,048,403
TOTAL SPECIAL PROGRAMS	64,680,000	53,335,000	40,913,500	11,345,000	12,421,500
VOCATIONAL PROGRAMS					
Instruction:					
Salaries	545,000	545,000	431,254	-	113,746
Benefits	220,000	220,000	201,077	-	18,923
Purchased services	50,000	50,000	28,402	-	21,598
Supplies	1,585,000	1,270,000	1,218,927	315,000	51,073
Property	-	15,000	12,874	(15,000)	2,126
Other	100,000	-	-	100,000	-
Total instruction	2,500,000	2,100,000	1,892,534	400,000	207,466
Other support services:					
Salaries	950,000	1,155,000	1,133,653	(205,000)	21,347
Benefits	285,000	300,000	294,956	(15,000)	5,044
Purchased services	200,000	400,000	284,850	(200,000)	115,150
Supplies	40,000	40,000	27,227	-	12,773
Other	110,000	5,000	3,628	105,000	1,372
Total other support services	1,585,000	1,900,000	1,744,314	(315,000)	155,686
TOTAL VOCATIONAL PROGRAMS	4,085,000	4,000,000	3,636,848	85,000	363,152
ADULT EDUCATION PROGRAMS					
Instruction:					
Salaries	19,250	5,000	4,235	14,250	765
Benefits	5,000	-	83	5,000	(83)
Supplies	750	-	-	750	-
TOTAL ADULT EDUCATION PROGRAMS	25,000	5,000	4,318	20,000	682
COMMUNITY SERVICES PROGRAMS					
Community services:					
Salaries	-	1,200,000	1,162,820	(1,200,000)	37,180
Benefits	-	450,000	409,057	(450,000)	40,943
Purchased services	-	175,000	163,415	(175,000)	11,585
Supplies	-	500,000	488,995	(500,000)	11,005
Other	-	5,000	1,757	(5,000)	3,243
TOTAL COMMUNITY SERVICES PROGRAMS	-	2,330,000	2,226,044	(2,330,000)	103,956
UNDISTRIBUTED EXPENDITURES					
Support services:					
Student support:					
Salaries	1,375,000	3,000,000	2,869,306	(1,625,000)	130,694
Benefits	1,370,000	1,155,000	1,006,821	215,000	148,179
Purchased services	600,000	50,000	23,353	550,000	26,647
Supplies	195,000	50,000	33,828	145,000	16,172
Other	450,000	-	-	450,000	-
Total student support	3,990,000	4,255,000	3,933,308	(265,000)	321,692

(Continued)

CLARK COUNTY SCHOOL DISTRICT  
 MAJOR FUND - FEDERAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS			VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget	Actual	Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
Instructional staff support:					
Salaries	\$ 5,485,000	\$ 30,000,000	\$ 28,649,340	\$ (24,515,000)	1,350,660
Benefits	1,010,000	8,000,000	7,976,862	(6,990,000)	23,138
Purchased services	6,700,000	6,250,000	6,245,061	450,000	4,939
Supplies	2,540,000	1,800,000	1,799,465	740,000	535
Other	1,145,000	100,000	67,076	1,045,000	32,924
Total instructional staff support	16,880,000	46,150,000	44,737,804	(29,270,000)	1,412,196
General administration:					
Purchased services	175,000	-	-	175,000	-
Other	55,000	-	-	55,000	-
Total general administration	230,000	-	-	230,000	-
School administration:					
Salaries	4,200,000	100,000	56,410	4,100,000	43,590
Benefits	1,405,000	25,000	22,457	1,380,000	2,543
Supplies	-	25,000	14,684	(25,000)	10,316
Total school administration	5,605,000	150,000	93,551	5,455,000	56,449
Central services:					
Salaries	9,170,000	6,000,000	5,446,910	3,170,000	553,090
Benefits	3,150,000	2,000,000	1,960,967	1,150,000	39,033
Purchased services	500,000	200,000	152,974	300,000	47,026
Supplies	980,000	500,000	353,919	480,000	146,081
Other	80,000	-	182	80,000	(182)
Total central services	13,880,000	8,700,000	7,914,952	5,180,000	785,048
Operation and maintenance of plant services:					
Salaries	1,150,000	100,000	53,596	1,050,000	46,404
Benefits	110,000	30,000	26,461	80,000	3,539
Purchased services	5,000	150,000	86,376	(145,000)	63,624
Supplies	50,000	70,000	59,920	(20,000)	10,080
Property	-	100,000	50,000	(100,000)	50,000
Total operation and maintenance of plant services	1,315,000	450,000	276,353	865,000	173,647
Student transportation:					
Purchased services	2,300,000	1,200,000	1,157,378	1,100,000	42,622
Other	100,000	5,000	903	95,000	4,097
Total student transportation	2,400,000	1,205,000	1,158,281	1,195,000	46,719
Other support:					
Other	4,100,000	3,000,000	2,842,651	1,100,000	157,349
Capital outlay:					
Facilities acquisition and construction services:					
Building improvements:					
Purchased services	3,410,000	100,000	70,068	3,310,000	29,932
Interdistrict payments:					
Other	-	100,000	93,652	(100,000)	6,348
TOTAL UNDISTRIBUTED EXPENDITURES	51,810,000	64,110,000	61,120,620	(12,300,000)	2,989,380

(Continued)

CLARK COUNTY SCHOOL DISTRICT  
 MAJOR FUND - FEDERAL PROJECTS FUND  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
TOTAL EXPENDITURES	\$ 230,000,000	\$ 226,950,000	\$ 181,940,026	\$ 3,050,000	\$ 45,009,974
NET CHANGE IN FUND BALANCE	-	-	-	-	-
FUND BALANCE, JULY 1	-	-	-	-	-
FUND BALANCE, JUNE 30	\$ -	\$ -	\$ -	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2013

	MAJOR FUND		Total
	Business-type Activities Food Service Enterprise Fund	Governmental Activities Internal Service Funds	
<b>ASSETS</b>			
Current assets:			
Pooled cash and investments	\$ 28,529,976	\$ 34,608,537	\$ 63,138,513
Accounts receivable	12,191,343	-	12,191,343
Interest receivable	-	14,310	14,310
Inventories	8,257,155	-	8,257,155
Prepays	-	24,137	24,137
Total current assets	48,978,474	34,646,984	83,625,458
Noncurrent assets:			
Restricted pooled cash and investments:			
Certificate of deposit for self-insurance	-	6,075,000	6,075,000
Capital assets - not being depreciation	1,388,714	-	1,388,714
Capital assets - net of accumulated depreciation	10,868,691	517,894	11,386,585
Total noncurrent assets	12,257,405	6,592,894	18,850,299
<b>TOTAL ASSETS</b>	<b>61,235,879</b>	<b>41,239,878</b>	<b>102,475,757</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	1,187,170	229,833	1,417,003
Accrued salaries and benefits	570,176	123,994	694,170
Unearned revenues	876,372	-	876,372
Liability insurance claims payable	-	5,515,068	5,515,068
Workers compensation claims payable	-	14,640,641	14,640,641
Construction contracts and retentions payable	101,557	-	101,557
Compensated absences liability - current	152,339	183,838	336,177
Total current liabilities	2,887,614	20,693,374	23,580,988
Noncurrent liabilities:			
Compensated absences liability	844,687	233,179	1,077,866
<b>TOTAL LIABILITIES</b>	<b>3,732,301</b>	<b>20,926,553</b>	<b>24,658,854</b>
<b>NET POSITION</b>			
Net investment in capital assets	12,257,405	517,894	12,775,299
Restricted for certificate of deposit for self-insurance	-	6,075,000	6,075,000
Unrestricted	45,246,173	13,720,431	58,966,604
<b>TOTAL NET POSITION</b>	<b>\$ 57,503,578</b>	<b>\$ 20,313,325</b>	<b>\$ 77,816,903</b>

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	MAJOR FUND		Total
	Business-type Activities Food Service Enterprise Fund	Governmental Activities Internal Service Funds	
OPERATING REVENUES:			
Charges for sales and services:			
Daily food sales	\$ 17,396,669	\$ -	\$ 17,396,669
Catering sales	19,288	-	19,288
Graphic production sales	-	1,853,600	1,853,600
Insurance premiums	-	14,466,314	14,466,314
Subrogation claims	-	431,955	431,955
Other revenue	54,697	-	54,697
<b>TOTAL OPERATING REVENUES</b>	<b>17,470,654</b>	<b>16,751,869</b>	<b>34,222,523</b>
OPERATING EXPENSES:			
Salaries	25,194,870	3,236,860	28,431,730
Benefits	9,650,179	1,207,078	10,857,257
Purchased services	4,612,141	4,066,128	8,678,269
Food and supplies	61,283,203	824,057	62,107,260
Insurance claims	-	11,412,438	11,412,438
Depreciation	1,874,252	133,088	2,007,340
Other expenses	2,592,253	12,554	2,604,807
<b>TOTAL OPERATING EXPENSES</b>	<b>105,206,898</b>	<b>20,892,203</b>	<b>126,099,101</b>
<b>OPERATING LOSS</b>	<b>(87,736,244)</b>	<b>(4,140,334)</b>	<b>(91,876,578)</b>
NON-OPERATING REVENUES (EXPENSES):			
Federal subsidies	86,588,858	-	86,588,858
Commodity revenue	7,491,229	-	7,491,229
State matching funds	919,538	-	919,538
Net loss on disposal of assets	(636,301)	-	(636,301)
Investment income	12,335	33,441	45,776
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>94,375,659</b>	<b>33,441</b>	<b>94,409,100</b>
<b>CHANGE IN NET POSITION BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>6,639,415</b>	<b>(4,106,893)</b>	<b>2,532,522</b>
Capital contributions	1,123,150	-	1,123,150
Transfers out	(36,763)	-	(36,763)
<b>CHANGE IN NET POSITION</b>	<b>7,725,802</b>	<b>(4,106,893)</b>	<b>3,618,909</b>
<b>NET POSITION, JULY 1</b>	<b>49,777,776</b>	<b>24,420,218</b>	<b>74,197,994</b>
<b>NET POSITION, JUNE 30</b>	<b>\$ 57,503,578</b>	<b>\$ 20,313,325</b>	<b>\$ 77,816,903</b>

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	MAJOR FUND		
	Business-type Activities Food Service Enterprise Fund	Governmental Activities Internal Service Funds	Total
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 17,592,323	\$ 16,366,929	\$ 33,959,252
Cash received from other operating sources	19,288	431,954	451,242
Cash paid for services and supplies	(58,487,807)	(4,964,913)	(63,452,720)
Cash paid for other operating uses	(2,551,866)	(10,817,058)	(13,368,924)
Cash paid to employees	(35,037,978)	(4,428,976)	(39,466,954)
Cash from other sources	54,697	-	54,697
Net cash provided by (used in) operating activities	(78,411,343)	(3,412,064)	(81,823,407)
<b>Cash flows from capital and related financing activities:</b>			
Purchase of equipment	(3,375,408)	-	(3,375,408)
<b>Cash flows from noncapital financing activities:</b>			
Federal reimbursements	87,273,120	-	87,273,120
State matching funds	919,538	-	919,538
Net cash provided by noncapital financing activities	88,192,658	-	88,192,658
<b>Cash flows from investing activities:</b>			
Investment income	12,335	38,274	50,609
Sale of restricted investments	-	5,883,000	5,883,000
Purchase of restricted investments	-	(6,075,000)	(6,075,000)
Net cash provided by/(used in) investing activities	12,335	(153,726)	(141,391)
Net increase in cash and cash equivalents	6,418,242	(3,565,790)	2,852,452
Cash and cash equivalents, July 1	22,111,734	38,174,327	60,286,061
Cash and cash equivalents, June 30	28,529,976	34,608,537	63,138,513
Restricted investments	-	6,075,000	6,075,000
Cash, cash equivalents, and restricted investments	\$ 28,529,976	\$ 40,683,537	\$ 69,213,513
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating loss	\$ (87,736,244)	\$ (4,140,334)	\$ (91,876,578)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation	1,874,252	133,088	2,007,340
Commodity inventory used	7,491,229	-	7,491,229
Change in assets and liabilities:			
Decrease in accounts receivable	24,766	47,015	71,781
Increase in inventories	(787,582)	-	(787,582)
Decrease in prepaids	-	20,405	20,405
Increase/(decrease) in accounts payable	642,720	(95,133)	547,587
Increase in unearned revenues	170,888	-	170,888
Increase in workers compensation claims payable	-	920,559	920,559
Increase in construction contracts payable	101,557	-	101,557
Decrease in liability insurance claims payable	-	(312,625)	(312,625)
Increase/(decrease) in liability for compensated absences	(59,493)	35,739	(23,754)
Decrease in accrued salaries and benefits	(133,436)	(20,778)	(154,214)
Total adjustments	9,324,901	728,270	10,053,171
Net cash provided by/(used in) operating activities	\$ (78,411,343)	\$ (3,412,064)	\$ (81,823,407)
<b>Noncash capital and financing activities:</b>			
Contribution of capital assets <sup>1</sup>	\$ 1,123,150	\$ -	\$ 1,123,150
Commodity revenue <sup>2</sup>	\$ 7,491,229	\$ -	\$ 7,491,229

<sup>1</sup> Contribution of capital assets represents an increase in capital assets contributed from governmental funds that did not affect cash.

<sup>2</sup> The District received the equivalent of \$ 7,491,229 in fair market value of commodity food inventory from the federal government. The net effect of this non-cash transaction increased the value of inventory. Consumption of commodity revenue throughout the year resulted in a reduction of inventory and a charge to operating expenses.

The notes to the financial statements are an integral part of this statement.

CLARK COUNTY SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2013

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	<u>STUDENT ACTIVITY</u> <u>AGENCY FUND</u>
<u>ASSETS</u>	
Cash in bank	\$ <u>23,826,285</u>
<u>LIABILITIES</u>	
Due to student groups	\$ <u>23,826,285</u>

The notes to the financial statements are an integral part of this statement.

## CLARK COUNTY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****REPORTING ENTITY**

The accompanying financial statements include all of the activities that comprise the financial reporting entity of the Clark County School District (District). The District is governed by an elected, seven member Board of School Trustees (Board). The Board is legally separate and fiscally independent from other governing bodies; therefore, the District is a primary government and the District is not reported as a component unit by any other governmental unit. The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

**Blended Component Unit**

The District is the licensee for the local Public Broadcasting System affiliate, Vegas PBS. The Board is substantively the same as the governing body for Vegas PBS, therefore the District is required to finance deficits and has access to Vegas PBS resources. Also, there is sufficient representation of the District's governing body, with a financial benefit/burden relationship over Vegas PBS, to allow for complete control of Vegas PBS's activities. Therefore, the financial activities of Vegas PBS are included in these statements as a blended component unit. Blended component units, although legally separate, are, in substance, part of the government's operations. Separately issued financial statements for Vegas PBS can be obtained by contacting their financial department at the following address:

Vegas PBS  
3050 E. Flamingo Rd.  
Las Vegas, NV 89121

A summary of the District's significant accounting policies follows.

**BASIC FINANCIAL STATEMENTS**

The District's basic financial statements consist of the government-wide statements and the fund financial statements. The government-wide statements include a statement of net position, a statement of activities, and the fund financial statements which include financial information for the three fund types: governmental, proprietary, and fiduciary. Reconciliations between the fund statements, the statement of net position, and the statement of activities are also included along with the statements of revenues, expenditures, and changes in fund balances that show an original to final budget comparison for the District's General Fund and its major special revenue funds: the Special Education Fund, and the Federal Projects Fund.

**Government-wide Financial Statements**

The government-wide financial statements are made up of the statement of net position and the statement of activities. These statements include the aggregated financial information of the District as a whole, except for fiduciary activity. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. As a general rule, the effect of interfund activity has been removed from these statements; however, any interfund services provided and used are not eliminated in the process of consolidation.

The statement of net position presents the consolidated financial position of the District at year-end, in separate columns, for both governmental and business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are specifically associated with a program or service and are, therefore, clearly identifiable to a particular function. Program revenues include operating grants and contributions and investment earnings legally restricted to support a specific program. Taxes and other revenues properly not included among program revenues are reported instead as general revenues. This statement provides a net cost or net revenue of specific

## CLARK COUNTY SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

programs and functions within the District. Those functions with a net cost are generally dependent on general-purpose tax revenues, such as property tax, to remain operational.

#### Fund Financial Statements

The financial accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of assets, liabilities, deferred outflows and inflows, fund equity, revenues, and expenditures or expenses, as appropriate. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The presentation emphasis in the fund financial statements is on major funds, for both governmental and enterprise funds. The District's one enterprise fund, the Food Service Fund, is considered a major fund. The District may also display other funds as major funds if it believes the presentation will provide useful information to the users of the financial statements, which is the case with the District's Special Education Fund.

#### MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are then recognized as revenue. The government considers property tax revenues to be "available" if they are collected within 60 days of the end of the current fiscal period. Anticipated refunds of taxes are recorded as liabilities and reductions of revenue when they are measurable and the payment seems certain. In general, expenditures are recorded when liabilities are incurred. The exception to this rule is that principal and interest on debt service, as well as liabilities related to compensated absences and claims and judgments are recorded when payment is due.

In addition, the District's agency fund is reported under the accrual basis of accounting.

The major revenue sources of the District include state distributive fund revenues, local school support taxes, ad valorem taxes, real estate transfer taxes, room taxes, interest income, and the governmental services tax.

The District reports the following major governmental funds:

**General Fund** - The General Fund is the general operating fund of the District. It is used to account for all resources and cost of operations traditionally associated with governments, which are not required to be accounted for in other funds.

**Special Revenue Funds** - These funds are used to account for the proceeds of special revenue sources that are restricted or committed by law or administrative action to expenditure for specific purposes other than debt service or capital projects. The following special revenue funds are reported as major funds.

**Special Education Fund** - The Special Education Fund accounts for transactions of the District relating to educational services provided to children with special needs as supported by DSA (Distributive School Account) payments and donations and grants.

**Federal Projects Fund** - The Federal Projects Fund accounts for costs and operations of programs funded by federal direct and pass through grants.

## CLARK COUNTY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Debt Service Fund** - The Debt Service Fund is used to account for the collection of revenues, payment of principal and interest, and the cost of operations associated with debt service for general obligation debt.

**Bond Fund** - The Bond Fund accounts for the costs of capital improvements and constructing major capital facilities paid for by bond proceeds, related interest earnings, and proceeds from real estate transfer taxes and room taxes.

Additionally the District reports the following fund types:

**Proprietary Funds**

**Enterprise Fund** – The enterprise fund is used to account for operations financed and operated in a manner similar to a private business enterprise where the intent of the governing body is for the cost (expenses, including depreciation) of providing goods and services to the schools and other locations on a continuing basis to be financed or recovered primarily through charges or fees to customers. Currently, the District has one enterprise fund and this year it is reported as a major fund.

**Food Service Enterprise Fund** - The Food Service Enterprise Fund accounts for transactions relating to food services provided to schools and other locations. Support is provided by customer fees and federal subsidies.

**Internal Service Funds** – Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the District on a cost reimbursement basis. Currently, there are two District Internal Service Funds.

**Insurance and Risk Management Fund** - The Insurance and Risk Management Fund accounts for transactions relating to insurance and risk management services provided to other District departments on a cost reimbursement basis.

**Graphic Arts Production Fund** - The Graphic Arts Production Fund accounts for transactions relating to printing services provided to other District departments on a cost reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's food service enterprise fund and of the District's internal service funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Fiduciary Funds**

**Agency Fund** – Agency funds are used to report assets held in a trustee or agency capacity for others and, therefore, cannot be used to support the government's own programs. All assets reported in an agency fund are offset by a liability to the party on whose behalf they are held.

**Student Activity Agency Fund** – The District's Student Activity Agency Fund reports assets held in an agency capacity for student groups and organizations.

**BUDGETS AND BUDGETARY ACCOUNTING**

Nevada Statutes and District policies and regulations require that school districts legally adopt budgets for all funds except fiduciary funds. The budgets are filed as a matter of public record with the County Auditor, and the State Departments of Taxation and Education. The District staff uses the following procedures to establish, modify, and control the budgetary data reflected in the financial statements:

**CLARK COUNTY SCHOOL DISTRICT****NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

1. The statutes provide for the following timetable in adoption of budgets:
  - (a) Before April 15, the Superintendent of Schools submits to the Board of School Trustees a tentative budget for the upcoming fiscal year. The tentative budget includes proposed expenditures and the means to finance them.
  - (b) Before the third Wednesday in May, a minimum seven-day notice of public hearing on the final budget is published in a local newspaper.
  - (c) Before June 8, the Board of School Trustees must adopt a final budget.
2. On or before January 1, the Board of School Trustees adopts an amended final budget reflecting any adjustments necessary as a result of the completed count of students.
3. NRS 354.615 provides that the Board of School Trustees may augment the budget at any time by a majority vote of the Board providing the Board publishes notice of its intention to act in a newspaper of general circulation in the county at least three days before the date set for adoption of the resolution.
4. NRS 354.598005 allows appropriations to be transferred within or among any functions or programs within a fund without an increase in total appropriations. If it becomes necessary during the course of the year to change any of the departmental budgets, transfers are initiated by department heads and approved by the appropriate administrator. Transfers within program or function classifications can be made with appropriate administrative approval. The Board of School Trustees is advised of transfers between funds, program, or function classifications and the transfers are recorded in the official Board minutes, on a monthly basis.
5. Budgeted appropriations may not be exceeded by actual expenditures of the various functions of the General Fund, Special Revenue, and Capital Projects Funds. The sum of operating and non-operating expenses in the Enterprise and Internal Service Funds may not exceed total appropriations.
6. Generally, budgets for all funds are adopted in accordance with generally accepted accounting principles. Budgeted amounts reflected in the accompanying financial statements recognize amendments made during the year. Individual amendments were not material in relation to the original appropriation.
7. Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are included in restricted, committed, or assigned fund balance, as appropriate and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. See **Note 14**.

**POOLED CASH AND INVESTMENTS**

Cash includes cash deposited in interestbearing accounts at banks and cash in custody of fiscal agents. Investments consist of United States Treasury bills and notes, government agency securities, commercial paper, negotiable certificates of deposit, and government money market. Investments are reported at fair value on the balance sheet. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties other than in a forced or liquidation sale. Changes in the fair value of District investments are part of investment income that is included in revenues from local sources. See **Note 3**.

**CASH AND CASH EQUIVALENTS**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, non-negotiable certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

**CLARK COUNTY SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ACCOUNTS RECEIVABLE**

The accounts receivable are shown net of any provision for doubtful accounts.

**Property Taxes**

All property taxes collected within 60 days of year end are reported as accounts receivable as of June 30, 2013, as well as those taxes assessed but not yet received. The Clark County Treasurer, based on the assessed valuation at January 1<sup>st</sup> of each year, levies taxes on real property. A lien is placed on the property subject to the payment of taxes on July 1st of each year and the taxes are due on the third Monday in August. Taxes may be paid in quarterly installments on or before the third Monday in August, and the first Monday in October, January, and March. If not paid, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties, interest, and costs. If delinquent taxes are not paid within the redemption period, the County Treasurer obtains a property deed free of encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien. Article X, Section 2, of the Nevada Constitution limits the taxes levied by all units of Clark County to an amount not to exceed \$5 per \$100 of assessed valuation. The 1979 Nevada Legislature enacted provisions whereby starting July 1, 1979, the combined overlapping tax rate was limited to \$3.64 per \$100 of assessed value. The assessed value is annually adjusted.

**INVENTORIES**

Instructional materials and general supplies inventories (recorded in the General Fund) are valued at weighted average cost. Transportation supplies (recorded in the General Fund) and food service inventories (recorded in the Enterprise Fund) are valued using the first-in, first-out method. In all funds, the District follows the consumption method, thus, materials and supplies to be used in operations are reported as financial resources when acquired and recognized as expenditures when used. In the fund financial statements, the inventory amount is equally offset by a fund balance classification indicating it is "nonspendable".

**PREPAID ITEMS**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are equally offset by a fund balance classification indicating they are "nonspendable".

**CAPITAL ASSETS**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. If purchased or constructed, all capital assets are recorded at historical cost or estimated historical cost and updated for additions and retirements during the year. Donated capital assets are valued at their estimated fair value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<b><u>Capital Assets</u></b>	<b><u>Years</u></b>
Buildings .....	50
Building Improvements .....	20
Land Improvements .....	20
Vehicles .....	5
Heavy Trucks and Vans .....	7-10
Buses .....	10
Computer Hardware .....	5
Various Other Equipment .....	3-25

**CLARK COUNTY SCHOOL DISTRICT****NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

In fiscal year 2013, the District implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow or resources (expense/expenditure) until then. Deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Statement of Net Assets will now be reported as Statement of Net Position.

Also in fiscal year 2013, the District early implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* which requires governments to adopt provisions of Concepts Statement No. 4 for all other items reported as assets and liabilities, which were not addressed as part of GASB 63.

GASB Concepts Statement No. 4, *Elements of Financial Statements*, specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources.

Following GASB Statements No. 63 and No.65, fiscal year 2013 basic financial statements have been adjusted with a prior year restatement of the beginning net position to fully expense unamortized debt issuance costs, not related to prepaid bond insurance costs. These were previously classified as noncurrent assets, and expensed as a component of central services and facilities acquisition and construction services. Further, unamortized balances resulting from advance bond refundings, previously reported as a deduction to long-term bond payable, have been reclassified as deferred outflows of resources and deferred inflows of resources. In addition, delinquent property taxes are now reported in the General Fund and Debt Service Fund as a deferred inflow of resources, specifically unavailable revenue-delinquent property taxes. Property tax revenues are considered "delinquent" when the due date of an assessment has passed and any statutory appeal rights have expired.

**ACCRUED SALARIES AND BENEFITS**

District salaries earned but not paid by June 30, 2013, have been accrued as liabilities and shown as expenses for the current year.

**LONG-TERM OBLIGATIONS**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as deferred losses and gains, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are immediately expensed in the government-wide financial statements (a prior year adjustment has been made per GASB 65). Deferred losses related to refundings of debt are reported as deferred outflows of resources and deferred gains related to refundings of debt are reported as deferred inflows or resources. They are amortized over the term of the related debt.

## CLARK COUNTY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**COMPENSATED ABSENCES AND ACCUMULATED SICK LEAVE**

Except for teachers and certain hourly employees, it is the District's policy to permit employees to accumulate earned but unused vacation leave. All employee groups are allowed to accumulate earned but unused sick leave. However, the District only pays limited accumulated sick leave to certain employees upon retirement.

With no material liability for sick leave, nothing is recorded in the accompanying financial statements. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

**FUND BALANCES**

In the fund financial statements, the classifications of fund balance represent amounts that are not subject to appropriation or are legally segregated for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change. The following classifications have been implemented by the District's Regulation 3110:

- a. *Nonspendable* fund balance: These items are legally or contractually required to be maintained intact and are not in a spendable form, such as inventories and prepaids.
- b. *Restricted* fund balance: These amounts are constrained to being used for specific purposes by external parties, constitutional provisions or enabling legislation, such as debt service.
- c. *Committed* fund balance: These amounts can only be used for specific purposes as set forth by the Board of Trustees. The Board must take formal action (vote approval by the majority), prior to the end of the reporting period, in order to establish an ending fund balance commitment for any specific purpose. Formal Board action is also required to modify or rescind an established commitment. Only the highest level action that constitutes the most binding constraint can be considered a commitment for fund balance classification purposes.
- d. *Assigned* fund balance: Assignments are neither restrictions or commitments and represent the District's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the District's ending fund balance. The Chief Financial Officer of the District has the responsibility of assigning amounts of ending fund balance per District Regulation 3110.
- e. *Unassigned* fund balance: The residual classification for the General Fund that is available to spend. The District's Regulation 3110 requires that an unassigned ending fund balance of not less than 2% of total General Fund revenues be included in the budget. A Board waiver is required to adopt a budget that does not meet this requirement. On May 15, 2013, the Board approved a waiver to reduce the projected balance requirement for 2012-2013 to 1% of total revenues.

When an expenditure is incurred, and both restricted and unrestricted resources are available, the portion of the fund balance that was restricted for those purposes shall be reduced first. If no restricted resources exist, then the unrestricted fund balance shall be reduced. Furthermore, when an expenditure is incurred for purposes which amounts of committed, assigned, or unassigned are considered to have been spent, and any of these unrestricted fund balance classifications could be used, they are considered to be spent in the above order.

## CLARK COUNTY SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### **NET POSITION**

In the government-wide statements, Net Position on the Statement of Net Position includes the following:

##### **Net Investment in Capital Assets**

The calculation of net investment in capital assets is similar to the prior calculation of investment in capital assets, net of related debt which reported the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended bond proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

With the implementation of GASB Statement No. 63, the deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt will also be included in this component of net position.

##### **Restricted Net Position**

The component of net position that reports the constraints placed on the use of assets by either external parties and/or enabling legislation. Currently, the District has restricted assets related to its Debt Service Fund, assets related to its Capital Projects Funds, education foundation donations in the General Fund, state restricted money for Adult Education, reserve to self-insurance deposits related to the District's worker's compensation program accounted for in the Insurance and Risk Management Fund, and term endowments to Vegas PBS.

##### **Unrestricted**

The component of net position that is the difference between the assets, deferred outflows, liabilities, and deferred inflows not reported in Net Investment in Capital Assets and Restricted Net Position.

It is the District's policy to expend restricted resources first and use unrestricted resources when the restricted resources have been depleted.

#### **ACCOUNTING CHANGES AND RESTATEMENTS**

Change in Accounting Principles – As the result implementing GASB Statement Nos. 63 and 65, the District has restated the beginning net position in the government-wide Statement of Activities, effectively decreasing net position as of July 1, 2012 by \$7,806,585. The decrease results from no longer deferring and amortizing bond issuance costs, less the unamortized bond insurance premiums.

#### **EARLY RETIREMENT BENEFITS**

District Regulation 4370 provides a voluntary early retirement incentive program to all employees with an effective retirement date no later than December 31 of each year. If an employee retires with 15 to 29 years of service, has more than 110 days of unused sick leave, and receives pension benefits within 36 months from the last day of employment, the District will contribute toward certain benefits. These benefits are either of the following options:

1. A District contribution toward the purchase of retirement service credit in the Nevada Public Employees Retirement System, or
2. District payment of health insurance premiums until the value of the benefit is used. The amount of the early retirement benefit is expended annually from available resources.

The Board suspended this policy on December 11, 2008, but allowed employees who had already submitted time to receive benefit for the 2009 fiscal year. This policy remained suspended through fiscal year 2013.

## CLARK COUNTY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**COMPARATIVE TOTAL DATA AND RECLASSIFICATIONS**

The District follows the data classification guidelines provided in the Financial Accounting Handbook from the Nevada Department of Education, in conjunction with the U. S. Department of Education publication *Financial Accounting for Local and State School Systems*. Comparative total data for the prior year has been presented in the accompanying fund financial statements to provide an understanding of changes in the District's financial position and results of operations.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**REVENUE LINE ITEM TITLES**

**Local sources** are monies generated from local school support (sales tax), ad valorem (property taxes), real estate transfer taxes, room tax, governmental services tax, franchise tax, investment income, and athletic proceeds.

**State sources** are revenues paid by the State of Nevada (through the Distributive School Account) to the District and state grants.

**Federal sources** are mostly grants received from the federal government for specific educational programs and interest subsidized on the Qualified School Construction Bond Program.

**Other sources** are monies including proceeds from the sale of capital assets and other miscellaneous income.

**EXPENDITURE LINE ITEM TITLES**

The statements of revenues, expenditures, and changes in fund balances characterize expenditure data by major program classifications pursuant to the provisions of the Handbook II (Revised) Accounting System established by the Nevada Department of Education. Programs are further segregated by functional services provided within each program. Below is a brief description of these program and function classifications.

**Programs:**

**Regular programs** are activities designed to provide elementary and secondary students with learning experiences to prepare them as citizens, family members, and non-vocational workers.

**Special programs** are activities designed primarily to serve students having special needs. Special programs include services for the mentally challenged, physically handicapped, emotionally disturbed, culturally different, learning disabled, bilingual, and special programs for other types of students at all levels.

**Gifted and talented programs** are activities available to students that show above average general and/or specific abilities, high levels of task commitment, and high levels of creativity. Gifted and Talented Education (GATE) services are available to students in third, fourth, and fifth grades. Students have the opportunity to develop their potential through curriculum that emphasizes complexity and higher-level thinking.

**Vocational programs** are learning experiences that will provide individuals with the opportunity to develop the necessary knowledge, skills, and attitudes needed for occupational employment.

**Other instructional programs** are activities that provide elementary and secondary students with learning experiences in schoolsponsored activities, athletics, and summer school.

**Adult education programs** are learning experiences designed to develop knowledge and skills to meet intermediate and longrange educational objectives for adults, who having completed or interrupted formal schooling, have accepted adult roles and responsibilities.

**CLARK COUNTY SCHOOL DISTRICT****NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Community services programs** are activities not directly related to the provision of educational services in a school district. These include such services as community recreation programs, civic activities, public libraries, programs of custody and care of children, and community welfare activities. This also includes parental training or related programs.

**Undistributed expenditures** are charges not readily assignable to a specific program. Student and instructional staff support and overall general and administrative costs are classified as undistributed expenditures. Also included are costs of operating, maintaining, and constructing the physical facilities of the District.

**Functions:**

**Instruction** includes all activities dealing directly with the interaction between teachers and students, including the activities of aides or classroom assistants which assist in the instructional process.

**Student support** includes activities designed to assess and improve the well-being of students and to supplement the teaching process.

**Instructional staff support** includes activities associated with assisting the instructional staff with the content and process of providing learning experiences for students.

**General administration** includes activities concerned with establishing and administering policy in connection with operating the District.

**School administration** includes activities concerned with overall administrative responsibility for a school. This includes principals, assistants, and clerical staff involved in the supervision of operations at a school.

**Central services** includes activities that support other administrative and instructional functions. In addition, this covers activities concerned with paying, transporting, exchanging, and maintaining goods and services for the District. Also included are the fiscal and internal services necessary for operating the District.

**Operation and maintenance of plant services** includes activities concerned with keeping the physical schools and associated administrative buildings open, comfortable, and safe for use. This also includes keeping the grounds, buildings, and equipment in effective working condition and state of repair. Additional activities include maintaining safety in buildings, on the grounds, and in the vicinity of schools.

**Student transportation** includes activities concerned with the conveyance of students to and from school, as provided by state and federal law. It includes trips between home and school as well as trips to school activities.

**Other support services** are all other support services not otherwise properly classified elsewhere.

**Community services** includes activities concerned with providing community services to students, staff, or other community participants. This includes programs offering parental training.

**Facilities acquisition and construction services** are all activities concerned with the acquisition of land and buildings; the construction of buildings and additions to buildings; initial installation or extension of service systems and other built-in equipment; and improvements to sites.

**Food service** includes activities concerned with providing food to students and staff within the District. This includes the preparation and serving of regular and incidental meals, lunches, or snacks.

**Interdistrict payments** are funds transferred to another school district, charter school, or other educational entity such as private schools.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

1. Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net position

The governmental funds balance sheet includes a reconciliation between fund balances – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Certain liabilities, deferred inflows of resources, and deferred outflows of resources (such as bonds payable and capital leases payable) are not reported in the Governmental Funds financial statement because they are due and payable, but they are presented as liabilities in the statement of net position.” The details of this \$3,439,250,300 difference are as follows:

Bonds payable	\$ 3,223,895,000
Bond discounts (net of amortization)	(7,092,158)
Prepaid bond insurance premium costs (net of amortization)	(2,673,297)
Deferred losses on refundings (net of amortization)	(41,966,000)
Deferred gain on refundings (net of amortization)	2,054,502
Bond premiums (net of amortization)	169,929,790
Interest payable	6,553,575
Compensated absences	55,854,244
OPEB Obligation	32,694,644
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 3,439,250,300</u>

2. Explanation of certain differences between the governmental funds statement of revenues, expenditures, and changes in fund balances, and the government-wide statement of activities

The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.” The details of this \$132,760,385 difference are as follows:

Capital outlay	\$ 106,881,764
Depreciation expense	(239,642,149)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ (132,760,385)</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

## CLARK COUNTY SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

#### NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$319,954,685 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation debt	\$ (167,960,000)
Plus: Bond premiums	(31,288,293)
Less: Bond call premium	518,784
General obligation debt principal payments	329,110,000
Payment to escrow agent for refunding	189,574,194
	<hr/>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 319,954,685</u>

Another element of that reconciliation states that “Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources, but expenses are recognized in the statement of activities when incurred.” The details of this \$3,672,907 difference are as follows:

Change in accrued interest	\$ (14,242,860)
Amortization of deferred gain/loss on refunding	5,519,560
Amortization of issuance costs	2,298,569
Amortization of bond discounts	(656,151)
Amortization of bond premiums	12,179,775
Change in compensated absences	(669,591)
Change in OPEB obligation	329,992
Capital assets transfers	(1,086,387)
	<hr/>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 3,672,907</u>

#### NOTE 3 - DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. At June 30, 2013, this pool is displayed in the statement of net position and major and other governmental funds on the governmental funds balance sheet as “Pooled Cash and Investments.” The District accounts for its debt issuance proceeds portfolio separately in the capital projects funds to aid in compliance with bond covenants and federal arbitrage regulations. See **Note 8**. As of June 30, 2013, the District had the total amounts reported as pooled cash and investments:

##### Combined Pooled Cash and Investments

Pooled Cash	\$ (7,562,174)
Non-negotiable Certificate of Deposit	6,075,000
Student Activity Agency Fund	23,826,285
Pooled Investments	707,253,156
	<hr/>
Total Pooled Cash and Investments	<u>\$ 729,592,267</u>

Except for financial reporting purposes, the cash balances in the Student Activity Agency Fund are not normally considered part of the District’s pooled cash and investments. These amounts represent cash held in an agency capacity by the District for student groups and organizations and cannot be used in the District’s normal operations. The balances listed above for this fund are a consolidation of individual bank account balances held at schools across the District as of June 30, 2013.

## CLARK COUNTY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

## NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

As of June 30, 2013, the District had the following investments (*numbers stated in thousands*):

General Pooled Investments:	Fair Value	Investment Maturities (In Years)				Interest Rec.	Total Value
		Less Than 1	1-5	6-10	More than 10		
U.S. Treasury Notes	\$ 101,139	\$ 50,404	\$ 50,735	\$ -	\$ -	\$ 285	\$ 101,424
U.S. Agencies	318,181	140,330	168,123	9,728	-	441	318,622
Commercial Paper	39,999	39,999	-	-	-	-	39,999
Money Market Mutual Fund	5,500	5,500	-	-	-	-	5,500
Vegas PBS Endowment	2,037	2,037	-	-	-	-	2,037
NVEST Program:							
U.S. Treasury Notes	37,112	12,548	24,564	-	-	50	37,162
U.S. Agencies	21,880	10,576	11,304	-	-	71	21,951
Asset Backed Securities	35,915	-	21,955	13,445	516	44	35,959
Money Market Mutual Fund	25	25	-	-	-	-	25
Subtotal Gen. Pooled Investments	561,788	261,419	276,681	23,173	516	891	562,679
<b>Bond Proceed Investments:</b>							
U.S. Agencies	125,469	125,469	-	-	-	-	125,469
Commercial Paper	19,996	19,996	-	-	-	-	19,996
Subtotal Bond Proceed Investments	145,465	145,465	-	-	-	-	145,465
Total Securities Held	\$ 707,253	\$ 406,884	\$ 276,681	\$ 23,173	\$ 516	\$ 891	\$ 708,144

**Interest Rate Risk**

While the District does not have an overall investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate risk, Nevada statutes and District policy do impose certain restrictions by investment instrument. These include limiting maturities on U.S. Treasuries and Agencies to less than 10 years, limiting bankers' acceptances to 180 days maturity, limiting commercial paper to 270 days maturity and repurchase agreements to 90 days. The District's approximate weighted average maturity is 1.65 years.

U.S. Agencies as reported above consist of securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and Federal Home Loan Bank. Since investments in these agencies are in several cases backed by assets such as mortgages they are subject to prepayment risk. Also, approximately \$170 million of the U.S. Agencies investments reported above have a call option which, should interest rates change, could shorten the maturity of these investments.

**Credit Risk**

State statute and the District's own investment policy limit investment instruments to the top rating issued by one of the nationally recognized statistical rating organizations (NRSROs). The District's investment in commercial paper is limited to that rated P-1 by Moody's Investor Service, Standard and Poor's as A-1, and Fitch Investors Service as F-1. The District's money market investments are only with those funds rated by a nationally recognized rating service as AAA or its equivalent and invest only in securities issued by the Federal Government, U.S. Agencies, or repurchase agreements fully collateralized by such securities. Credit ratings for obligations of U.S. government agencies only implicitly guaranteed by the U.S. Government, such as, the Federal National Mortgage Association, the Federal Farm Credit Bank, the Federal Home Loan Bank, and the Federal Home Loan Mortgage Corporation, short and long term instruments are limited to those rated A-1 / AA, P-1 / Aaa or F1 / AAA, by Standard and Poor's, Moody's and Fitch Investors Service, respectively. The investment program through the State of Nevada, NVEST, is not rated by any investment service.

Vegas PBS received an initial term endowment in fiscal year 2003-2004 and has received additional contributions in each subsequent fiscal year, including the current year. The endowment is invested in various equity mutual funds with the

## CLARK COUNTY SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

#### NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Nevada Community Foundation. While the District's investment policy does not allow it to directly invest in equities, endowment principal is restricted from use for a period of time. See **Note 17**.

##### *Concentrations of Credit Risk*

To limit exposure to concentrations of credit risk, the District's investment policy limits investment in bankers' acceptance notes to 15%, repurchase agreements to 25%, commercial paper to 15%, and money market mutual funds to 25%, of the entire portfolio on the day of purchase. As of June 30, 2013, more than 5% of the District's investments are in Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Bank of Nova Scotia NY commercial paper. These investments are 8%, 22%, 20%, 18%, and 6%, respectively, of the District's total investments.

#### NOTE 4 - INTERFUND BALANCES AND TRANSFERS

##### Interfund Balances:

The "due to/due from other funds" balances between the General Fund and the Federal Projects Fund of \$22,323,037 represents funds that were transferred to the Federal Projects Fund to cover the negative cash balance.

##### Interfund Transfers:

In the fund financial statements, interfund transfers are shown as other financing sources or uses. Transfers between funds during the year ended June 30, 2013 are as follows:

Transfers Out:	Transfers In:				Totals
	General Fund	Special Education Fund	Debt Service	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 280,931,130	\$ -	\$ 4,817,116	\$ 285,748,246
Bond Fund	20,000,000	-	84,275,980	698,691	104,974,671
Nonmajor Governmental Funds	24,299,219	-	7,706,750	641,122	32,647,091
<b>Total</b>	<b>\$ 44,299,219</b>	<b>\$ 280,931,130</b>	<b>\$ 91,982,730</b>	<b>\$ 6,156,929</b>	<b>\$ 423,370,008</b>

Following are explanations of certain interfund transfers of significance to the District:

\$280,931,130 was transferred from the General Fund to the Special Education Fund for costs related to programs for special needs students. Beginning in 1994, Senate Bill 569 has required separate accounting for revenues and expenditures associated with special education. The majority of the revenues are collected in the General Fund and transferred to the Special Education Fund to offset special education expenditures.

The Bond Fund transferred a total of \$84,275,980 during fiscal year 2013 to the Debt Service Fund to service the current principal and interest on the District's revenue bonds. Pledged revenues for these bonds, which include a portion of the real estate transfer tax and room tax collected within the county are deposited within the Bond Fund and transferred on a monthly basis to the Debt Service Fund. See **Note 8**. The Governmental Services Tax Fund transferred \$7,706,750 to the Debt Service Fund to service the principal and interest on the District's medium term bonds. In addition to this, a transfer of \$20,000,000 was made from the Bond Fund to the General Fund as part of the revisions passed in the 2012 regular session of the Nevada Legislature. During this session, Assembly Bill 579 allowed public schools to use \$20,000,000 in the fiscal year 2012-2013 for purposes other than capital projects.

In the nonmajor governmental funds, the Vegas PBS Fund transferred \$641,122 to the Building and Sites fund for reimbursement of building costs. In addition to this, funds were transferred from the Class Size Reduction Fund to the General

## CLARK COUNTY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

## NOTE 4 - INTERFUND BALANCES AND TRANSFERS (continued)

Fund in the amount of \$24,299,219 per Assembly Bill No. 579 of the Nevada Legislature in 2011 which temporarily revises provisions governing class-size reduction to allow school districts flexibility in addressing budget shortfalls. Also, \$4,817,116 was transferred from the General Fund to the State Grants Fund to help cover costs for full-day kindergarten.

## NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013 follows:

## Governmental Activities:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not being depreciated:				
Land	\$ 265,550,415	\$ 7,238	\$ -	\$ 265,557,653
Construction in progress	137,212,849	93,520,426	(225,179,101)	5,554,174
Total capital assets, not being depreciated	402,763,264	93,527,664	(225,179,101)	271,111,827
Capital assets, being depreciated:				
Buildings	4,152,155,887	126,814,570	(1,770,627)	4,277,199,830
Building improvements	875,470,782	24,641,942	-	900,112,724
Land improvements	1,242,118,586	33,611,364	-	1,275,729,950
Equipment	446,681,002	52,403,674	(6,810,222)	492,274,454
Total capital assets being depreciated	6,716,426,257	237,471,550	(8,580,849)	6,945,316,958
Less accumulated depreciation for:				
Buildings	(943,792,327)	(102,639,563)	1,695,657	(1,044,736,233)
Building improvements	(481,865,106)	(42,326,410)	-	(524,191,516)
Land improvements	(542,893,400)	(58,248,835)	-	(601,142,235)
Equipment	(310,890,220)	(36,560,429)	6,800,398	(340,650,251)
Total accumulated depreciation	(2,279,441,053)	(239,775,237)	8,496,055	(2,510,720,235)
Total capital assets being depreciated, net	4,436,985,204	(2,303,687)	(84,794)	4,434,596,723
Governmental activities capital assets, net	\$ 4,839,748,468	\$ 91,223,977	\$ (225,263,895)	\$ 4,705,708,550

## Business-type activities:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,388,714	\$ -	\$ 1,388,714
Total capital assets, not being depreciated	-	1,388,714	-	1,388,714
Capital assets, being depreciated:				
Buildings	157,393	-	(86,841)	70,552
Building improvements	3,196,177	-	(3,196,177)	-
Equipment	20,223,921	3,160,182	(298,137)	23,085,966
Total capital assets being depreciated	23,577,491	3,160,182	(3,581,155)	23,156,518
Less accumulated depreciation for:				
Buildings	(50,993)	(3,808)	50,079	(4,722)
Building improvements	(2,515,037)	(133,174)	2,648,211	-
Equipment	(10,705,296)	(1,737,270)	159,461	(12,283,105)
Total accumulated depreciation	(13,271,326)	(1,874,252)	2,857,751	(12,287,827)
Total capital assets being depreciated, net	10,306,165	1,285,930	(723,404)	10,868,691
Business-type activities capital assets, net	\$ 10,306,165	\$ 2,674,644	\$ (723,404)	\$ 12,257,405

## CLARK COUNTY SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

#### NOTE 5 - CAPITAL ASSETS (continued)

Depreciation expense was charged to functions/programs of the primary government as follows:

##### Governmental Activities:

Instruction:	
Regular Instruction	\$ 196,655,584
Special Instruction	483,027
Vocational Instruction	14,599,453
Adult Instruction	69,474
Other Instruction	24,515
Support Services:	
Student Support	636,680
Instructional Staff Support	2,791,827
Business Support	1,002,400
General Administration	764,689
School Administration	72,693
Operation and Maintenance of Plant Services	3,641,197
Student Transportation	15,268,300
Other Support Services	486,496
Facilities Acquisition and Construction Services	3,278,902
	\$ 239,775,237

#### NOTE 6 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2013, for the government's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Special Education Fund	Debt Service Fund	Bond Fund	Federal Projects Fund	Nonmajor and Other Funds	Total
<u>Local Sources:</u>							
Property and Transfer Taxes	\$ 10,975,737	\$ -	\$ 8,304,676	\$ 4,275,364	\$ -	\$ -	\$ 23,555,777
Room Taxes	-	-	-	12,739,687	-	-	12,739,687
Governmental Services Tax	3,936,783	-	-	-	-	1,843,078	5,779,861
Local School Support Tax	138,195,411	-	-	-	-	-	138,195,411
Other Local Sources	1,145,555	-	23,018	-	-	-	1,168,573
<u>State Sources:</u>							
Grants	-	-	-	-	-	4,394,890	4,394,890
Distributive School Account	61,246,583	-	-	-	-	-	61,246,583
Gaming Control Board - Forfeitures	99,047	-	-	-	-	-	99,047
<u>Federal Sources:</u>							
Grants	-	-	-	-	53,843,946	-	53,843,946
Medicaid	-	-	-	-	-	2,127,434	2,127,434
<u>Other Sources:</u>							
E-rate Reimbursement	4,586,832	-	-	-	-	-	4,586,832
Miscellaneous	613,593	46,975	-	7,823	-	321,336	989,727
Total Receivables	\$ 220,799,541	\$ 46,975	\$ 8,327,694	\$ 17,022,874	\$ 53,843,946	\$ 8,686,738	\$ 308,727,768

#### NOTE 7 - UNEARNED REVENUES

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period and also in connection with resources that have been received but not yet earned. A summary of unearned revenues for the individual major governmental funds and nonmajor governmental funds in the aggregate at June 30, 2013 are as follows (see following page):

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 7 - UNEARNED REVENUES (continued)

	General Fund	Federal Projects Fund	Nonmajor and Other Funds	Total
Summer School	\$ 673,050	\$ -	\$ -	\$ 673,050
Federal Programs	-	14,257,465	-	14,257,465
State Grants	-	-	5,774,195	5,774,195
E-Rate	4,586,832	-	-	4,586,832
Medicaid	-	-	500,000	500,000
Miscellaneous	1,641,640	-	276,349	1,917,989
<b>Total</b>	<b>\$ 6,901,522</b>	<b>\$ 14,257,465</b>	<b>\$ 6,550,544</b>	<b>\$ 27,709,531</b>

In the General Fund, summer school unearned revenue represents monies collected for summer school tuition in advance of the fiscal year 2014 summer school program. The e-rate unearned amount represents amounts submitted under the e-rate program, but not yet received. The miscellaneous unearned revenues consist of \$1,295,700 for extended-day kindergarten tuition which was received in advance, \$344,040 in revenues received in advance for facility usage, and \$1,900 for expense reimbursements on electricity charges.

In the Federal Projects Fund the unearned revenue relates to grant revenues received in advance of expenditures. Nonmajor and other funds state grants and allotments in the amount of \$5,774,195 relates to grant revenue received in advance of expenditures and the miscellaneous unearned revenue consists of \$276,349 in monies received by Vegas PBS for advanced payments on advertising.

NOTE 8 - GENERAL OBLIGATION BONDS PAYABLE

**General Obligation Bonds:**

The District issues general obligation bonds to provide proceeds for the District's construction and modernization program and for other major capital acquisitions. These bonds are direct obligations and pledge the full faith and credit of the District. Bonds are often sold at a premium or a discount. These premiums and discounts are reported in the fund statements in the year incurred but are deferred and amortized over the life of the debt in the government-wide financial statements. Similarly, any gain or loss derived from an advance refunding is amortized in the government-wide financial statements. The Debt Service Fund services all of the bonds payable. The remaining principal and interest payment requirements for the general obligation debt as of June 30, 2013 are as follows:

**General Obligation Bonds Schedule:**

Series	Purpose	Date Issued	Date of Final Maturity	Interest	Original Issue	Balance June 30, 2013	Principal Due Within One Year	Interest Due Within One Year
1998	Refunding	09/01/98	06/15/15	4.00% - 5.50%	\$ 169,310,000	\$ 66,780,000	\$ 40,010,000	\$ 3,672,900
2003 D	Building	11/01/03	06/15/15	5.00% - 5.50%	400,000,000	43,240,000	21,040,000	2,267,200
2004 A	Refunding	03/01/04	06/15/17	2.00% - 5.00%	210,975,000	118,015,000	22,080,000	5,654,450
2004 C	Building	07/01/04	06/15/14	5.00%	60,000,000	7,345,000	7,345,000	367,250
2004 D	Building	11/01/04	06/15/19	4.00% - 6.00%	450,000,000	94,140,000	21,800,000	4,925,000
2005 A	Refunding	03/01/05	06/15/19	5.00% - 5.25%	269,600,000	244,830,000	25,805,000	12,373,438
2005C	Building	11/16/05	06/15/21	5.00%	500,000,000	162,005,000	23,815,000	8,100,250
2006A	Refunding	03/30/06	06/15/15	5.00%	153,925,000	41,325,000	20,155,000	2,066,250
2006B	Building	12/19/06	06/15/26	3.00% - 5.00%	450,000,000	356,705,000	20,955,000	14,844,650
2007A	Refunding	03/01/07	06/15/25	4.00% - 5.00%	473,045,000	367,765,000	23,985,000	17,076,150
2007C	Building	12/11/07	06/15/27	5.00%	400,000,000	334,670,000	17,995,000	16,733,500
2008A	Building	06/03/08	06/15/28	5.00%	675,000,000	466,170,000	21,605,000	23,308,500
2010D	Building (QSCB)	07/08/10	06/15/20	5.51%	6,245,000	6,245,000	-	344,100
2011A	Refunding	03/22/11	06/15/16	5.00%	69,160,000	49,745,000	20,365,000	2,487,250
2012A	Refunding	10/04/12	06/15/21	5.00%	159,425,000	159,425,000	-	7,971,250
						<b>\$ 2,518,405,000</b>	<b>\$ 286,955,000</b>	<b>\$ 122,192,138</b>

## CLARK COUNTY SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

#### NOTE 8 - GENERAL OBLIGATION BONDS PAYABLE (continued)

##### General Obligation Revenue Bonds:

The District also issues general obligation debt that is additionally secured by a pledge of proceeds of taxes deposited in the District's Bond Fund. The District receives the proceeds of a 1 5/8% room tax collected within Clark County and this revenue is reflected in total in the Bond Fund. The proceeds of a tax equivalent to 60 cents for each \$500 of value on transferred real property are also deposited by the county. The District pledges the room tax and the real property transfer tax revenues to pay debt service on certain general obligation debt. In 2013, the District received \$86,973,792 and pledged 100% of these revenues to pay the principal and interest requirement. The remaining principal and interest payment requirements for the general obligation debt additionally secured by these pledged revenues as of June 30, 2013 are as follows:

##### General Obligation Revenue Bonds Schedule:

Series	Purpose	Date Issued	Date of Final Maturity	Interest	Original Issue	Balance June 30, 2013	Principal Due Within One Year	Interest Due Within One Year
2004 B	Refunding	03/01/04	06/15/20	2.00% - 5.00%	\$ 124,745,000	\$ 76,800,000	\$ 6,510,000	\$ 3,639,250
2005 B	Refunding	03/01/05	06/15/22	5.00%	209,995,000	178,475,000	16,680,000	8,923,750
2006 C	Building	12/19/06	06/15/26	3.50% - 5.00%	125,000,000	99,090,000	5,820,000	4,530,150
2007 B	Building	12/11/07	06/15/27	5.00%	250,000,000	209,170,000	11,250,000	10,458,500
2010A	Building (QSCB)	07/08/10	06/15/24	4.74% - 5.51%	104,000,000	104,000,000	-	5,729,630
2011B	Refunding	03/22/11	06/15/19	5.00%	29,420,000	29,420,000	-	1,471,000
2012B	Refunding	10/04/12	06/15/14	4.00%	8,535,000	8,535,000	8,535,000	341,400
						<b>\$ 705,490,000</b>	<b>\$ 48,795,000</b>	<b>\$ 35,093,680</b>

At year end, pledged future revenues totaled \$947,295,636, which was the amount of the remaining principal and interest on these bonds.

General obligation bonds payable is reported net of premiums and discounts on the statement of net position.

##### Summary of Debt Service:

Following are the annual requirements to amortize all general obligation bonds outstanding at year-end:

Fiscal Year	Principal	Interest	Total Requirements
2014	\$ 335,750,000	\$ 157,285,817	\$ 493,035,817
2015	342,165,000	140,235,755	482,400,755
2016	312,990,000	123,175,940	436,165,940
2017	281,095,000	107,899,165	388,994,165
2018	266,800,000	94,343,465	361,143,465
2019 - 23	1,064,950,000	290,652,522	1,355,602,522
2024 - 28	620,145,000	70,486,556	690,631,556
<b>Totals</b>	<b>\$ 3,223,895,000</b>	<b>\$ 984,079,220</b>	<b>\$ 4,207,974,220</b>

A statutory limit of bonded indebtedness for school districts is set forth in Chapter 387.400 of the Nevada Revised Statutes. The limitation is based on 15% of the assessed valuation of property within the District, excluding motor vehicles. Based on the 2013 assessed valuation of \$55,225,712,175 the applicable debt limit is \$8,283,856,826 leaving the legal debt margin at \$5,059,961,826, notwithstanding the statutory tax rate limitation explained in **Note 1**. The District is in compliance with Chapter 387.400 as of June 30, 2013.

**CLARK COUNTY SCHOOL DISTRICT**

**NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 8 - GENERAL OBLIGATION BONDS PAYABLE (continued)**

**Authorized Unissued Debt:**

In 1998, the District received both legislative and voter approval to issue a projected \$3.2 billion in long-term debt for school construction and modernization. The election authorized the District to issue general obligation bonds for school construction until June 30, 2008. As the authority to issue debt under this program has ended, the District will rely on pay-as-you-go financing to fund any capital requirements until the Board obtains voter approval to fund a future capital program. As of June 30, 2013, \$32,855,000 of General Obligation Medium-Term Bonds and \$95,870,000 General Obligation (Limited Tax) Refunding Bonds were authorized but as yet unissued.

**Refunded Debt:**

In October 2012, the District issued \$159,425,000 of general obligation (limited tax) Series 2012A refunding bonds. This action was taken to achieve interest savings as well as to maintain the current levy for future bond issuance. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. With the Series 2012A refunding of bonds originally issued in 2002, 2004, and 2005 the district was able to reduce the cost of future debt service by approximately \$17 million, which equates to a net present value savings of 9.718 percent and an economic gain of \$15,493,105.

Also in October 2012, the District issued \$8,535,000 of general obligation (additionally secured by pledged revenues) Series 2012B refunding bonds. With this Series 2012B refunding of bonds originally issued in 2001, the District was able to reduce the cost of future debt service by approximately \$400,000, which equates to a net present value savings of 3.138 percent and an economic gain of \$380,155.

**Defeasement of Debt:**

The District has defeased certain general obligation bonds by placing the proceeds of new bonds into irrevocable trust accounts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2013, the outstanding principal on the following bonds is considered defeased:

<u>CCSD School Improvement &amp; Building Bonds</u>	<u>Defeased Principal</u>
Series 2003D: Dated November 1, 2003	\$ 222,590,000
Series 2004D: Dated November 1, 2004	215,865,000
Series 2005C: Dated November 15, 2005	217,100,000
Total	<u>\$ 655,555,000</u>

**Obligation for Arbitrage Payable:**

The Tax Reform Act of 1986 established arbitrage guidelines that require a rebate of interest earned on bond funds in excess of interest paid. At June 30, 2013, the District is currently reporting negative arbitrage and thus no rebate of interest is required.

**Debt Service Fund:**

Nevada Revised Statute 350.020 requires that the Board establish a restricted account within its debt service fund for payment of the outstanding bonds of the District. In 2012, Assembly Bill 376 changed the amount of the reserves required to 10% of the outstanding principal or 25% (changed from 100%) of the principal and interest payments due on all outstanding bonds of the District in the next fiscal year, whichever is less. The amounts on deposit in this restricted account are not directly pledged to pay debt service on the debt, and if permitted, may be used for other purposes. As of June 30, 2013, the amount required to fund this account was \$123,258,954; which was fully funded by the District.

## CLARK COUNTY SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

#### NOTE 9 - LEASES

##### Operating Leases

##### Lessee

The District leases a fiber optical wide-area network under a non-cancelable operating lease. Total costs for this lease were \$2,943,294 for the year ending June 30, 2013. The future minimum lease payments for this lease are as follows:

<u>Year Ending, June 30</u>	<u>Amount</u>
2014	\$ 2,403,120
2015	2,403,120
2016	2,403,120
2017	2,403,120
2018	2,403,120
2019 - 2024	<u>14,418,720</u>
Total	<u>\$ 26,434,320</u>

##### Lessor

In 2008, Vegas PBS entered into a lease agreement with Sprint Nextel, Inc. whereby Sprint Nextel leases available spectrum from Vegas PBS for commercial use. The term for this cancelable operating lease agreement is 15 years with automatic renewal of an additional 15 years, for a maximum of 30 years. The spectrum provided by the District is an intangible asset which carries no value on the financial statements. The revenue recognized for this period is \$1,534,208 which includes a monthly fee paid to the District by Sprint Nextel.

#### NOTE 10 - CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year-ended June 30, 2013, was as follows:

	<u>Beginning Balance July 1, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances June 30, 2013</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds payable:					
General obligation bonds	\$ 2,802,125,000	\$ 159,425,000	\$ (443,145,000)	\$ 2,518,405,000	\$ 286,955,000
General obligation revenue bonds	752,450,000	8,535,000	(55,495,000)	705,490,000	48,795,000
Less: issuance discounts	(7,748,309)	-	656,151	(7,092,158)	-
Plus: issuance premiums	<u>199,724,434</u>	<u>31,288,293</u>	<u>(61,082,937)</u>	<u>169,929,790</u>	<u>-</u>
Total bonds payable	3,746,551,125	199,248,293	(559,066,786)	3,386,732,632	335,750,000
Compensated absences	<u>55,565,934</u>	<u>24,824,206</u>	<u>(24,118,879)</u>	<u>56,271,261</u>	<u>24,118,879</u>
Governmental activity long-term liabilities	<u>\$ 3,802,117,059</u>	<u>\$ 224,072,499</u>	<u>\$ (583,185,665)</u>	<u>\$ 3,443,003,893</u>	<u>\$ 359,868,879</u>
<b>Business-type Activities:</b>					
Compensated absences	<u>\$ 1,056,520</u>	<u>\$ 92,845</u>	<u>\$ (152,339)</u>	<u>\$ 997,026</u>	<u>\$ 152,339</u>

Internal service funds predominantly serve the governmental funds. Accordingly, their long-term liabilities are included as part of the above totals for governmental activities. At year end, \$417,017 of internal service funds compensated absences are included in the above amounts. In governmental activities, compensated absences are generally liquidated by a combination of the major and nonmajor governmental funds with the majority liquidated from the General Fund.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 11 - COMPLIANCE AND ACCOUNTABILITY**

Per NRS 354.626, the District is required to report and explain expenditures that exceeded budgeted appropriations at the function level for the General Fund, Special Revenue, and Capital Project Funds. The sum of operating and non-operating expenses in the Enterprise and Internal Service Funds may not exceed total appropriations. As of June 30, 2013, the District reported the following expenditures over appropriations:

The District's non-major Special Revenue Fund - Class Size Reduction Fund reflects a budgeted expenditure overage of almost \$500,000. This was a result of the placement of more experienced licensed teachers into the positions for reducing class sizes in grades 1 through 3.

The District's non-major Special Revenue Fund – State Grants Fund reflects a budgeted expenditure overage of more than \$1.3 million. A state grant award for full-day kindergarten contained a fixed revenue amount of \$18.7 million to fund a required number of kindergarten teachers. The actual salary and benefit expenditures incurred for the actual number of teaching positions exceeded the projection.

**NOTE 12 - DEFINED BENEFIT PENSION PLAN**

All half-time or greater District employees are covered by the State of Nevada Public Employees Retirement System (the Plan), a cost sharing multiple employer defined benefit plan of the public employee retirement system. The payroll for employees covered by the Plan for the year ended June 30, 2013 was \$1,373,241,766 and the District's total payroll was \$1,487,351,952. All fulltime District employees are mandated by state law to participate in the Plan. Vested members are entitled to a life-time monthly retirement benefit equal to the service time multiplier (STM) percentages listed below times the member's years of service to a maximum of 30 years. The schedule of Eligibility for Monthly Unreduced Retirement Benefits for regular members and police/fire members are as follows:

Eligibility for Regular Members:

Years of Service	Hired Prior to 7/01/01		Hired Between 7/01/01-12/31/09		Hired After 1/01/2010	
	Age	STM %	Age	STM %	Age	STM %
5 Years	65	2.5	65	2.67	65	2.5
10 Years	60	2.5	60	2.67	62	2.5
30 Years	Any age	2.5	Any age	2.67	Any age	2.5

Eligibility for Police/Fire Members:

Years of Service	Hired Prior to 7/01/01		Hired Between 7/01/01-12/31/09		Hired After 1/01/2010	
	Age	STM %	Age	STM %	Age	STM %
5 Years	65	2.5	65	2.67	65	2.5
10 Years	60	2.5	60	2.67	60	2.5
20 Years	50	2.5	50	2.67	50	2.5
25 Years	Any age	2.5	Any age	2.67	-	-
30 Years	-	-	-	-	Any age	2.5

The member's beginning retirement compensation is the average of their highest working compensation for 36 consecutive months. Benefits fully vest with 5 years of service. The Plan also provides death and disability benefits. Benefits are established by state statute and provisions may only be amended through legislation.

All District employees in the plan are enrolled under a non-contributory plan. District payment of what were formerly employee contributions, was made in lieu of equivalent salary increases. Per Chapter 286 of the Nevada Revised Statutes, the District's contribution was based on the actuarially determined statutory rate of 23.75% in 2012-13 for unified, licensed, and support employees and 39.75% for police employees of gross compensation and amounted to \$327,548,750, 23%

**CLARK COUNTY SCHOOL DISTRICT****NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013****NOTE 12 - DEFINED BENEFIT PENSION PLAN (continued)**

of the \$1,409,313,794 total paid by all employees and employers into the Plan for the year ended June 30, 2013. The District's contributions to PERS for the years ended June 30, 2012, 2011, and 2010 were \$331,265,268, \$312,849,506, and \$315,918,423, respectively, equal to the required contributions for each year, at the actuarially determined statutory rates of 23.75, 21.50, and 21.50%, respectively, for unified, licensed and support employees and 39.75, 37.00, and 37.00%, respectively, for police employees.

Financial statements for the Plan are available by calling (775) 687-4200 or writing to:

Public Employees' Retirement System of Nevada  
693 W. Nye Lane  
Carson City, NV 89703-1599

**NOTE 13 - RISK MANAGEMENT**

**Risk Management** The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees. The District accounts for such losses through its Insurance and Risk Management Internal Service Fund. The District retains the risk of financial loss per occurrence as follows:

1. Worker's compensation up to \$1,250,000.
2. General liability and motor vehicle liability, with retention of \$3,000,000.
3. Errors and omissions and employment practices liability, with retention of \$3,000,000 per occurrence.
4. Property, including boiler and machinery, with retention of \$500,000.
5. Broadcaster's liability, with retention of \$5,000.
6. Crime/employee dishonesty, with retention of \$50,000.
7. National Flood Insurance Program, with retention of \$50,000 for specific schools

The District purchases commercial insurance for occurrences in excess of the foregoing retention levels. Over the past seven years, there have been significant reductions in almost all areas of insurance coverage for the District. However, the District remains adequately covered for losses and no settlements have reached amounts in excess of the insurance coverage for the past twelve years.

The Insurance and Risk Management Internal Service Fund insures all operational activities of the District by charging premiums to other funds of the District. Premiums charged are based on estimates of the amounts needed to pay actual and projected claims, to support self-insurance operational costs, and to establish a self-insured reserve for incurred losses. The reserve was \$19,063,655 at June 30, 2013, and is reported as net position for Risk Management. The estimates of the liability insurance claims payable of \$5,515,068 and the worker's compensation claims payable of \$14,640,641 at June 30, 2013, were determined by the District with the assistance of an independent actuarial study as of that date and are reflected in the financial statements of the Insurance and Risk Management Internal Service Fund.

The actuarial study, which is prepared annually, calculates the estimated future losses for the District. The amount reflected represents the current amount due in fiscal year 2013-2014.

The District relies upon a statistical measure known as a confidence level to determine its estimated outstanding losses as calculated by the study. Estimated losses are recorded at their expected values, which correspond to an approximate 50%-55% confidence level. Information regarding actual claims expenses incurred and paid can be seen in the table on the following page.

## CLARK COUNTY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

## NOTE 13 - RISK MANAGEMENT (continued)

A summary of changes in the aggregate claims liabilities for the past two years follows:

	Fiscal 2013	Fiscal 2012
Beginning Balance - July 1, 2013 and 2012	\$ 19,547,775	\$ 16,670,413
Claims Incurred	8,966,587	6,866,079
Changes in Estimates for Claims of the Prior Periods	607,934	2,645,040
Claims Paid	(8,966,587)	(6,633,757)
Ending Balance - June 30, 2013 and 2012	<u>\$ 20,155,709</u>	<u>\$ 19,547,775</u>

In November 2012, the District renewed its interest-bearing time certificate of deposit used for the self-insured workers' compensation program as a security deposit with the Nevada Division of Insurance. The amount of the deposit, \$6,075,000, is based on the total incurred cost of current and future claims as estimated by the office of the State Insurance Commissioner. See **Note 3**.

## NOTE 14 - COMMITMENTS AND CONTINGENCIES

**Construction Commitments**

The District utilizes encumbrance accounting in its governmental funds. Encumbrances are recognized as a valid and proper charge against a budget appropriation in the year in which a purchase order, contract, or other commitment is issued. In general, unencumbered appropriations lapse at year end. Open encumbrances at fiscal year end are included in restricted, committed, or assigned fund balance, as appropriate. The following schedule outlines significant encumbrances included in governmental fund balances:

<b><u>Major Funds</u></b>	<b><u>Restricted Fund Balance</u></b>
Bond Fund	\$ 9,366,461
<b><u>Nonmajor Funds</u></b>	
Aggregate nonmajor funds	2,014,874
	<u>\$ 11,381,335</u>

As of June 30, 2013, funds remain from the 1998 voter-approved bond program. The schedule on the following page outlines the programmed construction commitments as of June 30, 2013. The total restricted amount of \$144,568,745 is construction contracts from the 1998 voter-approved bond program which is shown as a restriction for capital projects in the Bond Fund.

## CLARK COUNTY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

## NOTE 14 - COMMITMENTS AND CONTINGENCIES (continued)

APPROVED 1998 CAPITAL IMPROVEMENT PLAN PROJECTS		
PROJECT	DESCRIPTION OF WORK	TOTAL PROGRAMMED
<b>NEW SCHOOL CONSTRUCTION</b>		
<b>HIGH SCHOOLS</b>		
CORONADO HS	Running track issue	\$ 60,443
SUNRISE MOUNTAIN HS	Chiller issue	774,165
<b>REPLACEMENT SCHOOLS</b>		
JACOB E. MANCH RES	Outstanding construction issues	\$ 161,455
JOHN MILLER RSS	Replacement School (1-year Warranty Period)	1,407,395
VARIETY RSS	Replacement School (1-year Warranty Period)	1,177,516
VARIETY RSS	Demolition of Old School	775,000
SECTA (Phase I)	Phase I of Phased Replacement	889,645
WESTERN HS (Phase IV)	Phase IV of Phased Replacement	109,734
MOAPA VALLEY HS (Gym Addition)	New Gymnasium Addition + Intrusion Alarm, CCTV, Running Track	9,309,877
<b>NEW SCHOOL CONSTRUCTION TOTALS</b>		<b>\$ 14,665,230</b>
<b>MODERNIZATION OF EXISTING SCHOOLS</b>		
PORTABLE CLASSROOMS	Purchase of Portable Classrooms to Support Modernization Projects	\$ 399,235
<b>SPECIAL SCHOOLS</b>		
WASHINGTON SS	LAN Upgrade	\$ 387,658
<b>ELEMENTARY SCHOOLS</b>		
ALLEN ES	Emergency Chiller Replacement	\$ 1,218,697
BARTLETT ES	Full School Modernization	940,072
BELL ES	LAN Upgrade	1,527,579
BENDORF ES	Full School Modernization	684,399
BLUE DIAMOND ES	LAN Upgrade	285,091
G. BOWLER ES	Full School Modernization	296,249
J. BOWLER ES	LAN Upgrade, Fire Alarm & Replace CCTV	1,512,059
W. BRACKEN ES	LAN Upgrade, Instructional Wall, Expand ER	2,080,635
	Replace CCTV System	185,000
M. CHRISTENSEN ES	CCTV System	94,435
D. COX. ES	CCTV System	139,075
CRAIG ES	Repair Sewer System Failure	781,393
CRESTWOOD ES	LAN Upgrade, Low Voltage Systems Upgrade, & Instructional Wall	2,804,624
DAILEY ES	Full School Modernization	392,384
P. DISKIN ES	Emergency Chiller & Cooling Tower Replacement	1,360,025
EISENBERG ES	Full School Modernization	1,637,773
FONG ES	Full School Modernization	612,470
FRENCH ES	Full School Modernization	378,655
GOODSPRINGS ES	LAN Upgrade	387,351
D. HANCOCK ES	LAN Upgrade, Low Voltage Systems Upgrade, & Instructional Wall	2,523,316
HERR ES	Full School Modernization	423,987
HERRON ES		1,150,000
	LAN Upgrade, Expand Tech Equipment Room, Install Fire Dialing Room	
HEWETSON ES	LAN Upgrade, Low Voltage Systems Upgrade, & Instructional Wall	2,220,640
HILL ES	Full School Modernization, LAN Upgrade	1,551,607
HINMAN ES	Low Voltage Systems Upgrade	40,663
INDIAN SPRINGS ES	LAN Upgrade, Classroom Equity	1,080,000
JACOBSON ES	Full School Modernization	471,518
JYDSTRUP ES	Full School Modernization	281,784
KAHRE ES	Full School Modernization	613,451
KATZ ES	Full School Modernization	576,856
KELLY ES	Electrical Upgrade, LAN Upgrade, Low Voltage Systems Upgrade, & Instructional Wall	3,668,184
LINCOLN ES	Replace Intercom System	158,231
LOWMAN ES	Full School Modernization	530,023
LUNT ES	Full School Modernization	892,104
LYNCH ES	Full School Modernization	344,097
MACK ES	Full School Modernization	500,120

## CLARK COUNTY SCHOOL DISTRICT

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

## NOTE 14 - COMMITMENTS AND CONTINGENCIES (continued)

APPROVED 1998 CAPITAL IMPROVEMENT PLAN PROJECTS		
PROJECT	DESCRIPTION OF WORK	TOTAL PROGRAMMED
<b>ELEMENTARY SCHOOLS, CONT.</b>		
MAY ES	Full School Modernization	\$ 806,743
McMILLAN ES	Full School Modernization	604,134
MITCHELL ES	Full School Modernization	884,995
MOUNTAIN VIEW ES	LAN Upgrade, Classroom Equity, Replace Intrusion Alarm, Install Fire Dialing Board	1,870,752
NEWTON ES	Full School Modernization	802,774
PERKINS ES	Full School Modernization	1,283,943
PIGGOTT ES	Full School Modernization	176,260
C. SQUIRES ES	Replace Intercom System	144,045
THOMAS ES	Replace Unsafe Concrete Walkways	105,000
THORPE ES	Full School Modernization	427,016
TOBLER ES	Full School Modernization	482,469
TREEM ES	Full School Modernization	346,113
TWIN LAKES ES	Replace Intercom System, Replace Roof	804,590
J. M. ULLOM ES	Electrical Upgrade, LAN Upgrade, Low Voltage Systems Upgrade, & Instructional Wall	3,290,000
VEGAS VERDES ES	Full School Modernization	693,173
WARREN ES	Full School Modernization	2,169,352
HOWARD WASDEN ES	LAN Upgrade, Low Voltage Systems Upgrade, & Instructional Wall	2,589,771
WOOLEY ES	Full School Modernization	400,114
WYNN ES	LAN Upgrade, Classroom Equity, Replace CCTV, & Intrusion Alarm	943,331
<b>MIDDLE SCHOOLS</b>		
BRINLEY MS	LAN Upgrade, Classroom Equity	\$ 2,475,000
CASHMAN MS	Emergency Replacement of Sewer System	1,500,000
GUINN MS	Electrical Upgrade, LAN Upgrade, & Instructional Wall	3,525,000
K. O. KNUDSON MS	Electrical Upgrade, LAN Upgrade, Low Voltage Systems Upgrade, & Instructional Wall	5,021,560
LAWRENCE MS	Fire Alarm & Intrusion Alarm Upgrade	230,135
SANDY VALLEY MS/HS	Well system, drainage, fire sprinklers	641,120
SAWYER MS	Replace HVAC & Fire Alarm	9,310,000
SILVESTRI MS	Replace Cooling Tower	1,692,294
SWAINSTON MS	Replace Fire Alarm	441,903
WEST PREP	Emergency Replacement of Chiller	1,852,114
<b>HIGH SCHOOLS</b>		
30 HIGH SCHOOL SITES	Title IX Upgrades @ Softball Fields	\$ 2,250,000
ADVANCED TECHNOLOGY ACADEMY	Low Voltage Systems Upgrade	1,348,369
CLARK HS	Full School Modernization	984,594
DESERT ROSE HS	Replace Roof	1,127,620
INDIAN SPRINGS M/HS	CCTV, Intercom & Intrusion Alarm	997,528
JEFFREY BEHAVIOR J/SHS	LAN Upgrade	536,974
LVAISPA	Electrical Upgrade, LAN Upgrade, Security System, Install Classroom Equity, Add Tech Equipment Rooms, & Replace CCTV	7,340,573
VIRGIN VALLEY HS	Full School Modernization	489,667
<b>VARIOUS SCHOOL SITES</b>		
MODERNIZATION CONTINGENCY BALANCE	To be assigned in Revision 18 (10-2013)	\$ 23,097,964
<b>MODERNIZATION PROGRAM TOTALS</b>		<b>\$ 118,818,430</b>
LAND ACQUISITION	Land Acquisition/On & Offsite Improvements	\$ 1,824,118
BUS SATELLITE (NW)	Construct New NW Transportation Satellite	1,715,190
ADMINISTRATIVE EXPENSE		7,545,777
<b>TOTAL 1998 CAPITAL PROJECTS IN-PROGRESS</b>		<b>\$ 144,568,745</b>

## CLARK COUNTY SCHOOL DISTRICT

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

#### NOTE 14 - COMMITMENTS AND CONTINGENCIES (continued)

##### Legal Contingencies

The District is a defendant in various legal actions. The financial impact of these actions is not determinable; however, it is the opinion of District legal counsel and management that none of these actions would have a material impact on the District's financial condition.

#### NOTE 15 - CLASSIFICATIONS OF GENERAL FUND FUND BALANCE

The District reports classifications of nonspendable, restricted, committed, assigned, and unassigned fund balance which represent management's intended use of resources available to the District.

Unassigned ending fund balance is that fund balance exclusive of non-spendable amounts such as inventories and amounts restricted, committed, or assigned for preexisting obligations. Portions of the larger fund balance at June 30, 2013, are being assigned to carry over into 2014 to assist with class size reductions. The following are explanations of the reported classifications of fund balance in the General Fund:

Restricted for:

- *Donations* – to restrict donations as required by donor for various purposes.

Assigned to:

- *Instructional Supplies* – to classify funds to cover commitments related to unfilled contracts for goods and services including purchase orders.
- *School Carryover* – District schools are allowed to carry over into the next year a small apportionment of their unspent budgets from the current fiscal/school year.
- *Categorical Indirect Cost* – to classify funds associated with indirect costs from federal programs.
- *Class Size Reduction* – to classify funds to cover a future need for more teachers to reduce class size.
- *Operational Initiatives* – to classify funds for various operational projects.

#### NOTE 16 - POST EMPLOYMENT HEALTHCARE PLAN

*Plan Description.* The District subsidizes eligible retirees' contributions to the Public Employees' Benefits Plan (PEBP), an agent multiple-employer defined benefit postemployment healthcare plan administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. The plan is now closed to current CCSD retirees, however, district employees who previously met the eligibility requirement for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP with a subsidy provided by the District as determined by their number of years of service. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV, 89701, by calling (775) 684-7000, or by accessing the website at [www.pebp.state.nv.us/informed/financial.htm](http://www.pebp.state.nv.us/informed/financial.htm).

*Funding Policy.* NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired district employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. Retirees qualify for a subsidy of \$118.16 at five years of service and \$649.88 at 20 years of service with incremental increases for each year of service between. The contribution requirements of plan members and the District are established and amended by the PEBP board of trustees. As a participating employer, the District is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 16 - POST EMPLOYMENT HEALTHCARE PLAN (continued)

For fiscal year 2013, the District contributed \$11,827,782 to the plan for current premiums. The District did not prefund any future benefits.

*Annual OPEB Cost and Net OPEB Obligation.* The District's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount obtained from the actuarial report provided every two years. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

As of July 1, 2011, PEBP introduced significant plan design changes for retirees participating in their program. As a result of these changes, pre-Medicare and non-eligible Medicare retirees participate in a Consumer Driven Healthcare Plan (CDHP) in which PEBP provides \$700 to a Health Reimbursement Account (HRA) per year for the retiree and \$200 for each dependent (up to a maximum of \$600). For fiscal year 2013, an additional \$400 HRA contribution is provided to all retirees and \$100 per dependent. Also, for those CDHP retirees with 20 or more years of service as of June 30, 2012 an additional \$200 allocation is provided. Medicare retirees participate in a Medicare Exchange provided Extend Health with PEBP providing a service related contribution to a HRA equal to \$11 per month per year of service (maximum of \$220 per month).

The Unfunded Actuarial Accrued Liability (UAAL) increased by about 1.6% or \$2.5 million from the last valuation performed for fiscal year 2011. This change is the result of a combination of benefit enhancements and assumption changes.

In fiscal year 2013, the District's annual OPEB cost (expense) was \$11,497,790 for the PEBP. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 is as follows:

Fiscal Year Ended	Annual OPEB Cost (Projected Unit Credit Cost Method)	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 11,081,000	143%	\$ 33,787,624
6/30/2012	\$ 11,268,000	107%	\$ 33,024,636
6/30/2013	\$ 11,497,790	103%	\$ 32,694,644

The following table shows the components of the District's annual OPEB cost for the past three years, the amount actually contributed to the plan, and changes in the district's net OPEB obligation to the PEBP:

	Fiscal 2013	Fiscal 2012	Fiscal 2011
Annual Required Contribution	\$ 12,785,531	\$ 12,586,000	\$ 12,586,000
Interest on net OPEB obligation	1,320,985	1,351,505	1,544,000
Adjustment to annual required contribution	(2,608,726)	(2,669,505)	(3,049,000)
Annual OPEB cost (expense)	11,497,790	11,268,000	11,081,000
Contributions made	(11,827,782)	(12,030,988)	(15,891,614)
Decrease in net OPEB obligation	(329,992)	(762,988)	(4,810,614)
Net OPEB obligation - beginning of the year	33,024,636	33,787,624	38,598,238
Net OPEB obligation - end of the year	\$ 32,694,644	\$ 33,024,636	\$ 33,787,624

*Funded Status and Funding Progress.* The District's most recent actuarial valuation was as of July 1, 2012, and, as of the end of the fiscal year, the District has not prefunded any portion of the plan. The actuarial accrued liability (AAL) for benefits was \$161,855,834 and having not funded the obligation, the District currently has no associated assets to offset this liability. Because of this, the unfunded actuarial accrued liability (UAAL) is equal to the AAL. PEBP is closed to new District participants as of November 1, 2008; therefore, covered payroll is zero.

**CLARK COUNTY SCHOOL DISTRICT****NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2013****NOTE 16 - POST EMPLOYMENT HEALTHCARE PLAN (continued)**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The liabilities incorporate a 4% investment rate of return. An annual healthcare cost trend rate of 9.75% is used initially, reduced by decrements to an ultimate rate of 5% in 2020. The HRA assumes a 0% trend rate.

Because of changes to state law, as of September 1, 2008, the plan was no longer available to those actively employed past this date. As a result, the District expects the liability to begin to decrease and eventually disappear over the life of the amortization period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The amortization period used is 18 years.

**NOTE 17 - DONOR RESTRICTED ENDOWMENTS**

In 2013, Vegas PBS received an additional \$22,050 in donations to their term endowment bringing the total reserve balance to \$1,633,382. The corpus (principal) of the endowment is restricted from use for a set period of time while the corresponding appreciation may be spent as Vegas PBS sees fit for their various programs. Currently, the District does not have a policy restricting the authorization and spending of endowment investment income. State statute, NRS 164, allows a local government to authorize expenditures of net appreciation as is prudent for the government. As of June 30, 2013, there was \$463,604 of net appreciation recognized on these investments.

**NOTE 18 - SUBSEQUENT EVENTS****Bond Issuance**

In July of 2013, the District issued \$32,855,000 of Series 2013A General Obligation Medium-Term Bonds and \$95,870,000 of Series 2013B General Obligation Refunding Bonds. Proceeds of the 2013 Medium-Term Bonds will be used to acquire school buses and technology equipment and pay the costs of issuing the 2013A Bonds. Proceeds of the 2013B Bonds will be used to refund certain outstanding general obligation bonds of the District and pay the costs of issuing the 2013B Bonds.

**Bond Rating**

In July of 2013, Fitch Investors Service downgraded the District's debt obligations from A+ to A, and issued a negative outlook on the bonds. Also in July, Moody's Investors Services downgraded our bond ratings from Aa3 to A1.