



Financial Section

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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, 2015, 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, 2015, and the respective changes in financial position and, where, applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Special Education Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Notes 1 and 18 to the financial statements, the District has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are 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 on pages 6 through 20 and the schedule of funding progress for the District's post employment healthcare plan and the schedule of the District's proportionate share of the net pension liability and the schedule of District contributions for the District's defined benefit pension plan on pages 75 through 78 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 financial statements. The introductory section, combining and individual nonmajor fund financial statements, capital asset schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the 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 financial statements.

The combining and individual nonmajor fund financial statements, capital asset 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, capital asset schedules, 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.

Prior Year Comparative Information

The financial statements of the District as of and for the year ended June 30, 2014, were audited by Kafoury, Armstrong & Co., who joined Eide Bailly LLP on December 15, 2014, and whose report dated October 10, 2014, expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2014, is consistent with the audited financial statements from which it has been derived.

The individual fund schedules related to the 2014 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2014 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2014 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The individual fund schedules are consistent 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 a report dated October 12, 2015 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, 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 the 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.



Las Vegas, Nevada
October 12, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which precedes this report, and the financial statements, which immediately follow this report.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2015

Following is an analysis of facts, descriptions and/or conditions of the District, in fiscal year 2015, that had a material effect on its financial position and/or operating results.

Government-wide Financial Statements

- The overall financial position of the District changed significantly as government-wide net position decreased \$2.664 billion during fiscal year 2015, from \$2.012 billion to a negative \$651.8 million. This was due to the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 68 which required the District to record their proportionate share of the net pension liability of the Public Employees' Retirement System of Nevada (PERS). A prior period adjustment was required which significantly reduced the government-wide net position for the current year.
- Total revenues increased \$97 million from \$2.997 billion in fiscal year 2014 to \$3.094 billion in fiscal year 2015, a 3.25% increase. This was mainly due to a rise in property taxes and local school support taxes.
- Certain local revenues such as the real estate transfer tax and the governmental services tax experienced an increase from fiscal year 2014 in the amount of \$835,395 and \$6,610,395, respectively, due to a slight increase in home sales and increased local population. Franchise tax revenue decreased by 50.55% due to an overall decrease in tax receipts this year resulting from lower net profits by one of the main public utilities and a timing difference in the tax receipts for 2015. Room tax had an increase of \$7,230,177 or 9.76% in fiscal year 2015 due to the growth in visitor volume from the previous year.
- Total expenses increased \$22 million from \$2.920 billion in fiscal year 2014 to \$2.942 billion in fiscal year 2015, a 0.76% increase. The increase in expenses can be attributed to the state mandated initiative to expand the Full-day Kindergarten and English Language Learners (ELL) programs which required additional licensed personnel. The pension expense, which is now being recorded as a result of GASB Statement No. 68, is recognized as the difference between the net pension liability from the prior fiscal year to the current fiscal year, with some adjustments, and is not based solely on contributions. Even though the pension expense adjustment recorded in fiscal year 2015 reduced overall expenses, this didn't completely offset the increases in expenses for all functional areas.

Fund Financial Statements

- The combined ending governmental fund balances decreased to \$453 million in fiscal year 2015 from \$506 million in fiscal year 2014, a 10.44% decrease.
- Decreases to the ending combined fund balances were mainly due to the decrease in the Debt Service Fund. The Debt Service ending fund balance has been declining over several years due to the decrease in property tax revenue; a result of the decline in Clark County's assessed valuation, and insufficient tax revenue to cover debt payments. However, in fiscal year 2015, we are beginning to see an increase in property tax revenue.
- As the local economy continues to improve, the combined revenues in the governmental funds recorded an \$88 million increase from the previous year predominantly in the General Fund and the State Grants Fund. The additional revenue received in the General Fund was due to the local school support tax increase of \$49 million and the property tax increase of \$14 million. Additional revenues received in the State Grants Fund resulted from state-wide programs to promote early education opportunities through increases of \$3 million for full-day kindergarten, \$7 million for class size reduction kindergarten, and \$7 million for pre-kindergarten in Zoom schools.
- 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 decreased by approximately \$16 million due to an increase in property tax and local school support taxes (sales tax), commonly referred to as the LSST. Revenue received

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

from these local taxes are deducted from the guarantee, which determines the amount of state aid the District will receive. The effect of increases in property taxes and LSST are offset by reduced DSA revenues.

General Operating Fund Balance

- Ending fund balance in the General Fund decreased from approximately \$120 million in fiscal year 2014 to approximately \$106 million in fiscal year 2015, an 11.91% decrease. Local revenues increased from the prior year and property tax has increased for the first time in five years. The General Fund's increased expenditures are due to enrollment related growth, purchase of early literacy books, and the purchase of new buses for student transportation.
- Total General Fund revenues increased \$45 million to \$2.038 billion in fiscal year 2015. This was due to the increase in property taxes, local school support tax, and governmental services tax revenue.
- The District funded the unassigned (spendable) portion of fund balance to 1.50% of general operating revenue in fiscal year 2015. As a component of budget savings, it was recommended and the Board of Trustees approved on May 21, 2014 to waive the current unassigned fund balance requirement from the 2% established by District Regulation 3110. Unassigned fund balance is reported at \$31.7 million in 2015. The District will continue to increase .25% annually until unassigned fund balance reaches the 2% requirement in the District Regulation 3110.
- The District was able to assign additional funding in its General Fund for instructional supply appropriations, school bus appropriations, potential revenue shortfall, school carryovers, categorical indirect costs, deferred maintenance initiatives, and human capital management implementation for 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, deferred outflows of resources, 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 2015. 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 expenditures 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 and 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 859,080,428	\$ 936,124,054	\$ 64,527,179	\$ 57,418,406	\$ 923,607,607	\$ 993,542,460
Capital assets, net	4,368,145,717	4,532,343,300	12,701,768	12,679,400	4,380,847,485	4,545,022,700
Total assets	5,227,226,145	5,468,467,354	77,228,947	70,097,806	5,304,455,092	5,538,565,160
Deferred outflows	407,223,152	30,782,071	5,785,930	-	413,009,082	30,782,071
Current liabilities	663,823,221	743,184,118	3,839,161	4,299,638	667,662,382	747,483,756
Long-term liabilities	5,013,246,547	2,808,242,443	37,329,414	817,127	5,050,575,961	2,809,059,570
Total liabilities	5,677,069,768	3,551,426,561	41,168,575	5,116,765	5,718,238,343	3,556,543,326
Deferred inflows	641,596,538	1,029,707	9,432,455	-	651,028,993	1,029,707
Net position:						
Net investment in capital assets	1,736,010,978	1,602,205,080	12,701,768	12,679,400	1,748,712,746	1,614,884,480
Restricted	274,868,608	287,372,577	-	-	274,868,608	287,372,577
Unrestricted	(2,695,096,595)	57,215,500	19,712,079	52,301,641	(2,675,384,516)	109,517,141
Total net position	\$ (684,217,009)	\$ 1,946,793,157	\$ 32,413,847	\$ 64,981,041	\$ (651,803,162)	\$ 2,011,774,198

The District's assets and deferred outflows of resources fell short of liabilities and deferred inflows of resources by \$651,803,162 at the close of the current fiscal year and total net position decreased by 132.40% or \$2,663,577,360. This was due mainly to the implementation of GASB Statement No. 68 which requires the District to report its proportionate share of the net pension liability in fiscal year 2015.

Governmental Activities

The District's total net position in governmental activities is a negative \$684,217,009 of which, unrestricted net position totaled a negative \$2,695,096,595. Included in this figure is the impact of recording the net pension liability, the District pays

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

to PERS the required contributions, but pursuant to statute, there is no obligation on the part of the employer to pay for their proportionate share of the unfunded liability.

Portions of total net position are subject to external restrictions on how the resources may be utilized. In the current fiscal year, restricted assets include assets for servicing long-term general obligation bonded debt in the amount of \$169,806,850; assets related to bond proceeds and other revenues to be used in the District's capital projects programs in the amount of \$93,891,829; and net position restricted for other purposes totaling \$11,169,929, which includes donations of \$902, City of Henderson redevelopment funds in the amount of \$197,590, state restricted money for adult education in the amount of \$1,517,087, a certificate of deposit with the State of Nevada for the District's workers' compensation self-insurance program in the amount of \$7,738,000 and a total of \$1,716,350 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 decreased by 50.12% to \$32,413,847, which was due to the net pension liability that was recorded as a result of the implementation of GASB Statement No. 68. Revenues exceeded expenses by \$8,264,909. Food Service is reporting approximately \$20 million in unrestricted net position.

Clark County School District's Statement of Activities:

	Governmental activities		Business-type activities		Totals	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 6,949,400	\$ 10,249,955	\$ 15,248,543	\$ 16,357,955	\$ 22,197,943	\$ 26,607,910
Operating grants and contributions	498,060,401	465,539,067	102,805,262	98,664,573	600,865,663	564,203,640
Capital grants and contributions	3,838,310	7,918,056	-	-	3,838,310	7,918,056
Total program revenues	508,848,111	483,707,078	118,053,805	115,022,528	626,901,916	598,729,606
General revenues:						
Property taxes	717,405,247	692,150,495	-	-	717,405,247	692,150,495
Local school support tax	881,056,204	832,511,729	-	-	881,056,204	832,511,729
Governmental services tax	80,298,474	73,688,079	-	-	80,298,474	73,688,079
Room tax	81,297,840	74,067,663	-	-	81,297,840	74,067,663
Real estate transfer tax	22,146,920	21,311,525	-	-	22,146,920	21,311,525
Franchise tax	1,781,645	3,602,799	-	-	1,781,645	3,602,799
Other local taxes	197,590	-	-	-	197,590	-
Unrestricted federal aid	340,659	237,429	-	-	340,659	237,429
Unrestricted state aid	659,619,067	677,169,613	-	-	659,619,067	677,169,613
Other local sources	18,779,550	17,966,634	56,618	63,384	18,836,168	18,030,018
Unrestricted investment earnings	4,015,151	5,064,337	223,300	176,652	4,238,451	5,240,989
Total general revenues	2,466,938,347	2,397,770,303	279,918	240,036	2,467,218,265	2,398,010,339
Total revenues	2,975,786,458	2,881,477,381	118,333,723	115,262,564	3,094,120,181	2,996,739,945
Expenses						
Instruction expenses	1,721,284,287	1,696,578,663	-	-	1,721,284,287	1,696,578,663
Support services:						
Student support	120,371,299	120,130,725	-	-	120,371,299	120,130,725
Instructional staff support	163,271,875	159,075,335	-	-	163,271,875	159,075,335
General administration	25,462,151	22,356,725	-	-	25,462,151	22,356,725
School administration	192,067,658	187,494,657	-	-	192,067,658	187,494,657
Central services	78,312,962	78,632,206	-	-	78,312,962	78,632,206
Operation and maintenance						
of plant services	266,323,989	269,244,660	-	-	266,323,989	269,244,660
Student transportation	124,388,428	127,025,270	-	-	124,388,428	127,025,270
Other support services	4,214,011	3,733,353	-	-	4,214,011	3,733,353
Community services	2,487,740	3,113,614	-	-	2,487,740	3,113,614
Facilities acquisition and						
construction services	7,089,192	7,481,160	-	-	7,089,192	7,481,160
Interdistrict payments	2,996,640	2,423,183	-	-	2,996,640	2,423,183
Interest on long-term debt	123,373,106	134,468,848	-	-	123,373,106	134,468,848
Food services	-	-	110,068,814	107,785,101	110,068,814	107,785,101
Total expenses	2,831,643,338	2,811,758,399	110,068,814	107,785,101	2,941,712,152	2,919,543,500
Change in net position before						
term endowments and transfers	144,143,120	69,718,982	8,264,909	7,477,463	152,408,029	77,196,445
Term endowment	21,719	61,250	-	-	21,719	61,250
Change in net position	144,164,839	69,780,232	8,264,909	7,477,463	152,429,748	77,257,695
Net position - beginning	1,946,793,157	1,877,012,925	64,981,041	57,503,578	2,011,774,198	1,934,516,503
Prior period restatement	(2,775,175,005)	-	(40,832,103)	-	(2,816,007,108)	-
Net position - beginning (as restated)	(828,381,848)	-	24,148,938	-	(804,232,910)	-
Net position - ending	\$ (684,217,009)	\$ 1,946,793,157	\$ 32,413,847	\$ 64,981,041	\$ (651,803,162)	\$ 2,011,774,198

Governmental Activities**Net Position**

Governmental activities increased the District's net position by \$144,164,839 for fiscal year 2015. Increases in net position are due to the implementation of GASB Statement No. 68 which required the recording of a pension expense adjustment to governmental activities. The prior period adjustment required in GASB Statement No. 68 caused an overall negative net position for fiscal year 2015.

Revenues

The largest general revenues received by the District include local school support tax in the amount of \$881,056,204, aggregated property taxes in the amount of \$717,405,247, and unrestricted state aid in the amount of \$659,619,067. These revenues represent 29.61%, 24.11%, and 22.17%, respectively, of total governmental revenues for the current fiscal year.

This year's unrestricted state aid in the General Fund decreased by 2.59% 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 which is apportioned through components of both sales and property taxes. The amount received per pupil for fiscal year 2015 was \$5,527, up from last year's amount of \$5,457 per pupil. The state is required to provide funding to meet the residual amount that is not collected through these taxes. Under the provision of this plan, the State formula is adjusted by the change in local sales tax and property tax revenues which then increases or decreases the State's obligation. This year the impact of local taxes decreased total state aid by approximately \$17 million.

As the Clark County economy continues to recover, many other revenue collections have experienced improvements over the previous year. In fiscal year 2015, the real estate transfer tax, a tax collected on transfers of real property, has experienced a slight increase of \$835,395 due to the positive change in the housing market. The room tax, a tax associated with hotel lodging and deposited into the Bond Fund, experienced an increase of \$7,230,177 or 9.76% over the previous year. The real estate transfer tax, along with the property tax and room tax are the main components of meeting outstanding bond obligations. The reductions of property taxes over the last few years 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 increases for the last six years. It currently increased 5.83% or \$48,544,475 over the prior year, with collections totaling \$881,056,204 due to the 2.1% total taxable sales increase for the year.

LSST and property tax collection are part of the Nevada Plan for school funding. When LSST and property tax decreases, the state is required to make up the difference to meet its basic support obligation. However, when LSST and property tax are higher than anticipated, as occurred this year, the District does not share in any surplus. It simply means the state reduces its state-aid payments through the DSA.

Franchise tax revenue decreased significantly by \$1,821,154 or 50.55% due to an overall decrease in tax receipts this year that resulted primarily from lower net profits of \$1.15 million reported by one of the public utilities, and a timing difference in some of the receipts received for fiscal year 2015.

The District has also seen a decrease in its unrestricted investment earnings as fund balance begins to decrease and the lower interest rates in fiscal year 2015. Overall investment earnings have decreased \$1,049,186 or 20.72% from fiscal year 2014.

In fiscal 2015, governmental services tax revenue increased \$6,610,395 or 8.97%. Governmental services taxes are collected when residents register their vehicles each year. This tax is based on the original Manufactures Suggested Retail Price (MSRP) set when the vehicle was new.

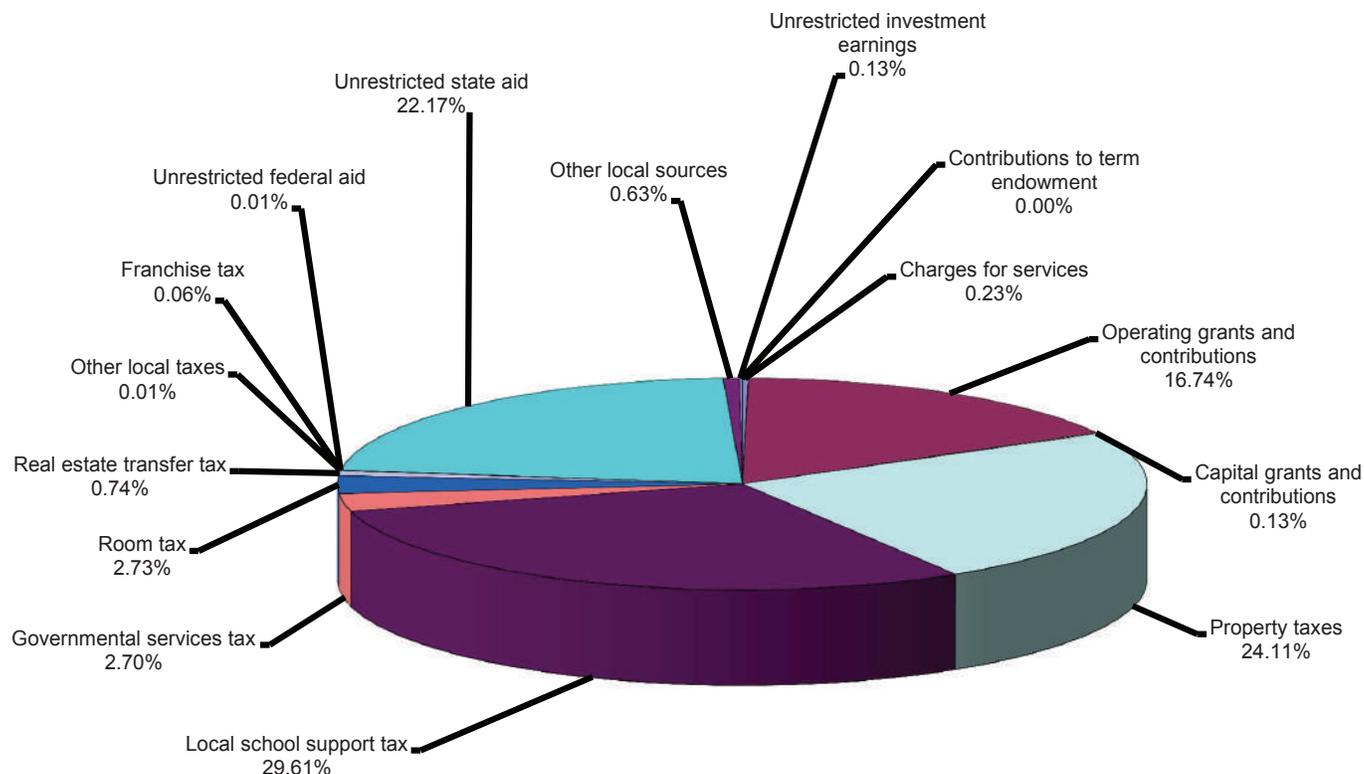
This year charges for services revenue decreased by \$3,300,555 or 32.20% due to the phase out of the tuition based Full-day Kindergarten program. There were 51 tuition based full-day kindergarten schools in fiscal year 2014, reduced to 28 schools in fiscal year 2015.

Due to increased funding in state grants from the Nevada Department of Education for Full-day Kindergarten and Zoom school programs, revenues increased \$32,521,334 or 6.99% from the prior year for operating grants and contributions.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Capital grants and contributions decreased \$4,079,746 or 51.52% compared to last fiscal year where most of the portables were built to accommodate the growth in the Full-day Kindergarten program.

Governmental Activities – Revenue Sources



Governmental Activities - Change in Revenues

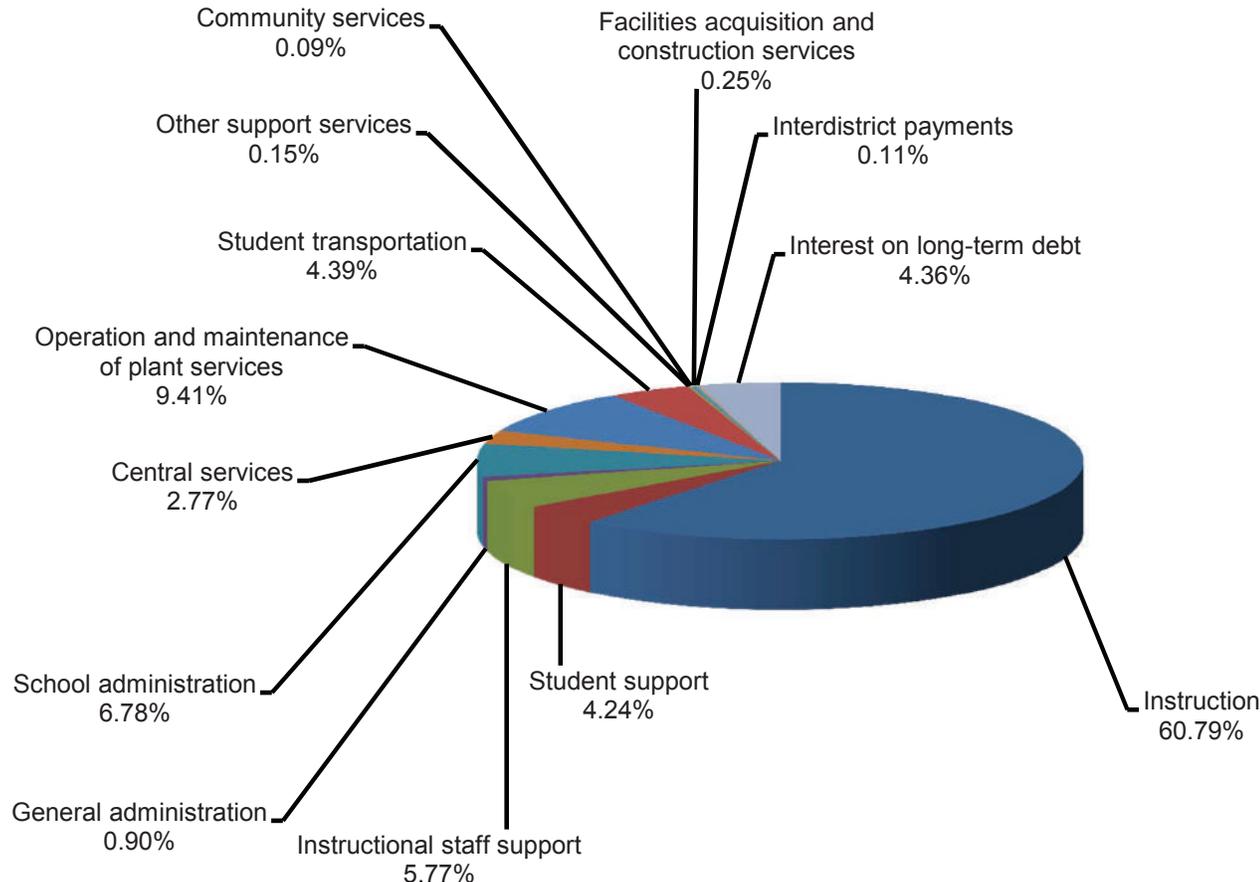
Revenues	2015	2014	Inc / (Dec) from 2014	% Inc / (Dec) from 2014
Charges for services	\$ 6,949,400	\$ 10,249,955	\$ (3,300,555)	-32.20%
Operating grants and contributions	498,060,401	465,539,067	32,521,334	6.99%
Capital grants and contributions	3,838,310	7,918,056	(4,079,746)	-51.52%
Property taxes	717,405,247	692,150,495	25,254,752	3.65%
Local school support tax	881,056,204	832,511,729	48,544,475	5.83%
Governmental services tax	80,298,474	73,688,079	6,610,395	8.97%
Room tax	81,297,840	74,067,663	7,230,177	9.76%
Real estate transfer tax	22,146,920	21,311,525	835,395	3.92%
Franchise tax	1,781,645	3,602,799	(1,821,154)	-50.55%
Other local taxes	197,590	-	197,590	100.00%
Unrestricted federal aid	340,659	237,429	103,230	43.48%
Unrestricted state aid	659,619,067	677,169,613	(17,550,546)	-2.59%
Other local sources	18,779,550	17,966,634	812,916	4.52%
Unrestricted investment earnings	4,015,151	5,064,337	(1,049,186)	-20.72%
Contributions to term endowment	21,719	61,250	(39,531)	-64.54%
Total revenues	\$ 2,975,808,177	\$ 2,881,538,631	\$ 94,269,546	3.27%

Expenses

- Instruction related expenses represent 60.79% of total governmental expenses. They consist of regular, special, gifted and talented, vocational, other instruction, and adult program expenses, with 94.91% of these dollars spent on regular and special education.
- Instruction related expenses reported an increase of \$24,705,624 or 1.46% from the previous fiscal year. Included in these expenses are enrollment growth related staffing positions. The overall increase, net of the pension expense credit, is due to additional positions for state implemented Full-day Kindergarten and English Language Learners (ELL) initiatives, and supply increases for early literacy books.
- Operation and maintenance of plant services account for the next highest expenses comprising approximately 9.41% of total expenses. These expenses include utility and maintenance costs intended to provide upkeep for the District's schools and administrative facilities. Also included in these expenses was the purchase of new maintenance vehicles. The decrease of \$2,920,671 or 1.08% was due to the impact of the GASB Statement No.68 pension expense adjustment recognized this year that offset these expenses.
- General administration expenses increased by \$3,105,426 or 13.89%. There was an increase in property and liability insurance premiums in the current year.
- The school administration function includes an increase of \$4,573,001 or 2.44%. These increases are due to additional assistant principals as the District is restoring these positions to pre-recession levels.
- Instructional staff support expenses increased this year by \$4,196,540 or 2.64% due to an increase of 44 qualified school-based computer technicians for Phase 2 of the Technology Integration Support Model Project and the purchase of ELL library books.
- Student transportation expenses decreased by \$2,636,842 or 2.08% due to the lower cost of diesel fuel and the GASB Statement No. 68 pension expense credit. Also included in this function was the purchase of new school buses to accommodate the student enrollment growth.
- Other support services function increased by \$480,658. The indirect cost rate went from 1.91% in fiscal year 2014 to 2.38% in fiscal year 2015, contributing to this increase.
- Community services expenses decreased by \$625,874 or 20.10% as a result of a reduction in licensed personnel associated with the closing of several Parent Centers due to the consolidation of these locations.
- Interdistrict payments increased by \$573,457 or 23.67% due to an increase in the number of students enrolled at charter schools.
- Interest on long term debt decreased by \$11,095,742 or 8.25% due to a decrease of interest payments in the Debt Service fund resulting from the issuance of two advance bond refundings and no new school construction debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

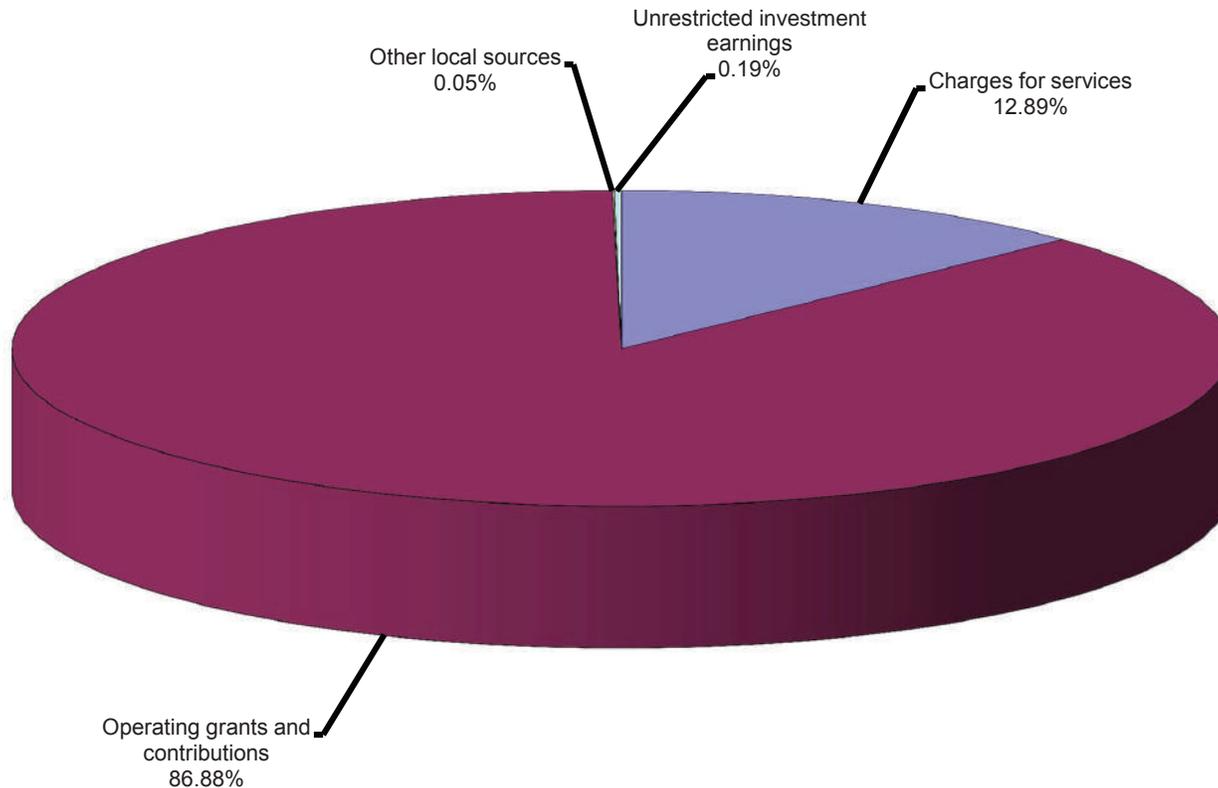
Expenses	2015	2014	Inc / (Dec) from 2014	% Inc / (Dec) from 2014
Instruction	\$ 1,721,284,287	\$ 1,696,578,663	\$ 24,705,624	1.46%
Student support	120,371,299	120,130,725	240,574	0.20%
Instructional staff support	163,271,875	159,075,335	4,196,540	2.64%
General administration	25,462,151	22,356,725	3,105,426	13.89%
School administration	192,067,658	187,494,657	4,573,001	2.44%
Central services	78,312,962	78,632,206	(319,244)	-0.41%
Operation and maintenance of plant services	266,323,989	269,244,660	(2,920,671)	-1.08%
Student transportation	124,388,428	127,025,270	(2,636,842)	-2.08%
Other support services	4,214,011	3,733,353	480,658	12.87%
Community services	2,487,740	3,113,614	(625,874)	-20.10%
Facilities acquisition and construction services	7,089,192	7,481,160	(391,968)	-5.24%
Interdistrict payments	2,996,640	2,423,183	573,457	23.67%
Interest on long-term debt	123,373,106	134,468,848	(11,095,742)	-8.25%
Total expenses	\$ 2,831,643,338	\$ 2,811,758,399	\$ 19,884,939	0.71%

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 \$8,264,909 before the prior period restatement which includes the implementation of GASB Statement No. 68 that required the District to recognize our proportionate share of the Nevada PERS pension liability.

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 12.89% and federal subsidies accounting for 86.88%. 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**



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

Business-type Activities - Change in Revenues

Revenues	2015	2014	Increase / (Decrease) from 2014	% Increase / (Decrease) from 2014
Charges for services	\$ 15,248,543	\$ 16,357,955	\$ (1,109,412)	-6.78%
Operating grants and contributions	102,805,262	98,664,573	4,140,689	4.20%
Other local sources	56,618	63,384	(6,766)	-10.67%
Unrestricted investment earnings	223,300	176,652	46,648	26.41%
Total Revenues	\$ 118,333,723	\$ 115,262,564	\$ 3,071,159	2.66%

Revenues generated from charges for services declined in fiscal year 2015, due to a drop in a la carte sales, from \$6.1 million to \$5 million. Federal proceeds increased in 2015 due to an additional \$2 million which was received for the 6 cent Menu Certification for complying with the meal requirements under the Healthy Hunger Kids Act of 2010 and a larger consumption of commodities, from \$6.9 million to \$8 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 \$453 million, a decrease of almost \$53 million from last year. The General Fund reported higher revenue collections overall as a result of improvements in the local economy and increased expenditures fueled by a student enrollment growth of 3,161. Of the total governmental fund balance, \$5,227,043 is classified as nonspendable and \$332,093,357 as restricted. Committed fund balance totaled \$15,474,650 which included amounts for PBS programming fees and Medicaid programs. The assigned fund balance totaling \$68,476,662 are for various initiatives throughout the District including instructional supply appropriations, school bus appropriations, potential revenue shortfall, school carryover, categorical indirect costs, deferred maintenance initiatives, and human capital management implementation. 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 \$31,722,272.

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 \$105,624,469; nonspendable portion totaled \$5,227,043 and the restricted portion was \$198,492. The unassigned portion which represents spendable resources was \$31,722,272, representing 30.03% of the total fund balance or 1.50% 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 2015 was \$310,178,706. This is an increase of 4.27% over 2014, as Special Education instruction and transportation costs increased over the prior year due to the continued spike in the enrollment growth of students qualifying for special education services.

The District's Debt Service Fund reported a decrease in fund balance by approximately \$51 million, from \$78 million in fiscal year 2014 to \$27 million in fiscal year 2015. Even as the property tax revenue has begun to increase, it is expected that the District will continue to utilize its reserves to assist with servicing debt until 2017 when it is projected to once again have one times coverage.

The District's Bond Fund reported an increase in fund balance of \$664,724 due to increases in the real estate transfer tax and room tax. As the 1998 bond program is coming to an end, no new school construction debt could be authorized or issued in 2015. The District received \$103 million in combined revenues from the room tax and real property transfer tax. These taxes are pledged to reduce specific general obligation debts as it comes due. Most of these pledged revenues are reported as a transfer out of the Bond Fund in the amount of \$83 million and are shown as transfer in to the Debt Service Fund. See **Note 4**.

The Federal Projects and State Grants Funds reported 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 grant/fiscal accountability department requested draws to cover several expenditures mainly in its Title I, Full-day Kindergarten, Zoom, and IDEA grants, but did not receive the funding until after the end of the current fiscal year. As of June 30, 2015, the Federal Projects Fund and the State Grants Fund are reporting \$36 million and \$23 million receivables, respectively. Since these funds did not receive grant awards in time to cover the current expenditures, funding was provided by the General Fund. Liabilities are recorded in the Federal Projects Fund in the amount of \$20,176,585 and \$7,751,522 in the State Grants Fund to recognize the payable; corresponding receivables are recorded in the General Fund.

BUDGETARY HIGHLIGHTS

The Original Budget was approved on May 21, 2014. Budgeted appropriations were developed with certain assumptions remaining unknown or not finalized, namely certified student enrollment and beginning fund balances. For this reason, the Original Budget was approved and submitted according to NRS 354.598 on or before June 8 to commence District operations for the fiscal year beginning July 1, 2014, pending final resolution of various revenue assumptions as more

complete estimates became available.

An amendment to the 2014-2015 Original Budget was approved on December 11, 2014, following recognition of final certified student enrollment and the audited June 30, 2014, ending fund balance. Total General Operating Fund resources were increased by \$23.6 million (0.9%) between adoption of the Original Budget in May 2014 and the Final Budget in December 2014.

The Final Budget reflects the District's best estimates and includes all transfers, additions, and deletions that have been approved through June 30, 2015, and more accurately denote total appropriation activity throughout the year.

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 and transfers made during the year. The Final Budget is prepared by fund, program, and function. All appropriations lapse at year-end and certain allowable encumbrances will carry over and be appropriated in 2015-2016.

There were numerous variances between the original and final budgets in the General and the Special Education Funds attributable largely to changes in educational priorities between adoption of the original and final budgets. Actual count day enrollment exceeded the May 2014 projected unweighted enrollment by 70 students which necessitated additional appropriations for support of instructional based services.

The Board of School Trustees (the Board) adopted the Amended Final Budget for 2014-2015 of the General Operating Fund in December 2014 that reflected total resources of \$2,279,000,000 including a projected ending fund balance of \$52.5 million. Local school support taxes (LSST) were \$13.4 million higher and ad valorem property taxes were \$4.3 million lower resulting in a net increase of \$9.1 million above projections and were offset by a \$16 million decrease in state related revenue as part of the state educational aid guaranteed through a funding mechanism known as the Nevada Plan.

Total revenues were \$14.2 million less than anticipated. Two percent franchise tax was \$1.2 million lower than projections due to a major utility company experiencing a decrease in its net profits translating to a decrease in franchise revenue for the District. Tuition and summer school fees were \$3.0 million below budget expectations due to fewer fee-based extended-day kindergarten classrooms. This was a direct result of the state of Nevada providing additional grant funding for all-day kindergarten programs.

Overall expenses were less than projected due to positive expenditure variances of budgeted to actual expenditures. Staffing vacancies accounted for total regular programs being \$7.2 million, other instructional programs being \$7.8 million, and special education and student transportation programs being \$21.7 million under projections. Due to the nationwide teacher shortage, Clark County School District continues to struggle filling all licensed classroom positions. Operation and maintenance of plant services were \$7.0 million lower than budgeted due to lower than anticipated custodian and labor costs.

The actual ending fund balance of \$105.6 million was \$53.1 million more than budgeted largely from lower than anticipated expenditures of \$58.4 million. Although unassigned fund balance increased by \$5.9 million from 2014, this continues to necessitate a waiver approved by the Board relative to Regulation 3110 that requires the unassigned fund balance be no less than 2.0% of total revenues. For fiscal year 2015, General Operating Fund revenues were 0.67% less than anticipated while total expenditures produced a positive variance of 2.63%, thereby providing additional resources for fiscal year 2016.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At June 30, 2015, the District held approximately \$4.4 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 \$164 million or 3.61% from last year. The following tables reflect additions and disposals of capital assets for governmental and business-type activities (see following page).

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Governmental Activities Capital Assets:

	Balance June 30, 2014	Additions	Disposals	Balance June 30, 2015
Land	\$ 265,261,985	\$ -	\$ -	\$ 265,261,985
Land Improvements	1,278,443,555	2,274,186	-	1,280,717,741
Buildings	4,303,739,167	6,709,044	(197,205)	4,310,251,006
Building Improvements	902,702,336	3,218,547	-	905,920,883
Equipment	520,491,103	41,006,244	(3,275,685)	558,221,662
Construction in Progress	8,840,023	35,295,867	(14,396,370)	29,739,520
Less: Accumulated Depreciation	(2,747,134,869)	(238,125,049)	3,292,838	(2,981,967,080)
Total Capital Assets, Net	\$ 4,532,343,300	\$ (149,621,161)	\$ (14,576,422)	\$ 4,368,145,717

The majority of the decrease in capital assets is due to the increase in depreciation expense. In fiscal year 2015, the District did not open any new schools. Additions to land, buildings, and building improvements include expansions and renovations to existing District facilities. Construction in progress includes school renovations, improvements, expansions to existing schools, and work performed to completely replace some older existing schools.

Business-type Activities Capital Assets:

	Balance June 30, 2014	Additions	Disposals	Balance June 30, 2015
Land Improvements	\$ 240,579	\$ 727,700	\$ -	\$ 968,279
Buildings	1,715,486	21,927	-	1,737,413
Building Improvements	559,584	38,372	-	597,956
Equipment	20,354,310	1,185,343	(96,634)	21,443,019
Construction in Progress	401,464	386,536	(788,000)	-
Less: Accumulated Depreciation	(10,592,023)	(1,493,525)	40,649	(12,044,899)
Total Capital Assets, Net	\$ 12,679,400	\$ 866,353	\$ (843,985)	\$ 12,701,768

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. As the local economy has improved in Clark County, the District now has the following ratings with Standard and Poor's (AA-), Fitch (A), and Moody's Investor Services (A1) all with a stable outlook rating at year end.

As of June 30, 2015, the District carried approximately \$2.7 billion in debt. 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 (see following page).

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Long-term Debt Obligations:

	Balance July 1, 2014	Issuances	Retirements	Balance June 30, 2015
Governmental Activities:				
General Obligation Debt	\$ 2,894,125,000	\$ 386,525,000	\$ (731,760,000)	\$ 2,548,890,000
Plus: Premiums	165,133,418	47,872,083	(44,356,264)	168,649,237
Less: Discounts	(6,436,007)	-	656,151	(5,779,856)
General Obligation Debt, Net	<u>\$ 3,052,822,411</u>	<u>\$ 434,397,083</u>	<u>\$ (775,460,113)</u>	<u>\$ 2,711,759,381</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, 2015 is \$9,637,895,048. 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.

Additional information on the District's long-term debt can be found in notes 8 and 10 on pages 60-64 of this report.

During the recent 2015 Legislative Session Senate Bills 119 and 207 passed which extend the authority of the District to issue bonds for construction and renovation of schools through 2025. The District is currently holding community input meetings to assist in the planning of 12 new schools and 2 replacement schools over the next two years. Assembly Bill 394 also passed to create an advisory committee to study and develop a plan to reorganize the District into multiple local school precincts by the 2018-2019 school year.

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. 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



Basic Financial Statements

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CLARK COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Pooled cash and investments	\$ 508,761,395	\$ 30,939,130	\$ 539,700,525
Accounts receivable	340,859,319	24,231,108	365,090,427
Interest receivable	657,369	-	657,369
Inventories	5,227,043	9,356,941	14,583,984
Prepays	2,377,996	-	2,377,996
Prepaid bond insurance premium costs	1,197,306	-	1,197,306
Capital assets - not being depreciated	295,001,505	-	295,001,505
Capital assets - net of accumulated depreciation	<u>4,073,144,212</u>	<u>12,701,768</u>	<u>4,085,845,980</u>
Total assets	<u>5,227,226,145</u>	<u>77,228,947</u>	<u>5,304,455,092</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refundings	13,979,440	-	13,979,440
Pension related - contributions	370,883,926	5,456,943	376,340,869
Pension related - difference between employer and proportionate share of contributions	<u>22,359,786</u>	<u>328,987</u>	<u>22,688,773</u>
Total deferred outflows of resources	<u>407,223,152</u>	<u>5,785,930</u>	<u>413,009,082</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>5,634,449,297</u>	<u>83,014,877</u>	<u>5,717,464,174</u>
LIABILITIES			
Accounts payable	88,345,122	1,651,944	89,997,066
Accrued salaries and benefits	256,815,066	754,297	257,569,363
Unearned revenues	4,319,284	1,095,145	5,414,429
Interest payable	9,864,015	-	9,864,015
Construction contracts and retention payable	1,716,007	-	1,716,007
Liability insurance claims payable	3,555,000	-	3,555,000
Workers' compensation claims payable	7,272,000	-	7,272,000
Long term liabilities:			
Portion due or payable within one year:			
General obligation bonds payable	265,825,000	-	265,825,000
Compensated absences payable	26,111,727	337,775	26,449,502
Portion due or payable after one year:			
General obligation bonds payable	2,445,934,381	-	2,445,934,381
Compensated absences payable	32,738,277	754,831	33,493,108
OPEB obligation	36,827,845	-	36,827,845
Net pension liability	2,485,810,433	36,574,583	2,522,385,016
Long term claims payable	<u>11,935,611</u>	<u>-</u>	<u>11,935,611</u>
Total Liabilities	<u>5,677,069,768</u>	<u>41,168,575</u>	<u>5,718,238,343</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refundings	514,853	-	514,853
Pension related - difference between projected and actual experiences and investment earnings	<u>641,081,685</u>	<u>9,432,455</u>	<u>650,514,140</u>
Total deferred outflow of resources	<u>641,596,538</u>	<u>9,432,455</u>	<u>651,028,993</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>6,318,666,306</u>	<u>50,601,030</u>	<u>6,369,267,336</u>
NET POSITION			
Net investment in capital assets	1,736,010,978	12,701,768	1,748,712,746
Restricted for:			
Debt service	169,806,850	-	169,806,850
Capital projects	93,891,829	-	93,891,829
Other purposes	11,169,929	-	11,169,929
Unrestricted	<u>(2,695,096,595)</u>	<u>19,712,079</u>	<u>(2,675,384,516)</u>
TOTAL NET POSITION	<u>\$ (684,217,009)</u>	<u>\$ 32,413,847</u>	<u>\$ (651,803,162)</u>

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, 2015

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
GOVERNMENTAL ACTIVITIES			
Instruction:			
Regular instruction	\$ (1,322,796,796)	\$ 3,582,965	\$ 329,055,534
Special instruction	(310,959,763)	-	132,461,974
Gifted and talented instruction	(11,662,791)	-	42,878
Vocational instruction	(23,574,258)	-	5,480,027
Other instruction	(46,069,783)	1,143,214	-
Adult instruction	(6,220,896)	-	6,737,619
Total instruction	(1,721,284,287)	4,726,179	473,778,032
Support services:			
Student support	(120,371,299)	-	1,329,873
Instructional staff support	(163,271,875)	1,810,223	12,451,935
General administration	(25,462,151)	-	-
School administration	(192,067,658)	-	-
Central services	(78,312,962)	100,780	4,420,928
Operation and maintenance of plant services	(266,323,989)	-	379,491
Student transportation	(124,388,428)	312,218	1,911
Other support services	(4,214,011)	-	67,884
Community services	(2,487,740)	-	-
Facilities acquisition and construction services ¹	(7,089,192)	-	-
Interdistrict payments	(2,996,640)	-	-
Interest on long-term debt	(123,373,106)	-	5,630,347
Total support services	(1,110,359,051)	2,223,221	24,282,369
TOTAL GOVERNMENTAL ACTIVITIES	(2,831,643,338)	6,949,400	498,060,401
BUSINESS-TYPE ACTIVITIES			
Food service	(110,068,814)	15,248,543	102,805,262
TOTAL SCHOOL DISTRICT	\$ (2,941,712,152)	\$ 22,197,943	\$ 600,865,663

General revenues:

- 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
- Other local taxes
- Federal aid not restricted to specific purposes
- State aid not restricted to specific purposes
- Other local sources
- Unrestricted investment earnings
- Contributions to term endowment

Total general revenues and contributions to term endowment

Change in net position

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

¹ This amount represents expenses incurred in connection with activities related to capital projects that are not otherwise capitalized and included as part of capital assets.

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

Net (Expenses) Revenues and Changes in Net Position			
Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
\$ 336,640	\$ (989,821,657)	\$ -	\$ (989,821,657)
-	(178,497,789)	-	(178,497,789)
-	(11,619,913)	-	(11,619,913)
-	(18,094,231)	-	(18,094,231)
-	(44,926,569)	-	(44,926,569)
<u>120,019</u>	<u>636,742</u>	<u>-</u>	<u>636,742</u>
<u>456,659</u>	<u>(1,242,323,417)</u>	<u>-</u>	<u>(1,242,323,417)</u>
-	(119,041,426)	-	(119,041,426)
58,039	(148,951,678)	-	(148,951,678)
-	(25,462,151)	-	(25,462,151)
-	(192,067,658)	-	(192,067,658)
-	(73,791,254)	-	(73,791,254)
132,249	(265,812,249)	-	(265,812,249)
-	(124,074,299)	-	(124,074,299)
-	(4,146,127)	-	(4,146,127)
-	(2,487,740)	-	(2,487,740)
3,191,363	(3,897,829)	-	(3,897,829)
-	(2,996,640)	-	(2,996,640)
<u>-</u>	<u>(117,742,759)</u>	<u>-</u>	<u>(117,742,759)</u>
<u>3,381,651</u>	<u>(1,080,471,810)</u>	<u>-</u>	<u>(1,080,471,810)</u>
<u>3,838,310</u>	<u>(2,322,795,227)</u>	<u>-</u>	<u>(2,322,795,227)</u>
<u>-</u>	<u>-</u>	<u>7,984,991</u>	<u>7,984,991</u>
<u>\$ 3,838,310</u>	<u>\$ (2,322,795,227)</u>	<u>\$ 7,984,991</u>	<u>\$ (2,314,810,236)</u>
	410,037,200	-	410,037,200
	307,368,047	-	307,368,047
	881,056,204	-	881,056,204
	80,298,474	-	80,298,474
	81,297,840	-	81,297,840
	22,146,920	-	22,146,920
	1,781,645	-	1,781,645
	197,590	-	197,590
	340,659	-	340,659
	659,619,067	-	659,619,067
	18,779,550	56,618	18,836,168
	4,015,151	223,300	4,238,451
	<u>21,719</u>	<u>-</u>	<u>21,719</u>
	<u>2,466,960,066</u>	<u>279,918</u>	<u>2,467,239,984</u>
	144,164,839	8,264,909	152,429,748
	1,946,793,157	64,981,041	2,011,774,198
	<u>(2,775,175,005)</u>	<u>(40,832,103)</u>	<u>(2,816,007,108)</u>
	<u>(828,381,848)</u>	<u>24,148,938</u>	<u>(804,232,910)</u>
	<u>\$ (684,217,009)</u>	<u>\$ 32,413,847</u>	<u>\$ (651,803,162)</u>



CLARK COUNTY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	MAJOR	
	General Fund	Special Education Fund
ASSETS		
Pooled cash and investments	\$ 93,436,128	\$ 42,955,083
Accounts receivable	245,866,852	16,747
Interest receivable	526,178	-
Due from other funds	27,928,107	-
Inventories	5,227,043	-
TOTAL ASSETS	\$ 372,984,308	\$ 42,971,830
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 62,589,722	\$ 482,649
Intergovernmental accounts payable	17,719,582	-
Accrued salaries and benefits	173,661,108	42,489,181
Unearned revenue	1,021,146	-
Construction contracts and retentions payable	-	-
Due to other funds	-	-
Total liabilities	254,991,558	42,971,830
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - delinquent property taxes	7,242,565	-
Unavailable revenue - other	5,125,716	-
Total deferred inflows of resources	12,368,281	-
FUND BALANCES		
Nonspendable:		
Inventories	5,227,043	-
Restricted for:		
Donations	902	-
City of Henderson RDA	197,590	-
Debt service reserve requirement per NRS 350.020	-	-
Debt service	-	-
Capital projects	-	-
Capital improvements	-	-
Term endowment	-	-
Adult educational programs	-	-
Committed to:		
PBS programming fees	-	-
Medicaid programs	-	-
Assigned to:		
Instructional supply appropriations	1,130,661	-
School bus appropriations	1,199,508	-
Potential revenue shortfall	17,275,280	-
School carryover	15,167,138	-
Categorical indirect costs	13,594,075	-
Deferred maintenance initiative	14,110,000	-
Human capital management implementation	6,000,000	-
Unassigned:	31,722,272	-
Total fund balances	105,624,469	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 372,984,308	\$ 42,971,830

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

FUNDS			
Debt Service Fund	Bond Fund	Other Governmental Funds	Total Governmental Funds
\$ 21,533,697	\$ 217,214,887	\$ 99,629,151	\$ 474,768,946
10,664,437	20,291,838	64,019,445	340,859,319
117,643	88	-	643,909
-	-	-	27,928,107
-	-	-	5,227,043
<u>\$ 32,315,777</u>	<u>\$ 237,506,813</u>	<u>\$ 163,648,596</u>	<u>\$ 849,427,324</u>
\$ -	\$ 2,415,899	\$ 4,766,846	\$ 70,255,116
-	-	-	17,719,582
-	46,209	40,453,554	256,650,052
-	-	3,298,138	4,319,284
-	914,637	801,370	1,716,007
-	-	27,928,107	27,928,107
-	3,376,745	77,248,015	378,588,148
5,476,911	-	-	12,719,476
-	-	-	5,125,716
<u>5,476,911</u>	<u>-</u>	<u>-</u>	<u>17,845,192</u>
-	-	-	5,227,043
-	-	-	902
-	-	-	197,590
26,838,866	71,747,722	-	98,586,588
-	71,220,262	-	71,220,262
-	91,162,084	-	91,162,084
-	-	67,692,494	67,692,494
-	-	1,716,350	1,716,350
-	-	1,517,087	1,517,087
-	-	1,086,361	1,086,361
-	-	14,388,289	14,388,289
-	-	-	1,130,661
-	-	-	1,199,508
-	-	-	17,275,280
-	-	-	15,167,138
-	-	-	13,594,075
-	-	-	14,110,000
-	-	-	6,000,000
-	-	-	31,722,272
<u>26,838,866</u>	<u>234,130,068</u>	<u>86,400,581</u>	<u>452,993,984</u>
<u>\$ 32,315,777</u>	<u>\$ 237,506,813</u>	<u>\$ 163,648,596</u>	<u>\$ 849,427,324</u>

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CLARK COUNTY SCHOOL DISTRICT
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2015

Total fund balances - governmental funds	\$ 452,993,984
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.	4,367,696,299
Other long-term assets are not available to pay for current period expenditures and, therefore are unavailable in the funds.	17,845,189
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 not due and payable in the current period, but they are presented as liabilities or deferred inflows of resources in the statement of net position.	(2,802,150,900)
Assets, deferred outflows of resources, liabilities and deferred inflows of resources 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, deferred outflows of resources, liabilities and deferred inflows of resources in the statement of net position.	5,834,763
Some liabilities, including net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds. Net pension liability obtained from the pension schedule.	(2,479,252,232)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	<u>(247,184,112)</u>
Total net position - governmental activities	<u>\$ (684,217,009)</u>

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, 2015

	MAJOR	
	<u>General Fund</u>	<u>Special Education Fund</u>
REVENUES		
Local sources	\$ 1,377,734,591	\$ 8,410
State sources	659,619,917	77,114,587
Federal sources	<u>340,659</u>	<u>-</u>
TOTAL REVENUES	<u>2,037,695,167</u>	<u>77,122,997</u>
EXPENDITURES		
Current:		
Instruction:		
Regular instruction	935,599,323	-
Special instruction	1,027,679	296,555,407
Gifted and talented instruction	11,760,576	20,034
Vocational instruction	6,034,570	-
Other instruction	23,672,612	-
Adult instruction	-	-
Support services:		
Student support	80,570,777	21,395,834
Instructional staff support	102,238,882	4,026,658
General administration	24,184,857	799,927
School administration	194,215,843	177,824
Central services	57,094,886	549,940
Operation and maintenance of plant services	266,794,323	124,675
Student transportation	72,675,860	62,464,028
Other support services	-	-
Community services	-	-
Interdistrict payments	-	1,187,376
Capital outlay:		
Facilities acquisition and construction services	-	-
Debt service:		
Principal	-	-
Interest	-	-
Purchased services	-	-
Bond issuance costs	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,775,870,188</u>	<u>387,301,703</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>261,824,979</u>	<u>(310,178,706)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	36,127,652	310,178,706
Transfers out	(312,230,731)	-
Premiums on general obligation bonds	-	-
General obligation refunding bonds issued	-	-
Payment to refunded bond escrow agent	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(276,103,079)</u>	<u>310,178,706</u>
NET CHANGE IN FUND BALANCES	(14,278,100)	-
FUND BALANCES, JULY 1	<u>119,902,569</u>	<u>-</u>
FUND BALANCES, JUNE 30	<u>\$ 105,624,469</u>	<u>\$ -</u>

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

FUNDS		Other Governmental Funds	Total Governmental Funds
Debt Service Fund	Bond Fund		
\$ 308,792,309	\$ 104,834,955	\$ 33,782,592	\$ 1,825,152,857
-	-	224,026,885	960,761,389
-	5,630,347	179,940,359	185,911,365
<u>308,792,309</u>	<u>110,465,302</u>	<u>437,749,836</u>	<u>2,971,825,611</u>
-	1,261,970	214,634,751	1,151,496,044
-	-	17,216,131	314,799,217
-	-	40,245	11,820,855
-	-	3,378,348	9,412,918
-	-	22,423,362	46,095,974
-	-	6,675,230	6,675,230
-	-	19,408,022	121,374,633
-	86,250	59,187,976	165,539,766
-	-	119,682	25,104,466
-	-	138,822	194,532,489
-	594,429	20,071,393	78,310,648
-	-	2,562,275	269,481,273
-	-	738,375	135,878,263
-	-	3,781,712	3,781,712
-	-	2,520,856	2,520,856
-	-	1,709,216	2,896,592
-	23,751,761	15,535,229	39,286,990
312,475,000	-	-	312,475,000
131,837,127	-	-	131,837,127
125,283	-	-	125,283
450,089	-	-	450,089
<u>444,887,499</u>	<u>25,694,410</u>	<u>390,141,625</u>	<u>3,023,895,425</u>
<u>(136,095,190)</u>	<u>84,770,892</u>	<u>47,608,211</u>	<u>(52,069,814)</u>
85,240,417	-	917,776	432,464,551
-	(84,106,168)	(36,127,652)	(432,464,551)
47,872,084	-	-	47,872,084
386,525,000	-	-	386,525,000
<u>(435,123,869)</u>	<u>-</u>	<u>-</u>	<u>(435,123,869)</u>
<u>84,513,632</u>	<u>(84,106,168)</u>	<u>(35,209,876)</u>	<u>(726,785)</u>
(51,581,558)	664,724	12,398,335	(52,796,599)
<u>78,420,424</u>	<u>233,465,344</u>	<u>74,002,246</u>	<u>505,790,583</u>
<u>\$ 26,838,866</u>	<u>\$ 234,130,068</u>	<u>\$ 86,400,581</u>	<u>\$ 452,993,984</u>



CLARK COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net change in fund balances - governmental funds **\$ (52,796,599)**

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. (163,887,701)

Revenues 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. 3,954,598

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. 313,201,786

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. (3,310,472)

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. 5,751,056

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. (164,869)

Governmental funds report District pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 41,417,040

Change in net position of governmental activities **\$ 144,164,839**

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, 2015

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
REVENUES					
Local sources:					
Local school support tax	\$ 840,170,000	\$ 867,700,000	\$ 881,056,204	\$ 27,530,000	\$ 13,356,204
Property taxes	415,000,000	415,000,000	410,706,438	-	(4,293,562)
Governmental services tax	48,785,000	53,785,000	54,724,535	5,000,000	939,535
Two percent franchise tax	3,000,000	3,000,000	1,781,645	-	(1,218,355)
E-rate reimbursements	3,500,000	3,500,000	3,119,698	-	(380,302)
Local government taxes	600,000	1,300,000	1,591,903	700,000	291,903
Tuition and summer school fees	8,550,000	8,655,000	5,680,812	105,000	(2,974,188)
Adult education	50,000	100,000	100,000	50,000	-
Athletic proceeds	1,200,000	1,200,000	1,168,588	-	(31,412)
Rental of facilities	2,700,000	2,300,000	1,615,285	(400,000)	(684,715)
Donations and grants	5,600,000	5,950,000	5,150,449	350,000	(799,551)
Other local sources	9,535,000	11,854,431	9,841,295	2,319,431	(2,013,136)
Investment income	1,285,000	1,485,000	1,197,739	200,000	(287,261)
Total local sources	1,339,975,000	1,375,829,431	1,377,734,591	35,854,431	1,905,160
State sources:					
State distributive fund	707,315,000	675,830,000	659,619,067	(31,485,000)	(16,210,933)
State special appropriations	-	45,000	850	45,000	(44,150)
Total state sources	707,315,000	675,875,000	659,619,917	(31,440,000)	(16,255,083)
Federal sources:					
Federal impact aid	300,000	200,000	242,994	(100,000)	42,994
Forest reserve	-	100,000	97,665	100,000	(2,335)
Third-party billing	4,000,000	-	-	(4,000,000)	-
Total federal sources	4,300,000	300,000	340,659	(4,000,000)	40,659
Other sources:					
Proceeds from insurance	100,000	100,000	-	-	(100,000)
TOTAL REVENUES	2,051,690,000	2,052,104,431	2,037,695,167	414,431	(14,409,264)
EXPENDITURES					
Current:					
REGULAR PROGRAMS					
Instruction:					
Salaries	639,079,373	631,414,247	627,946,534	(7,665,126)	3,467,713
Benefits	251,247,862	239,954,462	238,789,705	(11,293,400)	1,164,757
Purchased services	4,303,407	6,418,559	6,126,159	2,115,152	292,400
Supplies	41,629,128	61,774,243	61,633,863	20,145,115	140,380
Property	605,000	704,639	625,414	99,639	79,225
Other	25,500	961,374	477,648	935,874	483,726
Total instruction	936,890,270	941,227,524	935,599,323	4,337,254	5,628,201
Support services:					
Student transportation:					
Purchased services	370,500	2,256,477	1,468,181	1,885,977	788,296
Supplies	-	1,631	127	1,631	1,504
Other	-	30	3,245	30	(3,215)

(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, 2015

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
Total student transportation	\$ 370,500	\$ 2,258,138	\$ 1,471,553	\$ 1,887,638	\$ 786,585
Other support services:					
Salaries	27,602,772	24,369,595	23,886,961	(3,233,177)	482,634
Benefits	10,671,122	9,557,411	9,391,722	(1,113,711)	165,689
Purchased services	235,000	430,820	466,765	195,820	(35,945)
Supplies	2,736,275	1,988,906	1,854,311	(747,369)	134,595
Property	-	25,200	20,572	25,200	4,628
Other	-	56,111	21,658	56,111	34,453
Total other support services	41,245,169	36,428,043	35,641,989	(4,817,126)	786,054
Total support services	41,615,669	38,686,181	37,113,542	(2,929,488)	1,572,639
TOTAL REGULAR PROGRAMS	978,505,939	979,913,705	972,712,865	1,407,766	7,200,840
SPECIAL PROGRAMS					
Instruction:					
Salaries	627,261	730,206	722,580	102,945	7,626
Benefits	236,323	274,482	284,142	38,159	(9,660)
Purchased services	26,500	11,500	6,951	(15,000)	4,549
Supplies	50,000	20,000	14,006	(30,000)	5,994
Total instruction	940,084	1,036,188	1,027,679	96,104	8,509
Other support services:					
Salaries	92,312	114,611	13,710	22,299	100,901
Benefits	33,737	34,773	1,472	1,036	33,301
Purchased services	35,000	67,000	150,643	32,000	(83,643)
Supplies	65,000	45,444	1,456	(19,556)	43,988
Property	-	15,000	11,998	15,000	3,002
Total support services	226,049	276,828	179,279	50,779	97,549
TOTAL SPECIAL PROGRAMS	1,166,133	1,313,016	1,206,958	146,883	106,058
GIFTED AND TALENTED PROGRAMS					
Instruction:					
Salaries	8,609,029	8,724,637	8,529,732	115,608	194,905
Benefits	3,267,456	3,327,176	3,230,844	59,720	96,332
Total instruction	11,876,485	12,051,813	11,760,576	175,328	291,237
Other support services:					
Salaries	-	146,905	144,045	146,905	2,860
Benefits	-	31,265	29,764	31,265	1,501
Purchased services	-	11,000	9,066	11,000	1,934
Supplies	-	33,075	33,380	33,075	(305)
Total support services	-	222,245	216,255	222,245	5,990
TOTAL GIFTED AND TALENTED PROGRAMS	11,876,485	12,274,058	11,976,831	397,573	297,227

(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, 2015

	BUDGETED AMOUNTS			VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget	Actual	Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
VOCATIONAL PROGRAMS					
Instruction:					
Salaries	\$ 3,611,051	\$ 2,805,030	\$ 2,556,955	\$ (806,021)	\$ 248,075
Benefits	1,367,145	1,404,474	692,549	37,329	711,925
Purchased services	91,565	133,490	174,783	41,925	(41,293)
Supplies	1,343,945	3,279,481	2,536,568	1,935,536	742,913
Property	303,500	291,500	39,422	(12,000)	252,078
Other	-	-	34,293	-	(34,293)
Total instruction	<u>6,717,206</u>	<u>7,913,975</u>	<u>6,034,570</u>	<u>1,196,769</u>	<u>1,879,405</u>
Support services:					
Student transportation:					
Purchased services	<u>3,000</u>	<u>59,001</u>	<u>53,530</u>	<u>56,001</u>	<u>5,471</u>
Other support services:					
Salaries	208,242	504,611	502,295	296,369	2,316
Benefits	76,345	178,177	171,004	101,832	7,173
Purchased services	114,429	251,600	246,691	137,171	4,909
Supplies	70,025	79,399	67,726	9,374	11,673
Property	-	8,000	6,975	8,000	1,025
Other	9,000	46,000	41,207	37,000	4,793
Total other support services	<u>478,041</u>	<u>1,067,787</u>	<u>1,035,898</u>	<u>589,746</u>	<u>31,889</u>
Total support services	<u>481,041</u>	<u>1,126,788</u>	<u>1,089,428</u>	<u>645,747</u>	<u>37,360</u>
TOTAL VOCATIONAL PROGRAMS	<u>7,198,247</u>	<u>9,040,763</u>	<u>7,123,998</u>	<u>1,842,516</u>	<u>1,916,765</u>
OTHER INSTRUCTIONAL PROGRAMS					
School co-curricular activities:					
Instruction:					
Salaries	2,436,083	2,496,423	1,518,341	60,340	978,082
Benefits	859,092	877,322	568,182	18,230	309,140
Purchased services	2,703,440	2,979,365	3,461,811	275,925	(482,446)
Supplies	3,231,765	3,434,495	2,078,704	202,730	1,355,791
Other	146,085	14,373	182,280	(131,712)	(167,907)
Total instruction	<u>9,376,465</u>	<u>9,801,978</u>	<u>7,809,318</u>	<u>425,513</u>	<u>1,992,660</u>
Support services:					
Student transportation:					
Purchased services	<u>1,780,570</u>	<u>1,774,495</u>	<u>1,710,868</u>	<u>(6,075)</u>	<u>63,627</u>
Other support services:					
Salaries	1,977,223	2,077,585	1,929,214	100,362	148,371
Benefits	383,347	394,129	361,128	10,782	33,001
Purchased services	272,686	293,036	279,002	20,350	14,034
Supplies	188,583	177,883	171,324	(10,700)	6,559
Other	51,000	80,450	77,590	29,450	2,860
Total other support services	<u>2,872,839</u>	<u>3,023,083</u>	<u>2,818,258</u>	<u>150,244</u>	<u>204,825</u>

(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, 2015

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
Total support services	\$ 4,653,409	\$ 4,797,578	\$ 4,529,126	\$ 144,169	\$ 268,452
Total school co-curricular activities	14,029,874	14,599,556	12,338,444	569,682	2,261,112
Summer school:					
Instruction:					
Salaries	1,844,441	1,844,441	1,486,529	-	357,912
Benefits	42,325	48,402	33,064	6,077	15,338
Purchased services	10,000	10,000	630	-	9,370
Supplies	207,000	137,726	25,905	(69,274)	111,821
Other	5,000	-	-	(5,000)	-
Total instruction	2,108,766	2,040,569	1,546,128	(68,197)	494,441
Support services:					
Student transportation:					
Purchased services	130,000	130,000	29,520	-	100,480
Other support services:					
Salaries	377,084	377,084	217,550	-	159,534
Benefits	7,845	23,571	5,067	15,726	18,504
Purchased services	15,500	-	-	(15,500)	-
Total other support services	400,429	400,655	222,617	226	178,038
Total support services	530,429	530,655	252,137	226	278,518
Total summer school	2,639,195	2,571,224	1,798,265	(67,971)	772,959
English language learners:					
Instruction:					
Salaries	1,154,515	1,097,063	471,723	(57,452)	625,340
Benefits	463,817	435,531	185,123	(28,286)	250,408
Purchased services	50,000	-	-	(50,000)	-
Supplies	244,680	219,680	7,165	(25,000)	212,515
Total instruction	1,913,012	1,752,274	664,011	(160,738)	1,088,263
Support services:					
Student transportation:					
Purchased services	83,975	-	-	(83,975)	-
Other support services:					
Salaries	4,411,466	4,449,069	4,070,360	37,603	378,709
Benefits	1,813,253	1,826,401	1,640,079	13,148	186,322
Purchased services	1,184,276	1,492,051	190,614	307,775	1,301,437
Supplies	314,951	261,671	58,128	(53,280)	203,543
Other	10,589	10,589	1,060	-	9,529
Total other support services	7,734,535	8,039,781	5,960,241	305,246	2,079,540
Total support services	7,818,510	8,039,781	5,960,241	221,271	2,079,540
Total English language learners	9,731,522	9,792,055	6,624,252	60,533	3,167,803

(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, 2015

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
Alternative education:					
Instruction:					
Salaries	\$ 10,101,019	\$ 10,650,772	\$ 9,847,665	\$ 549,753	\$ 803,107
Benefits	3,471,361	3,672,481	3,249,580	201,120	422,901
Purchased services	18,500	20,500	36,897	2,000	(16,397)
Supplies	2,181,649	143,761	488,716	(2,037,888)	(344,955)
Property	-	30,000	25,940	30,000	4,060
Other	3,000	3,500	4,358	500	(858)
Total instruction	15,775,529	14,521,014	13,653,156	(1,254,515)	867,858
Support services:					
Student transportation:					
Purchased services	-	1,000	700	1,000	300
Other support services:					
Salaries	6,033,796	6,247,029	5,769,190	213,233	477,839
Benefits	2,450,073	2,526,757	2,247,029	76,684	279,728
Purchased services	22,811	20,811	74,120	(2,000)	(53,309)
Supplies	3,000	3,000	20,426	-	(17,426)
Other	-	2,000	1,929	2,000	71
Total other support services	8,509,680	8,799,597	8,112,694	289,917	686,903
Total support services	8,509,680	8,800,597	8,113,394	290,917	687,203
Total alternative education	24,285,209	23,321,611	21,766,550	(963,598)	1,555,061
TOTAL OTHER INSTRUCTIONAL PROGRAMS	50,685,800	50,284,446	42,527,511	(401,354)	7,756,935
ADULT EDUCATION PROGRAMS					
Other support services:					
Salaries	131,354	304,151	72,856	172,797	231,295
Benefits	31,337	94,822	26,537	63,485	68,285
Purchased services	-	60,000	50,793	60,000	9,207
Supplies	75,000	-	-	(75,000)	-
TOTAL ADULT EDUCATION PROGRAMS	237,691	458,973	150,186	221,282	308,787
UNDISTRIBUTED EXPENDITURES					
Support services:					
Student support:					
Salaries	55,832,586	55,056,331	54,542,695	(776,255)	513,636
Benefits	22,269,664	22,386,454	22,053,887	116,790	332,567
Purchased services	78,275	26,089	28,862	(52,186)	(2,773)
Supplies	641,577	1,118,569	707,118	476,992	411,451
Property	10,000	-	-	(10,000)	-
Other	6,000	12,600	130	6,600	12,470
Total student support	78,838,102	78,600,043	77,332,692	(238,059)	1,267,351
Instructional staff support:					
Salaries	23,814,587	24,727,318	23,535,524	912,731	1,191,794
Benefits	8,660,892	9,510,034	8,526,154	849,142	983,880

(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, 2015

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
Purchased services	\$ 5,700,319	\$ 7,132,569	\$ 6,743,216	\$ 1,432,250	\$ 389,353
Supplies	14,032,061	17,533,207	16,020,895	3,501,146	1,512,312
Property	10,000	2,699,000	2,333,226	2,689,000	365,774
Other	314,429	1,381,429	857,614	1,067,000	523,815
Total instructional staff support	52,532,288	62,983,557	58,016,629	10,451,269	4,966,928
General administration:					
Salaries	10,670,316	11,456,466	10,343,432	786,150	1,113,034
Benefits	3,845,706	3,989,776	3,589,265	144,070	400,511
Purchased services	6,547,834	8,535,046	9,619,957	1,987,212	(1,084,911)
Supplies	1,526,620	2,840,040	514,487	1,313,420	2,325,553
Property	-	12,000	18,092	12,000	(6,092)
Other	73,866	62,445	86,171	(11,421)	(23,726)
Total general administration	22,664,342	26,895,773	24,171,404	4,231,431	2,724,369
School administration:					
Salaries	135,996,835	134,922,182	134,670,925	(1,074,653)	251,257
Benefits	58,401,557	54,719,823	53,817,265	(3,681,734)	902,558
Purchased services	1,205,000	1,270,324	651,108	65,324	619,216
Supplies	-	5,755	250,533	5,755	(244,778)
Other	-	55	4,522	55	(4,467)
Total school administration	195,603,392	190,918,139	189,394,353	(4,685,253)	1,523,786
Central services:					
Salaries	32,058,317	31,241,076	30,869,334	(817,241)	371,742
Benefits	12,314,092	12,902,163	13,030,548	588,071	(128,385)
Purchased services	11,544,431	12,183,684	11,285,576	639,253	898,108
Supplies	1,318,204	1,260,092	547,335	(58,112)	712,757
Property	250,000	629,200	435,783	379,200	193,417
Other	191,365	167,963	543,464	(23,402)	(375,501)
Total central services	57,676,409	58,384,178	56,712,040	707,769	1,672,138
Operation and maintenance of plant services:					
Salaries	117,006,847	114,663,361	112,185,654	(2,343,486)	2,477,707
Benefits	50,416,963	50,419,199	47,351,380	2,236	3,067,819
Purchased services	38,497,051	35,126,190	34,457,171	(3,370,861)	669,019
Supplies	63,086,453	68,583,531	68,525,751	5,497,078	57,780
Property	298,750	2,620,397	2,522,318	2,321,647	98,079
Other	362,495	208,195	92,756	(154,300)	115,439
Total operation and maintenance of plant services	269,668,559	271,620,873	265,135,030	1,952,314	6,485,843
Student transportation:					
Salaries	29,308,664	24,638,099	23,933,220	(4,670,565)	704,879
Benefits	14,994,133	12,309,970	11,944,060	(2,684,163)	365,910
Purchased services	1,851,000	1,956,004	1,246,257	105,004	709,747
Supplies	7,305,316	6,703,974	5,617,543	(601,342)	1,086,431
Property	34,270,000	26,766,929	26,651,813	(7,503,071)	115,116
Other	27,500	27,500	16,798	-	10,702

(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, 2015

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
Total student transportation	\$ 87,756,613	\$ 72,402,476	\$ 69,409,691	\$ (15,354,137)	\$ 2,992,785
Other support:					
Supplies	25,000	-	-	(25,000)	-
TOTAL UNDISTRIBUTED EXPENDITURES	764,764,705	761,805,039	740,171,839	(2,959,666)	21,633,200
TOTAL EXPENDITURES	1,814,435,000	1,815,090,000	1,775,870,188	655,000	39,219,812
EXCESS OF REVENUES OVER EXPENDITURES	237,255,000	237,014,431	261,824,979	(240,569)	24,810,548
OTHER FINANCING SOURCES (USES)					
Transfers in	28,825,000	30,093,000	36,127,652	1,268,000	6,034,652
Transfers out	(327,895,000)	(334,480,000)	(312,230,731)	(6,585,000)	22,249,269
Other proceeds	34,500,000	-	-	(34,500,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(264,570,000)	(304,387,000)	(276,103,079)	(39,817,000)	28,283,921
NET CHANGE IN FUND BALANCE	(27,315,000)	(67,372,569)	(14,278,100)	(40,057,569)	53,094,469
FUND BALANCE, JULY 1	80,000,000	119,902,569	119,902,569	39,902,569	-
FUND BALANCE, JUNE 30	\$ 52,685,000	\$ 52,530,000	\$ 105,624,469	\$ (155,000)	\$ 53,094,469

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, 2015

	BUDGETED AMOUNTS			VARIANCES POSITIVE / (NEGATIVE)	
	Original	Final	Actual	Original to	Final Budget
	Budget	Budget		Final Budget	to Actual
REVENUES					
Local sources:					
Donations and grants	\$ -	\$ -	\$ 8,410	\$ -	\$ 8,410
State sources:					
State distributive fund	76,985,000	76,900,000	77,114,587	(85,000)	214,587
TOTAL REVENUES	76,985,000	76,900,000	77,122,997	(85,000)	222,997
EXPENDITURES					
Current:					
SPECIAL PROGRAMS					
Instruction:					
Salaries	201,070,648	209,207,806	203,422,637	8,137,158	5,785,169
Benefits	86,681,395	89,447,499	86,981,917	2,766,104	2,465,582
Purchased services	2,166,100	3,764,576	3,575,298	1,598,476	189,278
Supplies	3,233,535	3,248,388	2,557,516	14,853	690,872
Other	31,000	19,813	18,039	(11,187)	1,774
Total instruction	293,182,678	305,688,082	296,555,407	12,505,404	9,132,675
Support services:					
Student transportation:					
Purchased services	2,510,000	3,108,012	3,102,655	598,012	5,357
Other support services:					
Salaries	18,037,877	17,605,389	17,542,921	(432,488)	62,468
Benefits	6,962,620	7,083,959	6,568,283	121,339	515,676
Purchased services	716,233	2,600,605	2,296,357	1,884,372	304,248
Supplies	436,809	519,439	440,828	82,630	78,611
Property	-	8,800	8,730	8,800	70
Other	6,832	15,847	11,746	9,015	4,101
Total other support services	26,160,371	27,834,039	26,868,865	1,673,668	965,174
Total support services	28,670,371	30,942,051	29,971,520	1,075,656	970,531
TOTAL SPECIAL PROGRAMS	321,853,049	336,630,133	326,526,927	13,581,060	10,103,206
GIFTED AND TALENTED PROGRAMS					
Instruction:					
Supplies	19,000	20,787	19,980	1,787	807
Other	-	68	54	68	14
Total instruction	19,000	20,855	20,034	1,855	821
Other support services:					
Salaries	51,501	51,501	54,691	-	(3,190)
Benefits	20,654	20,685	20,815	31	(130)
Purchased services	21,000	25,210	21,215	4,210	3,995
Supplies	16,425	19,196	19,498	2,771	(302)
Total support services	109,580	116,592	116,219	7,012	373
TOTAL GIFTED AND TALENTED PROGRAMS	128,580	137,447	136,253	8,867	1,194

(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, 2015

	BUDGETED AMOUNTS		Actual	VARIANCES POSITIVE / (NEGATIVE)	
	Original Budget	Final Budget		Original to Final Budget	Final Budget to Actual
EXPENDITURES - Continued					
UNDISTRIBUTED EXPENDITURES					
Operation and maintenance of plant services:					
Salaries	\$ 55,635	\$ 620,310	\$ 61,409	\$ 564,675	\$ 558,901
Benefits	28,124	26,142	28,365	(1,982)	(2,223)
Total operation and maintenance of plant services	83,759	646,452	89,774	562,693	556,678
Student transportation:					
Salaries	40,090,450	40,442,279	37,318,031	351,829	3,124,248
Benefits	17,690,319	18,111,317	15,980,965	420,998	2,130,352
Purchased services	55,000	281,000	157,053	226,000	123,947
Supplies	8,998,843	9,062,772	5,904,808	63,929	3,157,964
Other	-	600	516	600	84
Total student transportation	66,834,612	67,897,968	59,361,373	1,063,356	8,536,595
Interdistrict payments:					
Other	1,100,000	1,188,000	1,187,376	88,000	624
TOTAL UNDISTRIBUTED EXPENDITURES	68,018,371	69,732,420	60,638,523	1,714,049	9,093,897
TOTAL EXPENDITURES	390,000,000	406,500,000	387,301,703	15,303,976	19,198,297
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(313,015,000)	(329,600,000)	(310,178,706)	16,585,000	19,421,294
OTHER FINANCING SOURCES					
Transfers in	313,015,000	329,600,000	310,178,706	(16,585,000)	(19,421,294)
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, 2015

	<u>MAJOR FUND</u>	
	<u>Business-type Activities Food Service Enterprise Fund</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS		
Current assets:		
Pooled cash and investments	\$ 30,939,130	\$ 26,254,449
Accounts receivable	24,231,108	-
Interest receivable	-	13,460
Inventories	9,356,941	-
Prepays	-	2,377,996
Total current assets	<u>64,527,179</u>	<u>28,645,905</u>
Noncurrent assets:		
Restricted pooled cash and investments:		
Certificate of deposit for self-insurance	-	7,738,000
Capital assets - net of accumulated depreciation	12,701,768	449,418
Total noncurrent assets	<u>12,701,768</u>	<u>8,187,418</u>
Total assets	<u>77,228,947</u>	<u>36,833,323</u>
DEFERRED OUTFLOW OF RESOURCES		
Pension related - contributions	5,456,943	978,486
Pension related - difference between employer and proportionate share of contributions	328,987	58,990
Total deferred outflows of resources	<u>5,785,930</u>	<u>1,037,476</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>83,014,877</u>	<u>37,870,799</u>
LIABILITIES		
Current liabilities:		
Accounts payable	1,651,944	370,422
Accrued salaries and benefits	754,297	165,013
Unearned revenues	1,095,145	-
Liability insurance claims payable	-	3,555,000
Workers compensation claims payable	-	7,272,000
Compensated absences liability	337,775	291,544
Total current liabilities	<u>3,839,161</u>	<u>11,653,979</u>
Noncurrent liabilities:		
Compensated absences liability	754,831	196,907
Net pension liability	36,574,583	6,558,202
Long term claims payable	-	11,935,611
Total noncurrent liabilities	<u>37,329,414</u>	<u>18,690,720</u>
Total liabilities	<u>41,168,575</u>	<u>30,344,699</u>
DEFERRED INFLOW OF RESOURCES		
Pension related - difference between projected and actual experiences and investment earnings	9,432,455	1,691,337
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>50,601,030</u>	<u>32,036,036</u>
NET POSITION		
Net investment in capital assets	12,701,768	449,418
Restricted for certificate of deposit for self-insurance	-	7,738,000
Unrestricted	19,712,079	(2,352,655)
TOTAL NET POSITION	<u>\$ 32,413,847</u>	<u>\$ 5,834,763</u>

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, 2015

	MAJOR FUND	
	Business-type Activities Food Service Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES:		
Charges for sales and services:		
Daily food sales	\$ 15,081,193	\$ -
Catering sales	167,350	-
Graphic production sales	-	1,996,069
Insurance premiums	-	18,064,040
Subrogation claims	-	325,041
Other revenue	56,618	-
TOTAL OPERATING REVENUES	15,305,161	20,385,150
OPERATING EXPENSES:		
Salaries	27,906,573	3,674,046
Benefits	9,537,457	1,250,407
Purchased services	5,389,381	5,552,358
Food and supplies	62,980,831	1,039,689
Insurance claims	-	11,934,489
Depreciation	1,493,525	168,630
Other expenses	2,761,047	268,837
TOTAL OPERATING EXPENSES	110,068,814	23,888,456
OPERATING LOSS	(94,763,653)	(3,503,306)
NON-OPERATING REVENUES:		
Federal subsidies	94,259,124	-
Commodity revenue	8,067,003	-
State matching funds	479,135	-
Investment income	223,300	192,834
TOTAL NON-OPERATING REVENUES	103,028,562	192,834
CHANGE IN NET POSITION	8,264,909	(3,310,472)
NET POSITION, JULY 1	64,981,041	16,466,854
PRIOR PERIOD RESTATEMENT	(40,832,103)	(7,321,619)
NET POSITION, BEGINNING (AS RESTATED)	24,148,938	9,145,235
NET POSITION, JUNE 30	\$ 32,413,847	\$ 5,834,763

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, 2015

	MAJOR FUND	
	Business-type Activities Food Service Enterprise Fund	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 15,180,701	\$ 20,060,210
Cash received from other operating sources	167,350	325,041
Cash paid for services and supplies	(61,076,443)	(8,854,633)
Cash paid for other operating uses	(2,744,470)	(10,341,875)
Cash paid to employees	(37,985,748)	(4,985,602)
Cash from other sources	56,618	-
Net cash provided by/(used in) operating activities	<u>(86,401,992)</u>	<u>(3,796,859)</u>
Cash flows from capital and related financing activities:		
Purchase of equipment	<u>(1,515,893)</u>	<u>(23,615)</u>
Cash flows from noncapital financing activities:		
Federal reimbursements	72,256,814	-
State matching funds	479,135	-
Net cash provided by noncapital financing activities	<u>72,735,949</u>	<u>-</u>
Cash flows from investing activities:		
Investment income	223,300	190,108
Sale of restricted investments	-	6,947,000
Purchase of restricted investments	-	<u>(7,738,000)</u>
Net cash provided by/(used in) investing activities	<u>223,300</u>	<u>(600,892)</u>
Net decrease in cash and cash equivalents	(14,958,636)	(4,421,366)
Cash and cash equivalents, July 1	45,897,766	30,675,815
Cash and cash equivalents, June 30	30,939,130	26,254,449
Restricted investments	-	7,738,000
Cash, cash equivalents, and restricted investments	<u>\$ 30,939,130</u>	<u>\$ 33,992,449</u>
Reconciliation of operating loss to net cash provided by/(used in) operating activities:		
Operating loss	\$ (94,763,653)	\$ (3,503,306)
Adjustments to reconcile operating loss to net cash provided by/(used in) operating activities:		
Depreciation	1,493,525	168,630
Commodity inventory used	8,067,003	-
Change in assets, deferred outflows, liabilities and deferred inflows:		
(Increase)/decrease in accounts receivable	(43,614)	100
(Increase) in inventories	(21,484)	-
(Increase) in prepaids	-	(2,349,866)
(Increase) in pension contributions	(141,430)	(25,359)
(Increase) in employer and proportionate share of contributions	(328,987)	(58,990)
Increase/(decrease) in accounts payable	(735,172)	87,279
Increase in unearned revenues	143,122	-
Increase in workers compensation claims payable	-	1,247,000
(Decrease) in liability insurance claims payable	-	(15,001)
Increase/(decrease) in liability for compensated absences	(3,369)	24,245
Increase in accrued salaries and benefits	72,645	24,164
(Decrease) in net pension liability	(9,573,033)	(1,716,544)
Increase in long term claims payable	-	629,452
Increase in pension investment earnings	7,682,160	1,377,491
Increase in pension experiences	1,750,295	313,846
Total adjustments	<u>8,361,661</u>	<u>(293,553)</u>
Net cash provided by/(used in) operating activities	<u>\$ (86,401,992)</u>	<u>\$ (3,796,859)</u>
Noncash capital and financing activities:		
Commodity revenue ¹	\$ 8,067,003	\$ -

¹ The District received the equivalent of \$8,067,003 in fair market value of commodity food inventory from the federal government. The net effect of this non-cash transaction increased the value on 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 ASSETS AND LIABILITIES - FIDUCIARY FUNDS
 JUNE 30, 2015

	STUDENT ACTIVITY AGENCY FUND
ASSETS	
Cash in bank	\$ <u>25,344,172</u>
LIABILITIES	
Due to student groups	\$ <u>25,344,172</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, 2015****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, the fund financial statements and the related notes to the 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 fund: the Special Education 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

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

program revenues are reported instead as general revenues. This statement provides a net cost or net revenue of specific 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 Enterprise 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 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 the Distributive School Account (DSA) payments and donations and grants.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 Comprehensive Annual Financial Report

CLARK COUNTY SCHOOL DISTRICT**NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Taxation and Education. The District staff uses the following procedures to establish, modify, and control the budgetary data reflected in the financial statements:

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 programs and functions of the General Fund, Special Revenue, and Capital Projects Funds, as described on pages 52-54, Expenditure Line Item Titles. 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 interest-bearing 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 funds. 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**.

CLARK COUNTY SCHOOL DISTRICT**NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****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.

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, 2015, as well as those taxes assessed but not yet received. The Clark County Treasurer, based on the assessed valuation at January 1st 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. The Nevada legislature also passed a property tax abatement law in 2005 that generally caps increases in property taxes received from any owner-occupied residential property to three percent per year, and eight percent per year for all other property.

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. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. 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.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

<u>Capital Assets</u>	<u>Years</u>
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

DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred outflow of resources represents a consumption of net position that applies to a future period so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred loss on refundings are unamortized balances resulting from advance bond refundings. The pension contributions resulted from the District pension related contributions subsequent to the measurement date but before the end of the fiscal year and changes in proportion since the prior measurement date.

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. Deferred gain on refundings are unamortized balances resulting from advance bond refundings. The difference between projected and actual experience and investment earnings are related to the calculation of net pension liability. The governmental funds report unavailable revenue from two sources: delinquent property taxes and E-rate discounts. Property tax revenues are considered "delinquent" when the due date of an assessment has passed and any statutory appeal rights have expired. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

ACCRUED SALARIES AND BENEFITS

District salaries earned but not paid by June 30, 2015, 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. 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 of resources. They are amortized over the term of the related debt.

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.

For the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of implementation of these standards on beginning net position is disclosed in **Note 18** and the additional disclosures required by these standards are included in **Note 12**.

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the net position of the State of Nevada Public Employees Retirement System (PERS), the fiduciary, and additions to/deductions from PERS's net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 are based on limitations on their use, and the source and strength of those limitations. 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, by adoption of a resolution prior to the end of the reporting period, in order to establish an ending fund balance commitment for any specific purpose. A resolution by the Board 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 nor 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 Operating Fund revenues be included in the budget. A Board waiver is required to adopt a budget that does not meet this requirement. On May 21, 2014, the Board approved a waiver to reduce the projected balance requirement for 2014-2015 to 1.5% of total revenues.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 Net Position

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.

Negative Net Position

Effective with fiscal year 2015, GASB Statement No. 68 was implemented requiring employers to record their proportionate share of the fiduciary net pension liability on their financial statements. The implementation of this standard in fiscal year 2015 resulted in a negative net position on the District's Statement of Net Position. Contributions are paid into PERS on behalf of the District's employees and pursuant to statute, there is no obligation on the part of the employer to pay for their proportionate share of the unfunded liability.

The transition to the new accounting standard will result in recording, for the first time, a material long-term pension liability in the financial statements. GASB Statement No. 68 is required to be applied retroactively, which includes reporting a restatement of the beginning net position. This is needed in order to:

1. Remove the net pension obligation balance reported in accordance with GASB Statement No. 27
2. Add the net pension liability in accordance with the new GASB Statement No. 68

This new standard applies to both the government-wide and proprietary fund statements, including the Food Service, Insurance & Risk Management, and Graphic Arts Production Funds. The impact of recording the retroactive net pension liability

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

includes the likelihood of negative net position, which is the case for this fiscal year with the government-wide statement and the Graphic Arts Production Fund. See **Note 18**.

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 and schedules 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.

CLARK COUNTY SCHOOL DISTRICT**NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015****NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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 include 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.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 entities such as private schools.

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 statements because they are not due and payable in the current period, but they are presented as liabilities or deferred inflows of resources in the statement of net position.” The details of this \$2,802,150,900 difference are as follows:

Bonds payable	\$ 2,548,890,000
Bond discounts (net of amortization)	(5,779,856)
Prepaid bond insurance premium costs (net of amortization)	(1,197,306)
Deferred losses on refundings (net of amortization)	(13,979,440)
Deferred gain on refundings (net of amortization)	514,853
Bond premiums (net of amortization)	168,649,237
Interest payable	9,864,015
Compensated absences	58,361,552
OPEB obligation	36,827,845
Net adjustment to decrease fund balance - total governmental funds to arrive at net position - governmental activities	\$ 2,802,150,900

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. The details of this difference are as follows:

Capital Assets - Governmental Funds	\$ 4,368,145,717
Less: Capital Assets - Internal Service Funds	(449,418)
Net adjustment to increase fund balance - total governmental funds to arrive at net position - governmental activities	\$ 4,367,696,299

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 \$163,887,701 difference are as follows (see following page):

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Capital outlay	\$ 74,068,718
Depreciation expense	(237,956,419)
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$(163,887,701)</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.

This amount is the net effect of these differences in the treatment of long-term debt and related items." The details of this \$313,201,786 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation debt	\$(386,525,000)
Plus: Bond premiums	(47,872,084)
General obligation debt principal payments	312,475,000
Payment to escrow agent for refunding	435,123,870
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 313,201,786</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 \$5,751,056 difference are as follows:

Change in accrued interest	\$ (8,036,021)
Amortization of deferred gain/loss on refunding	(6,924,392)
Amortization of issuance costs	(209,144)
Amortization of bond discounts	(656,151)
Amortization of bond premiums	24,080,585
Change in compensated absences	(146,904)
Change in OPEB obligation	(2,356,917)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities.	<u>\$ 5,751,056</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, 2015, 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, 2015, the District had the total amounts reported as pooled cash and investments (see following page):

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Combined Pooled Cash and Investments

Pooled Cash	\$ (1,878,991)
Non-negotiable Certificate of Deposit	7,738,000
Student Activity Agency Fund	25,344,172
Pooled Investments	533,841,516
Total Pooled Cash and Investments	<u>\$ 565,044,697</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, 2015.

As of June 30, 2015, 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	\$ 110,505	\$ 30,161	\$ 80,344	\$ -	\$ -	\$ 218	\$ 110,723
U.S. Agencies	164,877	24,997	139,880	-	-	308	165,185
Commercial Paper	49,999	49,999	-	-	-	-	49,999
Money Market Mutual Fund	16,500	16,500	-	-	-	-	16,500
Vegas PBS Endowment	2,300	2,300	-	-	-	-	2,300
NVEST Program:							
U.S. Treasury Notes	52,030	7,148	44,882	-	-	62	52,092
U.S. Agencies	6,896	6,008	888	-	-	8	6,904
Asset Backed Securities	37,160	462	24,156	10,844	1,698	47	37,207
Money Market Mutual Fund	110	110	-	-	-	-	110
Subtotal Gen. Pooled Investments	<u>440,377</u>	<u>137,685</u>	<u>290,150</u>	<u>10,844</u>	<u>1,698</u>	<u>643</u>	<u>441,020</u>
Bond Proceed Investments:							
U.S. Agencies	69,988	69,988	-	-	-	-	69,988
Commercial Paper	14,977	14,977	-	-	-	-	14,977
Money Market Mutual Fund	8,500	8,500	-	-	-	-	8,500
Subtotal Bond Proceed Investments	<u>93,465</u>	<u>93,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,465</u>
Total Securities Held	<u>\$ 533,842</u>	<u>\$ 231,150</u>	<u>\$ 290,150</u>	<u>\$10,844</u>	<u>\$ 1,698</u>	<u>\$ 643</u>	<u>\$ 534,485</u>

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 1.63 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 \$120 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.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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 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, 2015, 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 Tokyo NY commercial paper. These investments are 9%, 20%, 9%, 10%, and 9%, respectively, of the District's total investments.

NOTE 4 - INTERFUND BALANCES AND TRANSFERS

Interfund Balances:

The "due to/due from other funds" balance in the General Fund of \$27,928,107 was offset against the amounts reported in the Federal Projects Fund of \$20,176,585 and the State Grants Fund of \$7,751,522. These interfund balances represent funds that were transferred from the General Fund to the Federal Projects Fund and the State Grants Fund to cover the negative cash balances.

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, 2015 are as follows:

Transfers Out:	Transfers In:				Totals
	General Fund	Special Education Fund	Debt Service	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 310,178,706	\$ 2,052,025	\$ -	\$ 312,230,731
Bond Fund	-	-	83,188,392	917,776	84,106,168
Nonmajor Governmental Funds	36,127,652	-	-	-	36,127,652
Total	\$ 36,127,652	\$ 310,178,706	\$ 85,240,417	\$ 917,776	\$ 432,464,551

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

\$310,178,706 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.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 4 - INTERFUND BALANCES AND TRANSFERS (continued)

The Bond Fund transferred a total of \$83,188,392 during fiscal year 2015 to the Debt Service Fund to service the current principal and interest on the District's revenue bonds and the portion related to school bus purchases of the 2013A medium-term bond. 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**. A transfer of \$2,052,025 was made from the General Fund to the Debt Service Fund to service the principal and interest on the technology equipment portion of the District's 2013A medium term bond.

In the nonmajor governmental funds, the Class Size Reduction Fund transferred \$36,127,652 to the General Fund 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. The Bond Fund transferred \$917,776 to the Capital Replacement Fund for costs associated with the new student information system (SIS), referred to as Infinite Campus.

NOTE 5 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015 follows:

Governmental Activities:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 265,261,985	\$ -	\$ -	\$ 265,261,985
Construction in progress	8,840,023	35,295,867	(14,396,370)	29,739,520
Total capital assets, not being depreciated	<u>274,102,008</u>	<u>35,295,867</u>	<u>(14,396,370)</u>	<u>295,001,505</u>
Capital assets, being depreciated:				
Buildings	4,303,739,167	6,709,044	(197,205)	4,310,251,006
Building improvements	902,702,336	3,218,547	-	905,920,883
Land improvements	1,278,443,555	2,274,186	-	1,280,717,741
Equipment	520,491,103	41,006,244	(3,275,685)	558,221,662
Total capital assets being depreciated	<u>7,005,376,161</u>	<u>53,208,021</u>	<u>(3,472,890)</u>	<u>7,055,111,292</u>
Less accumulated depreciation for:				
Buildings	(1,148,974,221)	(104,568,568)	114,966	(1,253,427,823)
Building improvements	(567,164,841)	(43,115,751)	-	(610,280,592)
Land improvements	(659,422,437)	(58,285,731)	-	(717,708,168)
Equipment	(371,573,370)	(32,154,999)	3,177,872	(400,550,497)
Total accumulated depreciation	<u>(2,747,134,869)</u>	<u>(238,125,049)</u>	<u>3,292,838</u>	<u>(2,981,967,080)</u>
Total capital assets being depreciated, net	<u>4,258,241,292</u>	<u>(184,917,028)</u>	<u>(180,052)</u>	<u>4,073,144,212</u>
Governmental activities capital assets, net	<u>\$ 4,532,343,300</u>	<u>\$ (149,621,161)</u>	<u>\$ (14,576,422)</u>	<u>\$ 4,368,145,717</u>

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 5 - CAPITAL ASSETS (continued)

Business-type activities:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets, not being depreciated:				
Construction in progress	\$ 401,464	\$ 386,536	\$ (788,000)	\$ -
Total capital assets, not being depreciated	401,464	386,536	(788,000)	-
Capital assets, being depreciated:				
Buildings	1,715,486	21,927	-	1,737,413
Building improvements	559,584	38,372	-	597,956
Land improvements	240,579	727,700	-	968,279
Equipment	20,354,310	1,185,343	(96,634)	21,443,019
Total capital assets being depreciated	22,869,959	1,973,342	(96,634)	24,746,667
Less accumulated depreciation for:				
Buildings	(50,378)	(58,375)	-	(108,753)
Building improvements	(6,995)	(29,364)	-	(36,359)
Land improvements	(3,007)	(39,397)	-	(42,404)
Equipment	(10,531,643)	(1,366,389)	40,649	(11,857,383)
Total accumulated depreciation	(10,592,023)	(1,493,525)	40,649	(12,044,899)
Total capital assets being depreciated, net	12,277,936	479,817	(55,985)	12,701,768
Business-type activities capital assets, net	\$ 12,679,400	\$ 866,353	\$ (843,985)	\$ 12,701,768

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

Governmental Activities:

Instruction:	
Regular instruction	\$ 193,258,322
Special instruction	442,571
Vocational instruction	14,570,493
Adult instruction	65,437
Other instruction	36,737
Support services:	
Student support	631,616
Instructional staff support	3,422,926
General administration	723,078
School administration	70,877
Business support	1,185,536
Operation and maintenance of plant services	3,085,354
Student transportation	16,823,365
Other support services	483,794
Facilities acquisition and construction services	3,324,943
	<u>\$ 238,125,049</u>

NOTE 6 - ACCOUNTS RECEIVABLE

Receivables as of June 30, 2015, for the government's individual major funds and nonmajor funds in the aggregate are as follows (see following page):

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 6 - ACCOUNTS RECEIVABLE (continued)

	General Fund	Special Education Fund	Debt Service Fund	Bond Fund	Nonmajor and Other Funds	Total
<u>Local Sources:</u>						
Property and Transfer Taxes	\$ 14,142,319	\$ -	\$ 10,660,034	\$ 4,293,455	\$ -	\$ 29,095,808
Room Taxes	-	-	-	15,998,383	-	15,998,383
Governmental Services Tax	4,901,086	-	-	-	2,290,377	7,191,463
Local School Support Tax	155,820,656	-	-	-	-	155,820,656
Other Local Sources	1,659,307	-	4,403	-	-	1,663,710
<u>State Sources:</u>						
Grants	-	-	-	-	22,854,717	22,854,717
Distributive School Account	63,473,226	-	-	-	-	63,473,226
<u>Federal Sources:</u>						
Grants	-	-	-	-	35,878,179	35,878,179
Medicaid	-	-	-	-	2,303,860	2,303,860
<u>Other Sources:</u>						
E-rate Reimbursement	5,125,716	-	-	-	-	5,125,716
Miscellaneous	744,542	16,747	-	-	692,312	1,453,601
Total Receivables	\$ 245,866,852	\$ 16,747	\$ 10,664,437	\$ 20,291,838	\$ 64,019,445	\$ 340,859,319

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, 2015 are as follows:

	General Fund	Nonmajor and Other Funds	Total
Summer School	\$ 898,426	\$ -	\$ 898,426
State Grants	-	3,298,138	3,298,138
Miscellaneous	122,720	-	122,720
Total	\$ 1,021,146	\$ 3,298,138	\$ 4,319,284

In the General Fund, summer school unearned revenue represents monies collected for summer school tuition in advance of the fiscal year 2016 summer school program. The miscellaneous unearned revenues consist of \$122,000 for extended-day kindergarten tuition which was received in advance and \$720 for salary reimbursements of extra duty training for fiscal year 2016.

Nonmajor and other funds include state grants in the amount of \$3,298,138 which is state grant revenue received in advance of expenditures.

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

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - GENERAL OBLIGATION BONDS PAYABLE (continued)

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, 2015 are as follows:

General Obligation Bonds Schedule:

Series	Purpose	Date Issued	Date of Final Maturity	Interest	Original Issue	Balance June 30, 2015	Principal Due Within One Year	Interest Due Within One Year
2006B	Building	12/19/06	06/15/26	3.00% - 5.00%	\$ 450,000,000	\$ 313,955,000	\$ 22,665,000	\$ 12,707,150
2007A	Refunding	03/01/07	06/15/25	4.00% - 5.00%	473,045,000	318,835,000	25,940,000	15,118,950
2007C	Building	12/11/07	06/15/27	5.00%	400,000,000	297,960,000	19,465,000	14,898,000
2008A	Building	06/03/08	06/15/28	5.00%	675,000,000	421,880,000	23,815,000	21,094,000
2010D	Building (QSCB)	07/08/10	06/15/20	5.51%	6,245,000	6,245,000	-	344,099
2011A	Refunding	03/22/11	06/15/16	5.00%	69,160,000	15,095,000	15,095,000	754,750
2012A	Refunding	10/04/12	06/15/21	5.00%	159,425,000	138,880,000	26,305,000	6,944,000
2013A	Vehicles & Equip	07/31/13	06/15/23	3.25% - 4.00%	32,855,000	25,175,000	4,000,000	886,825
2013B	Refunding	07/31/13	06/15/19	3.00% - 5.00%	95,870,000	53,555,000	-	2,677,750
2014A	Refunding	04/29/14	06/15/20	5.00% - 5.50%	131,175,000	115,970,000	37,280,000	6,141,425
2015A	Refunding	03/18/15	06/15/19	5.00%	257,445,000	257,445,000	42,685,000	15,983,044
						<u>\$ 1,964,995,000</u>	<u>\$ 217,250,000</u>	<u>\$ 97,549,993</u>

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 2015, the District received \$103,444,760 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, 2015 are as follows:

General Obligation Revenue Bonds Schedule:

Series	Purpose	Date Issued	Date of Final Maturity	Interest	Original Issue	Balance June 30, 2015	Principal Due Within One Year	Interest Due Within One Year
2006 C	Building	12/19/06	06/15/26	3.50% - 5.00%	\$ 125,000,000	\$ 87,215,000	\$ 6,295,000	\$ 3,936,400
2007 B	Building	12/11/07	06/15/27	5.00%	250,000,000	186,225,000	12,165,000	9,311,250
2010A	Building (QSCB)	07/08/10	06/15/24	4.74% - 5.51%	104,000,000	103,900,000	-	5,724,890
2011B	Refunding	03/22/11	06/15/19	5.00%	29,420,000	20,495,000	9,370,000	1,024,750
2014B	Refunding	04/29/14	06/15/20	5.00% - 5.50%	62,200,000	56,980,000	5,885,000	2,960,350
2015B	Refunding	03/18/15	06/15/22	5.00%	129,080,000	129,080,000	14,860,000	8,013,717
						<u>\$583,895,000</u>	<u>\$48,575,000</u>	<u>\$30,971,357</u>

At year end, pledged future revenues totaled \$756,574,118, 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.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - GENERAL OBLIGATION BONDS PAYABLE (continued)

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
2016	\$ 265,825,000	\$ 128,521,350	\$ 394,346,350
2017	279,230,000	110,756,489	389,986,489
2018	293,620,000	96,850,890	390,470,890
2019	290,055,000	82,495,040	372,550,040
2020	214,245,000	68,186,689	282,431,689
2021 - 25	939,155,000	191,107,052	1,130,262,052
2026 - 28	266,760,000	21,333,824	288,093,824
Totals	\$ 2,548,890,000	\$ 699,251,334	\$ 3,248,141,334

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 2015 assessed valuation of \$64,252,633,650 the applicable debt limit is \$9,637,895,048 leaving the legal debt margin at \$7,089,005,048, notwithstanding the statutory tax rate limitation explained in **Note 1**. The District is in compliance with Chapter 387.400 as of June 30, 2015.

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. In the 2015 legislative session, Senate Bill 207 was passed which allows an extension of bond rollover funds from property taxes for districts to keep pace with the need for new schools and major repairs on existing schools. The bill gives school boards the authority to continue issuing construction bonds for 10 years beyond the time period approved by voters, although districts would not be allowed to raise property tax rates to pay debt service on the bonds. As of June 30, 2015, there is no reportable authorized unissued debt. See **Note 19**.

Refunded Debt:

In March 2015, the District issued \$257,445,000 of general obligation (limited tax) Series 2015A 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 2015A refunding of bonds originally issued in 2005, the District was able to reduce the cost of future debt service by approximately \$22 million, which equates to a net present value savings of 8.473 percent and an economic gain of \$21,812,411.

Also in March 2015, the District issued \$129,080,000 of general obligation (additionally secured by pledged revenues) Series 2015B refunding bonds. With this Series 2015B refunding of bonds originally issued in 2005, the District was able to reduce the cost of future debt service by approximately \$20 million, which equates to a net present value savings of 13.597 percent and an economic gain of \$17,551,329.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 8 - GENERAL OBLIGATION BONDS PAYABLE (continued)

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, 2015, the outstanding principal on the following bonds is considered defeased:

	Defeased Principal
CCSD School Improvement & Building Bonds Series 2005C: Dated November 15, 2005	\$ 330,280,000

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, 2015, 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, 2015, the amount required to fund this account was \$98,586,588; which was fully funded by the District in the Debt Service Fund restricted amount of \$26,838,866 and the Bond Fund restricted amount of \$71,747,722.

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 \$2,416,140 for the year ending June 30, 2015. The future minimum lease payments for this lease are as follows:

Year Ending, June 30	Amount
2016	\$ 2,403,120
2017	2,403,120
2018	2,403,120
2019	2,403,120
2020	2,403,120
2021 - 2024	9,612,480
Total	\$ 21,628,080

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

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - LEASES (continued)

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 \$1,316,834 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, 2015 was as follows:

	Beginning Balance July 1, 2014	Additions	Reductions	Ending Balance June 30, 2015	Due Within One Year
Governmental Activities:					
Bonds payable:					
General obligation bonds	\$ 2,245,520,000	\$ 257,445,000	\$ (537,970,000)	\$ 1,964,995,000	\$ 217,250,000
General obligation revenue bonds	648,605,000	129,080,000	(193,790,000)	583,895,000	48,575,000
Less: issuance discounts	(6,436,007)	-	656,151	(5,779,856)	-
Plus: issuance premiums	165,133,418	47,872,084	(44,356,265)	168,649,237	-
Total bonds payable	3,052,822,411	434,397,084	(775,460,114)	2,711,759,381	265,825,000
Compensated absences	58,678,853	26,282,878	(26,111,727)	58,850,004	26,111,727
Other long term liabilities	-	19,610,464	(7,674,853)	11,935,611	-
Governmental activity long-term liabilities	\$ 3,111,501,264	\$ 480,290,426	\$ (809,246,694)	\$ 2,782,544,996	\$ 291,936,727
Business-type Activities:					
Compensated absences	\$ 1,095,975	\$ 334,406	\$ (337,775)	\$ 1,092,606	\$ 337,775

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, \$488,451 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.

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, 2015, the District reported no expenditures over appropriations.

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, 2015 was \$1,476,544,506 and the District's total payroll was \$1,592,498,389. All full-time 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 on the following page 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 (see following page):

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLAN (continued)

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 25.75% in 2014-15 for unified, licensed, and support employees and 40.50% for police employees of gross compensation and amounted to \$376,340,869, 24.28% of the \$1,549,846,535 total paid by all employees and employers into the Plan for the year ended June 30, 2015. The District's contributions to PERS for the years ended June 30, 2014, 2013, and 2012 were \$364,569,644, \$327,548,750, and \$331,265,268, respectively, equal to the required contributions for each year, at the actuarially determined statutory rates of 25.75, 23.75, and 23.75%, respectively, for unified, licensed and support employees and 40.50, 39.75, and 39.75%, respectively, for police employees.

At June 30, 2015, the District reported a liability of \$2,522,385,016 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the level percentage-of-payroll contribution rates required to fund the Retirement System on an actuarial reserve basis. At June 30, 2015, the District's proportionate share of the net pension liability was 24.20255%.

For the year ended June 30, 2015, the District recognized pension expense of \$334,203,275. At June 30, 2015 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (see following page):

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLAN (continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 120,710,014
Net difference between projected and actual earnings on pension plan investments	-	529,804,126
Changes in proportion and differences between District contributions and proportionate share of contributions	22,688,773	-
District contributions subsequent to the measurement date	376,340,869	-
Total	<u>\$ 399,029,642</u>	<u>\$ 650,514,140</u>

The amount of \$376,340,869 was reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the pension expense in the year ended June 30, 2016. Other amounts reported as deferred outflows/(inflows) of resources related to pensions will be recognized in pension expense as follows:

<u>Reporting period ended June 30:</u>	
2016	\$ (149,647,740)
2017	(149,647,740)
2018	(149,647,740)
2019	(149,647,740)
2020	(17,196,709)
Thereafter	(12,037,698)

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	3.50%
Payroll Growth	5.00%, including inflation
Investment return	8.00%
Productivity pay increase	0.75%
Projected salary increases	Regular: 4.60% to 9.75%, depending on service Police/Fire: 5.25% to 14.50%, depending on service Rates include inflation and productivity increases
Consumer Price Index	3.50%
Other assumptions	Same as those used in the June 30, 2014 funding Actuarial valuation

Mortality Rates – For non-disabled male regular members it is the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA. For non-disabled female regular members it is the RP-2000 Combined Healthy Mortality Table, projected to 2013 with Scale AA, set back one year. For all non-disabled police/fire members it is the RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set forward one year.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 12 - DEFINED BENEFIT PENSION PLAN (continued)

The mortality table used in the actuarial valuation to project mortality rates for all disabled regular members and all disabled police/fire members is the RP-2000 Disabled Retiree Mortality Table projected to 2013 with Scale AA, set forward three years.

The actuarial assumptions and methods used in the June 30, 2014 actuarial valuation were adopted by the Public Employees' Retirement Board and were based on the results of the experience review completed in 2013.

The PERS Board evaluates and establishes expected real rates of return (expected returns, net of pension plan investment expenses and inflation) for each asset class. The PERS Board reviews these capital market expectations annually. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
Domestic equity	42%	5.50%
International equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

* As of June 30, 2014, PERS' long-term inflation assumption was 3.5%.

Discount rate. The discount rate used to measure the total pension liability was 8.00% as of June 30, 2014 and June 30, 2013. The projection of cash flows used to determine the discount rate assumed that employees and employer contributions will be made at the rate specified in statute.

Based on that assumption, the pension plan's fiduciary net position at June 30, 2014, was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014 and June 30, 2013.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what it would be using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease in Discount Rate (7.00%)	Discount Rate (8.00%)	1% Increase in Discount Rate (9.00%)
Net Pension Liability	\$ 3,922,584,526	\$ 2,522,385,016	\$ 1,358,462,676

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

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

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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 and terrorism, 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 nine 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 fourteen 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 estimates of the liability insurance claims payable of \$8,759,228 and the worker's compensation claims payable of \$14,003,383 at June 30, 2015, 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 as claims payable and long term claims payable.

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 2015-2016.

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 below.

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

	Fiscal 2015	Fiscal 2014
Beginning Balance - July 1, 2015 and 2014	\$ 20,901,159	\$ 20,155,709
Claims Incurred	8,041,054	7,990,650
Changes in Estimates for Claims of the Prior Periods	1,495,251	745,450
Claims Paid	(7,674,853)	(7,990,650)
Ending Balance - June 30, 2015 and 2014	<u>\$ 22,762,611</u>	<u>\$ 20,901,159</u>
Short term portion	10,827,000	9,595,000
Long term portion	11,935,611	11,306,159

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14 - ENCUMBRANCES AND COMMITMENTS

In November 2014, 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, \$7,738,000, 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**.

Construction Commitments and Encumbrances

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:

<u>Major Funds</u>	<u>Restricted Fund Balance</u>	<u>Assigned Fund Balance</u>
General Fund	\$ -	\$ 2,330,169
Bond Fund	8,823,239	-
<u>Nonmajor Funds</u>		
Aggregate nonmajor funds	9,620,685	-
	<u>\$ 18,443,924</u>	<u>\$ 2,330,169</u>

Total encumbrances for general fund and capital projects as of June 30, 2015 were \$20,774,093. In the General Fund, \$1,199,508 of the total encumbrance balance of \$2,330,169 was assigned to the purchase of new buses and the remaining \$1,130,661 was assigned to the purchase of new computers and other transportation needs.

As of June 30, 2015, funds remain from the 1998 voter-approved bond program. The following schedule outlines the programmed construction commitments as of June 30, 2015. The total restricted amount of \$91,162,084 is construction contracts from the 1998 voter-approved bond program which is shown as a restriction for capital projects in the Bond Fund.

APPROVED 1998 CAPITAL IMPROVEMENT PLAN PROJECTS		
School	Capital Project	Total Programmed
ELEMENTARY SCHOOLS		
Patricia Bendorf ES	HVAC Upgrade (Pending Close-Out Issues)	\$ 14,831
Blue Diamond ES	Replace Cooling Tower	175,000
John Bonner ES	Replace Cooling Tower	325,000
Grant Bowler ES	HVAC Upgrade (Pending Close-Out Issues)	10,929
Joseph Bowler ES	LAN Upgrade, Expand ER/TR Rooms, Replace Security Camera System & Fire Alarm	402,873
Walter Bracken ES	LAN Upgrade, Expand ER/TR Rooms, Replace Security Camera System	1,553,559
Roger Bryan ES	Replace Cooling Tower	325,000
Manuel Cortez ES	Replace Cooling Tower	325,000
Crestwood ES	LAN Upgrade, Expand ER/TR Rooms, Replace Security Camera System & Clock/Intercom & Intrusion Alarm	315,611
Dorothy Eisenberg ES	LAN Upgrade	104,293
Wing & Lily Fong ES	HVAC Upgrade (Pending Close-Out Issues)	28,567
Daniel Goldfarb ES	Replace Cooling Tower	325,000
Doris Hancock ES	LAN Upgrade, Classroom Technology, Expand ER/TR Rooms, Replace Intrusion Alarm System, Replace Clock/Intercom system, Replace Security Camera System	429,804

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14 - COMMITMENTS AND CONTINGENCIES (continued)

APPROVED 1998 CAPITAL IMPROVEMENT PLAN PROJECTS		
School	Capital Project	Total Programmed
ELEMENTARY SCHOOLS, CONT.		
Keith & Helen Hayes ES	Replace Cooling Tower	\$ 325,000
Helen Herr ES	HVAC Upgrade (Pending Close-Out Issues)	30,344
Halle Hewetson ES	LAN Upgrade, Classroom Technology, Expand ER/TR Rooms, Replace Security Camera System, Replace Intrusion Alarm System	2,240,000
Charlotte Hill ES	LAN Upgrade	15,249
Indian Springs ES	LAN Upgrade, Classroom Technology, Expand ER/TR Rooms (CMAR Package awarded to Core Construction 01/09/2014)	1,106,024
Marc Kahre ES	HVAC Upgrade (Pending Close-Out Issues)	137,096
Edythe & Lloyd Katz ES	HVAC Upgrade (Pending Close-Out Issues)	30,605
Matt Kelly ES	Replace Fire Alarm, Replace Clock/Intercom System, LAN Upgrade, Classroom Technology, Expand ER/TR Rooms, Electrical Upgrades (Required for Technology Upgrade), Replace Intrusion Alarm System, Replace Security Camera System	906,467
Lorna Kesterson ES	Replace Cooling Tower	325,000
Frank Lamping ES	Replace Cooling Tower	325,000
Mary & Zel Lowman ES	HVAC Upgrade (Pending Close-Out Issues)	39,904
Robert Lunt ES	HVAC Upgrade (Pending Close-Out Issues)	55,678
Nate Mack ES	HVAC Upgrade (Pending Close-Out Issues)	63,592
Reynaldo Martinez ES	Replace Cooling Tower	325,000
Ernest May ES	HVAC Upgrade (Pending Close-Out Issues)	50,028
Quannah McCall ES	Replace Cooling Tower	140,000
Andrew Mitchell ES	HVAC Upgrade (Pending Close-Out Issues)	82,948
William Moore ES	Replace Cooling Tower	325,000
Ulis Newton ES	HVAC Upgrade (Pending Close-Out Issues)	49,717
Paradise ES	Replace Cooling Tower	325,000
Ute Perkins ES	HVAC Upgrade (Pending Close-Out Issues)	14,199
Bertha Ronzone ES	Construct Classroom Addition	4,973,364
Jim Thorpe ES	HVAC Upgrade (Pending Close-Out Issues)	58,761
J. M. Ullom ES	LAN Upgrade, Classroom Technology, Expand ER/TR Rooms, Replace Fire Alarm, Replace Clock/Intercom System, Electrical Upgrades (Required for Technology Upgrade), Replace Intrusion Alarm System, Replace Security Camera System	462,207
Vegas Verdes ES	Major Modernization of School	10,822
Howard Wasden ES	LAN Upgrade, Classroom Technology, Expand ER/TR Rooms, Replace Fire Alarm, Replace Clock/Intercom System, Replace Security Camera System, Install Security at School Entrance	752,846
West Prep ES	Construct West Prep K-5 Addition	19,930,913
Gwendolynn Woolley ES	HVAC Upgrade (Pending Close-Out Issues)	33,296
Elaine Wynn ES	LAN Upgrade	14,734
Elaine Wynn ES	Construct Classroom Addition	4,607,303
MIDDLE SCHOOLS		
J. Harold Brinley MS	LAN Upgrade, Classroom Technology, Expand ER/TR Rooms	\$ 1,720,509
J. Harold Brinley MS	Replace Cooling Tower	245,000
Kenny Guinn MS	LAN Upgrade, Classroom Technology, Expand ER/TR Rooms (CMAR Package awarded to Core Construction 01/09/2014), Electrical Upgrades (Required for Technology Upgrade)	567,647
K. O. Knudson MS	LAN Upgrade, Classroom Technology, Expand ER/TR Rooms, Replace Fire Alarm, Replace Colck/Intercom System, Electrical Upgrades (required for Technology Upgrade) Replace Intrusion Alarm System, Replace Securtiy Camera System	5,142,685
K. O. Knudson MS	Replace Cooling Tower	320,000
Dell Robison MS	Replace Cooling Tower	325,000
Sandy Valley M/HS	Replace Temporary Gymnasium With New Gymnasium	5,630,184
Grant Sawyer MS	Replace HVAC System, Replace Fire Alarm, Replace Boilers	9,670,000

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 14 - COMMITMENTS AND CONTINGENCIES (continued)

APPROVED 1998 CAPITAL IMPROVEMENT PLAN PROJECTS		
School	Capital Project	Total Programmed
HIGH SCHOOLS		
Boulder City HS	Demolition (Phase I), Asbestos Abatement, Utility Reroute, Phase II of Phased Replacement (Classrooms & Administration)	\$ 14,844,646
Indian Springs MS/HS	Replace Security Camera System, Intercom/Clock System, Intrusion Alarm & Fire Alarm (CMAR Package awarded to Core Construction 01/09/2014)	555,516
Jeffrey Alternative Junior/Senior School	LAN Upgrade, Classroom Technology, Expand ER/TR Rooms	8,343
Las Vegas Academy of the Arts	LAN Upgrade, Expand ER/TR Rooms, Replace Intrusion Alarm, Intercom & Fire Alarm, Electrical Upgrades (Required for Technology Upgrade)	8,500,000
Rancho HS (Old Gym)	Replace Cooling Tower	285,000
Sunrise Mountain HS	Pending Close-out Issues	548,845
OTHER		
Contingency Funds	Centralized Contingency for Open Projects*	\$ 51,609
Administrative		646,054
Land Acquisition		9,482
FUNDED PROJECTS IN PROGRESS TOTALS		\$ 91,162,084
* Contingency Funds are maintained at the Project Level for known pending items. Contingency funds are maintained at the centralized level for unknown items. As projects close-out, contingency funds not used at the project level will transfer to the centralized contingency balance for Open Projects.		

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, 2015, are being assigned to carry over into fiscal year 2016 to assist with various initiatives and categorical indirect costs. 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.
- *City of Henderson RDA* – to restrict funds for redevelopment projects.

Assigned to:

- *Instructional supply appropriations* – to classify funds to cover commitments related to unfilled contracts for goods and services including purchase orders.
- *School bus appropriations* – to classify funds to cover commitments related to unfilled contracts for new buses.

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 15 - CLASSIFICATIONS OF GENERAL FUND FUND BALANCE (continued)

- *Potential revenue shortfall* – to classify funds to cover potential loss of revenue resulting from the changes in the State of Nevada per-pupil funding.
- *School carryover* – District schools are allowed to carry over into the next year an apportionment of their unspent budgets from the current fiscal/school year.
- *Categorical indirect costs* – to classify funds associated with indirect costs from federal programs.
- *Deferred maintenance initiative* – to classify funds for the cost of the District's repairs for routine maintenance that have been postponed to meet more pressing fiscal requirements.
- *Human capital management implementation* – to classify funds for the new human resources/payroll system which will integrate data from the current SAP financial module with human resources, payroll, workforce management and benefits administration.

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.

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 \$116 at five years of service and \$636 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.

For fiscal year 2015, the District contributed \$9,767,074 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). In 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) decreased by about 2.3% or \$ 4.0 million from the last valuation performed for fiscal year 2014, as expected, and there are no other sources of liability gains or losses that contributed to the change

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 16 - POST EMPLOYMENT HEALTHCARE PLAN (continued)

in the UAAL from July 1, 2013 to July 1, 2014.

In fiscal year 2015, the District's annual OPEB cost (expense) was \$12,123,991 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 2015 and the preceding two years is as follows:

Fiscal Year Ended	Annual OPEB Cost (Projected Unit Credit Cost Method)	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2013	\$ 11,497,790	103%	\$ 32,694,644
6/30/2014	\$ 12,506,571	86%	\$ 34,470,928
6/30/2015	\$ 12,123,991	81%	\$ 36,827,845

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 2015	Fiscal 2014	Fiscal 2013
Annual Required Contribution	\$ 13,468,127	\$ 13,781,443	\$ 12,785,531
Interest on net OPEB obligation	1,378,837	1,307,786	1,320,985
Adjustment to annual required contribution	(2,722,973)	(2,582,658)	(2,608,726)
Annual OPEB cost (expense)	12,123,991	12,506,571	11,497,790
Contributions made	(9,767,074)	(10,730,287)	(11,827,782)
Increase/(Decrease) in net OPEB obligation	2,356,917	1,776,284	(329,992)
Net OPEB obligation - beginning of the year	34,470,928	32,694,644	33,024,636
Net OPEB obligation - end of the year	<u>\$ 36,827,845</u>	<u>\$ 34,470,928</u>	<u>\$ 32,694,644</u>

Funded Status and Funding Progress. The District's most recent actuarial valuation was as of July 1, 2013 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 \$170,497,027 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.

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, 2013 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 8% is used initially, reduced by decrements to an

CLARK COUNTY SCHOOL DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 16 - POST EMPLOYMENT HEALTHCARE PLAN (continued)

ultimate rate of 5% in 2022. The inflation rate assumed in this valuation is 2.5%, which is used to develop the impact of the excise tax. 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, over time 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 2015, Vegas PBS received an additional \$21,719 in donations to their term endowment bringing the total reserve balance to \$1,716,350. 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, 2015, there was \$718,883 of net appreciation recognized on these investments.

NOTE 18 - PRIOR PERIOD RESTATEMENT

As of July 1, 2014, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the cost and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

	Governmental Activities	Business-type Activities	Total
Net position at June 30, 2014, as previously reported	\$ 1,946,793,157	\$ 64,981,041	\$ 2,011,774,198
Net Pension Liability at June 30, 2014	(3,136,446,621)	(46,147,616)	(3,182,594,237)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	361,271,616	5,315,513	366,587,129
Net position at July 1, 2014, as restated	<u>\$ (828,381,848)</u>	<u>\$ 24,148,938</u>	<u>\$ (804,232,910)</u>

NOTE 19 - SUBSEQUENT EVENTS**Bond Issuance**

In July of 2015, the Debt Management Commission authorized \$200,000,000 of Series 2015D General Obligation School Bonds (additionally secured by pledged revenues). Proceeds of the 2015D Bonds will be used to build new schools, repair existing schools in the District and pay the costs of issuing the 2015D Bonds. These bonds will be issued in November 2015.