



Financial Section



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Special Education Fund, and Federal Projects Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District has adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This adoption did not result in a restatement of net position as of July 1, 2021. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 18 as well as the schedule of District contributions, the schedule of the District's proportionate share of the net pension liability, and the schedules of changes in the District's total OPEB liability and related ratios on pages 100 through 107 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules, capital asset schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are the responsibility of management are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 fund statements and schedules, 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.

Prior Year Partial Comparative Information

The combining and individual fund statements and schedules related to the 2021 financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules were derived from and relate directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2021 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. The statements and schedules referred to above are consistent in relation to the basic financial statements from which they have been derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated "date of report" on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the District's 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Las Vegas, Nevada
October 21, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022. 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 2022

The following is an analysis of facts, descriptions and/or conditions of the District, in fiscal year 2022, that had a material effect on its financial position and/or operating results.

Government-wide Financial Statements

- The overall financial position of the District, as shown on the government-wide statement of net position, increased \$750 million during fiscal year 2022, from \$129 million to \$879 million. A lower proportionate share of pension liability primarily drove the increase to net position. This positive impact was due to increased investment income reported by the State of Nevada Public Employees Retirement System (PERS). Furthermore, various local, state, and federal revenues also saw significant increases.
- Total revenues increased \$707.1 million from \$3.773 billion in fiscal year 2021 to \$4.480 billion in fiscal year 2022, an 18.74% increase. Unrestricted state aid increased by approximately \$2.1 billion as the new Pupil Centered Funding Plan (PCFP) became effective. As a result, property tax, local school support tax (LSST), government service tax (GST), and franchise tax are no longer received in the General Fund. Additionally, federal subsidies increased approximately \$98 million resulting from a significant increase in both the reimbursement rate and number of meals served per day in the Food Service Enterprise Fund.
- Total expenses increased 4.02% from \$3.587 billion in fiscal year 2021, to \$3.731 billion in fiscal year 2022. This is attributed to the increase in expenses in the Student Activity Fund as extra co-curricular activities return. Additionally, expenses increased for licensed salaries due to negotiated agreements, COVID-19 testing services, textbooks, utilities, and repair and maintenance. This was the result of returning to in-person instruction after the distance-learning model in prior year.

Fund Financial Statements

- The combined ending governmental fund balances increased to \$1.865 billion in fiscal year 2022 from \$1.393 billion in fiscal year 2021, a 33.85% increase.
- The combined revenues in the governmental funds recorded a \$604 million increase from the previous year predominantly due to the new PCFP. The PCFP funds are composed of revenues that were previously received individually such as LSST, property tax, GST, franchise tax, class size reduction (CSR), and multiple other state grants. Also contributing to the increase is the additional funds raised for extra-curricular activities in the Student Activity fund of \$44 million due to students returning to in-person instruction. Federal sources also increased by \$196 million from the Elementary and Secondary School Emergency Relief Fund III (ESSER III) and Epidemiology and Laboratory Capacity (ELC) Reopening Schools grants.
- The largest source of revenue in the General Fund and Special Education Fund is the state distribution from the new PCFP plan as mentioned above. The portion of property taxes deposited into the Debt Service Fund remains and also increased as home values rose over the year.

General Operating Fund Balance

- The ending fund balance in the General Fund increased from approximately \$377 million in fiscal year 2021 to approximately \$494 million in fiscal year 2022, a 30.92% increase. Included in the ending fund balance is \$216 million, which is restricted in the General Fund due to Nevada Revised Statutes 388G (NRS 388G). This state statute requires schools to carry over unspent funds into the next year. Total general operating revenues increased by approximately \$382 million due to an increase of revenue from the PCFP.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

- The District fully funded the unassigned (spendable) portion of fund balance to 4% of general operating revenue in fiscal year 2022. This is the highest it has been in over ten years. Unassigned fund balance is reported at \$113.4 million in fiscal year 2022.
- The District was able to assign funding in its General Fund for categorical indirect costs, instructional supply appropriations, potential litigation, an NV Energy incentive, and future initiatives 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 basic financial statements. The 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 and are further divided into governmental activities and business-type activities. Governmental activities are 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.

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 result is net position that is segregated into three components: net investment in capital assets, restricted, and unrestricted net position.

Statement of activities - presents information showing how the District's net position changed during fiscal year 2022. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, there are some revenues and expenses reported in this statement that will result in cash flows in future fiscal periods. All expenses are reported by related function as prescribed by the Nevada Department of Education Nevada Common Elements for Accounting and Reporting K-12 Educational Finances manual.

Fund Financial Statements

The District uses fund financial statements to provide detailed information about its most significant funds. All of the funds of the District can be divided into two 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.

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.

Notes to the Basic Financial Statements

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, the government-wide statements are structured to report financial information on the District as a whole. 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	
	2022	2021	2022	2021	2022	2021
Current assets	\$ 2,535,295,283	\$ 2,001,338,370	\$ 173,702,100	\$ 114,547,581	\$ 2,708,997,383	\$ 2,115,885,951
Capital assets, net	5,236,213,912	5,126,825,913	16,714,805	17,665,491	5,252,928,717	5,144,491,404
Total assets	<u>7,771,509,195</u>	<u>7,128,164,283</u>	<u>190,416,905</u>	<u>132,213,072</u>	<u>7,961,926,100</u>	<u>7,260,377,355</u>
Deferred outflows of resources	1,390,109,320	536,162,078	17,837,237	7,270,649	1,407,946,557	543,432,727
Current liabilities	900,028,244	814,045,118	4,713,012	5,229,894	904,741,256	819,275,012
Long-term liabilities	5,680,429,770	6,528,533,747	31,554,964	49,877,894	5,711,984,734	6,578,411,641
Total liabilities	<u>6,580,458,014</u>	<u>7,342,578,865</u>	<u>36,267,976</u>	<u>55,107,788</u>	<u>6,616,725,990</u>	<u>7,397,686,653</u>
Deferred inflows of resources	1,848,714,281	272,720,717	25,422,417	3,986,804	1,874,136,698	276,707,521
Net position:						
Net investment in capital assets	2,376,834,309	2,288,820,345	16,714,805	17,665,491	2,393,549,114	2,306,485,836
Restricted	1,107,356,459	897,053,277	-	-	1,107,356,459	897,053,277
Unrestricted	(2,751,744,548)	(3,136,846,843)	129,848,944	62,723,638	(2,621,895,604)	(3,074,123,205)
Total net position	<u>\$ 732,446,220</u>	<u>\$ 49,026,779</u>	<u>\$ 146,563,749</u>	<u>\$ 80,389,129</u>	<u>\$ 879,009,969</u>	<u>\$ 129,415,908</u>

The District's assets and deferred outflows of resources were more than liabilities and deferred inflows of resources by \$879,009,969 at the close of the current fiscal year. Total net position increased by \$749,594,061 or 579.21%.

Governmental Activities

The District's total net position in governmental activities is \$732,446,220, which includes a negative unrestricted net position of \$2,751,744,548. Included in this figure is the impact of recording the net pension liability and the total OPEB liability. The portion the District pays to PERS is for 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 \$763,287,325; school carryover (supplies) in the amount of \$117,590,412; school carryover (net vacancy) in the amount of \$85,204,985; activities for student groups in the amount of \$32,548,751; school technology appropriations in the amount of \$22,005,241; English Language Learner (ELL) programs in the amount of \$21,786,184; Alternative/At-Risk education programs in the amount of \$18,592,302; a certificate of deposit with the State of Nevada for the District's worker's compensation self-insurance program in the amount of \$10,270,000; assets related to bond proceeds and other revenues to be used in the District's capital projects programs in the amount of \$17,719,069; school based project carryover in the amount of \$6,358,330; school carryover (service level agreements) in the amount of \$4,014,882; and net position restricted for other purposes totaling \$7,978,978, which includes, a total of \$2,385,325 in school bus appropriations, \$2,740,708 in term endowments made over time to Vegas PBS, \$2,515,283 in school carryover (supplies) for Gifted and Talented Education (GATE) proceeds, and donations of \$337,662.

Business-type Activities

Business-type activities consist solely of the District's Food Service Enterprise Fund. In the current fiscal year, this activity

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

increased net position by 82.32% to \$146,563,749, in large part due to increased Federal subsidies resulting from a significant increase in both the reimbursement rate and number of meals served per day over the prior year. There was also additional funding received from the United States Department of Agriculture (NSLP Emergency Operation). Revenues exceeded expenses by \$66,174,620. Food Service is reporting approximately \$130 million in unrestricted net position.

Clark County School District's Statement of Activities:

	Governmental activities		Business-type activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 60,129,024	\$ 14,200,542	\$ 792,984	\$ 149,283	\$ 60,922,008	\$ 14,349,825
Operating grants and contributions	843,119,468	817,786,468	186,730,641	85,768,569	1,029,850,109	903,555,037
Capital grants and contributions	53,053,533	450,000	-	-	53,053,533	450,000
Total program revenues	<u>956,302,025</u>	<u>832,437,010</u>	<u>187,523,625</u>	<u>85,917,852</u>	<u>1,143,825,650</u>	<u>918,354,862</u>
General revenues:						
Property taxes	480,577,542	1,008,892,986	-	-	480,577,542	1,008,892,986
Local school support tax	-	1,032,896,029	-	-	-	1,032,896,029
Governmental services tax	37,030,578	116,190,374	-	-	37,030,578	116,190,374
Room tax	100,937,931	38,008,144	-	-	100,937,931	38,008,144
Real estate transfer tax	62,869,252	43,522,507	-	-	62,869,252	43,522,507
Franchise tax	-	2,715,272	-	-	-	2,715,272
Unrestricted federal aid	210,093	160,760	-	-	210,093	160,760
Unrestricted state aid	2,679,444,525	601,781,849	363,705	-	2,679,808,230	601,781,849
Other local sources	16,041,247	10,319,781	41,162	24,427	16,082,409	10,344,208
Unrestricted investment earnings	(38,034,185)	393,963	(3,097,826)	(137,506)	(41,132,011)	256,457
Total general revenues	<u>3,339,076,983</u>	<u>2,854,881,665</u>	<u>(2,692,959)</u>	<u>(113,079)</u>	<u>3,336,384,024</u>	<u>2,854,768,586</u>
Total revenues	<u>4,295,379,008</u>	<u>3,687,318,675</u>	<u>184,830,666</u>	<u>85,804,773</u>	<u>4,480,209,674</u>	<u>3,773,123,448</u>
Expenses						
Instruction expenses	2,180,565,404	2,205,346,971	-	-	2,180,565,404	2,205,346,971
Support services:						
Student support	179,882,597	179,425,044	-	-	179,882,597	179,425,044
Instructional staff support	282,887,765	188,185,939	-	-	282,887,765	188,185,939
General administration	33,687,014	34,475,777	-	-	33,687,014	34,475,777
School administration	216,098,523	234,404,683	-	-	216,098,523	234,404,683
Central services	134,789,590	102,905,183	-	-	134,789,590	102,905,183
Operation and maintenance						
of plant services	294,625,634	280,323,232	-	-	294,625,634	280,323,232
Student transportation	142,803,012	136,382,555	-	-	142,803,012	136,382,555
Other support services	10,099,026	5,520,409	-	-	10,099,026	5,520,409
Community services	4,071,926	3,611,965	-	-	4,071,926	3,611,965
Facilities acquisition and						
construction services	16,805,388	13,245,167	-	-	16,805,388	13,245,167
Interdistrict payments	7,177,187	5,335,229	-	-	7,177,187	5,335,229
Interest on long-term debt	108,226,992	105,070,903	-	-	108,226,992	105,070,903
Food services	-	-	119,328,645	92,792,154	119,328,645	92,792,154
Total expenses	<u>3,611,720,058</u>	<u>3,494,233,057</u>	<u>119,328,645</u>	<u>92,792,154</u>	<u>3,731,048,703</u>	<u>3,587,025,211</u>
Excess (deficiency) of revenues over (under) expenditures before term endowments and transfers						
	683,658,950	193,085,618	65,502,021	(6,987,381)	749,160,971	186,098,237
Term endowment	433,090	132,006	-	-	433,090	132,006
Transfers in / (out)	(672,599)	(648,986)	672,599	648,986	-	-
Change in net position	<u>683,419,441</u>	<u>192,568,638</u>	<u>66,174,620</u>	<u>(6,338,395)</u>	<u>749,594,061</u>	<u>186,230,243</u>
Net position - beginning	49,026,779	(143,541,859)	80,389,129	86,727,524	129,415,908	(56,814,335)
Net position - ending	<u>\$ 732,446,220</u>	<u>\$ 49,026,779</u>	<u>\$ 146,563,749</u>	<u>\$ 80,389,129</u>	<u>\$ 879,009,969</u>	<u>\$ 129,415,908</u>

Governmental Activities**Net Position**

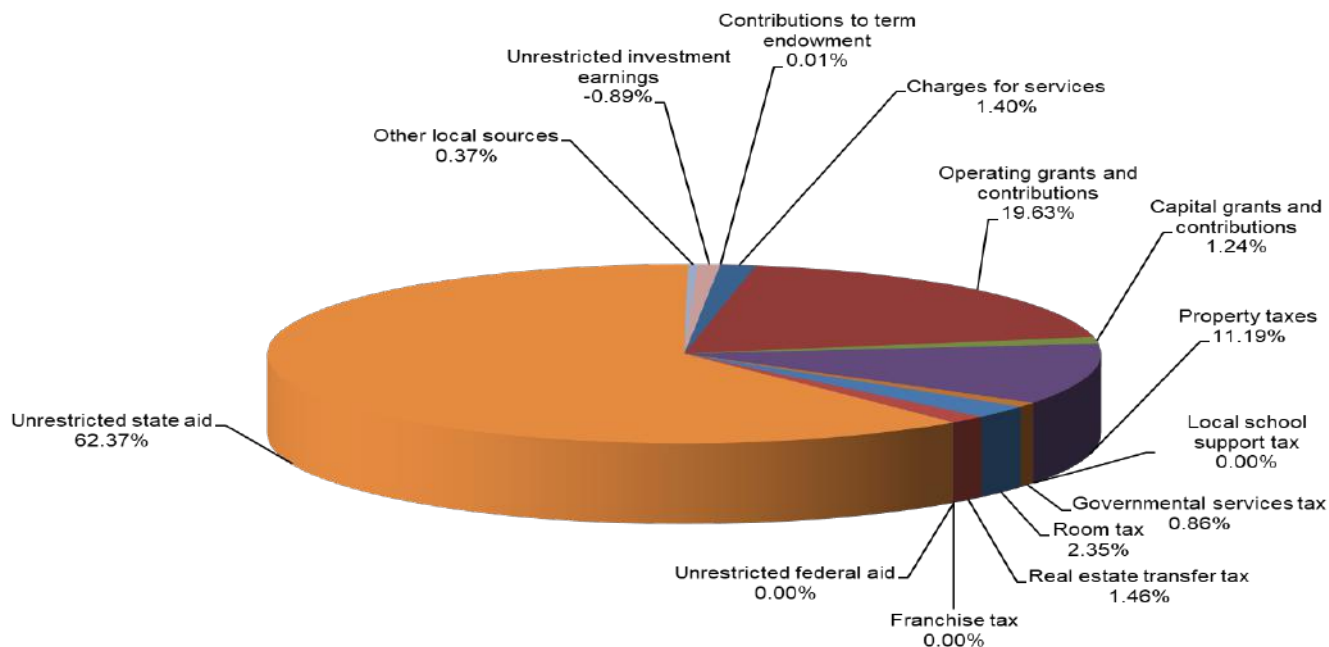
Governmental activities increased the District's net position as revenues exceeded expenses by \$683,419,441 in fiscal year 2022.

Revenues

- The largest general revenues received by the District is from the unrestricted state aid in the amount of \$2,679,444,525. This revenue represents 62% of total governmental revenues for the current fiscal year. This year's unrestricted state aid in the General Fund increased by \$2,077,662,676 or 345.25%, due to the new PCFP formula.
- Although the Clark County economy slowed down due to the COVID-19 pandemic, there was an increase in total home sales and median sale price of single-family homes; therefore, the District experienced a favorable change in real estate transfer tax, a tax collected on transfers of real property, of \$19,346,745 or 44.45%. The room tax associated with hotel lodging increased \$62,929,787 or 165.57% over the previous year as tourism levels resumed due to lifted travel restrictions. The real estate transfer tax, property tax and room tax are the main components of repaying outstanding bond obligations.
- GST revenue decreased \$79,159,796 or 68.13%. GST is collected when residents register their vehicles each year. In fiscal year 2022, a portion of the revenue is allocated through the new PCFP State funding formula; therefore, there is no GST revenue in the General Fund. The PCFP does not affect the portion of this revenue that is recorded in the GST fund.
- Other local sources increased by \$5,721,466 or 55.44% as additional indirect cost revenue was generated from increased federal grant expenditures. Indirect costs are associated with administrative expenses that are not identified to a direct service, program or grant. The State allows to charge grant programs an approved rate based on these expenditures, which rose from 2.07% to 2.15%.
- Investment earnings decreased \$38,428,148 or 9,754.25% due to the impact of unrealized losses on long-term securities. However, no losses were actually realized, as those securities will be held to maturity, earning the full investment return expected when those securities were purchased. This is a requirement by the Governmental Accounting Standards Board (GASB) Statement No. 31, which requires the District to net and record unrealized gains/losses against investment income. For details on the investment earnings, see **Note 3** on pages 61-63.
- Revenue from charges for services increased by \$45,928,482 or 323.43%, predominately in the Student Activity Fund where funds for extra co-curricular activities raised through fundraisers are recorded. The increase is a result of transitioning back to in-person instruction and conducting fundraisers that were previously cancelled due to COVID-19.
- Operating grants and contributions revenues increased by \$25,333,000 or 3.10% due to the increase in federal funding related to COVID-19, which provided supplemental support for purchases of software, chromebooks, textbooks, and employee retention bonuses. This increase was offset by a decrease in state appropriations including CSR funds, which are now allocated through the new PCFP State funding formula. State funding is now coded to unrestricted state aid in the General Fund and the new special revenue funds ELL, GATE, and At-Risk.
- Capital grant and contribution revenues increased by \$52,603,533 or 11,689.67% due to the ELC Reopening Schools grant for safely re-opening schools as students returned to in-person instruction.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Activities – Revenue Sources**



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

Governmental Activities - Change in Revenues

Revenues	2022	2021	Inc / (Dec) from 2021	% Inc / (Dec) from 2021
Charges for services	\$ 60,129,024	\$ 14,200,542	\$ 45,928,482	323.43%
Operating grants and contributions	843,119,468	817,786,468	25,333,000	3.10%
Capital grants and contributions	53,053,533	450,000	52,603,533	11689.67%
Property taxes	480,577,542	1,008,892,986	(528,315,444)	-52.37%
Local school support tax	-	1,032,896,029	(1,032,896,029)	-100.00%
Governmental services tax	37,030,578	116,190,374	(79,159,796)	-68.13%
Room tax	100,937,931	38,008,144	62,929,787	165.57%
Real estate transfer tax	62,869,252	43,522,507	19,346,745	44.45%
Franchise tax	-	2,715,272	(2,715,272)	-100.00%
Unrestricted federal aid	210,093	160,760	49,333	30.69%
Unrestricted state aid	2,679,444,525	601,781,849	2,077,662,676	345.25%
Other local sources	16,041,247	10,319,781	5,721,466	55.44%
Unrestricted investment earnings	(38,034,185)	393,963	(38,428,148)	-9754.25%
Contributions to term endowment	433,090	132,006	301,084	228.08%
Total revenues	\$ 4,295,812,098	\$ 3,687,450,681	\$ 608,361,417	16.50%

Expenses

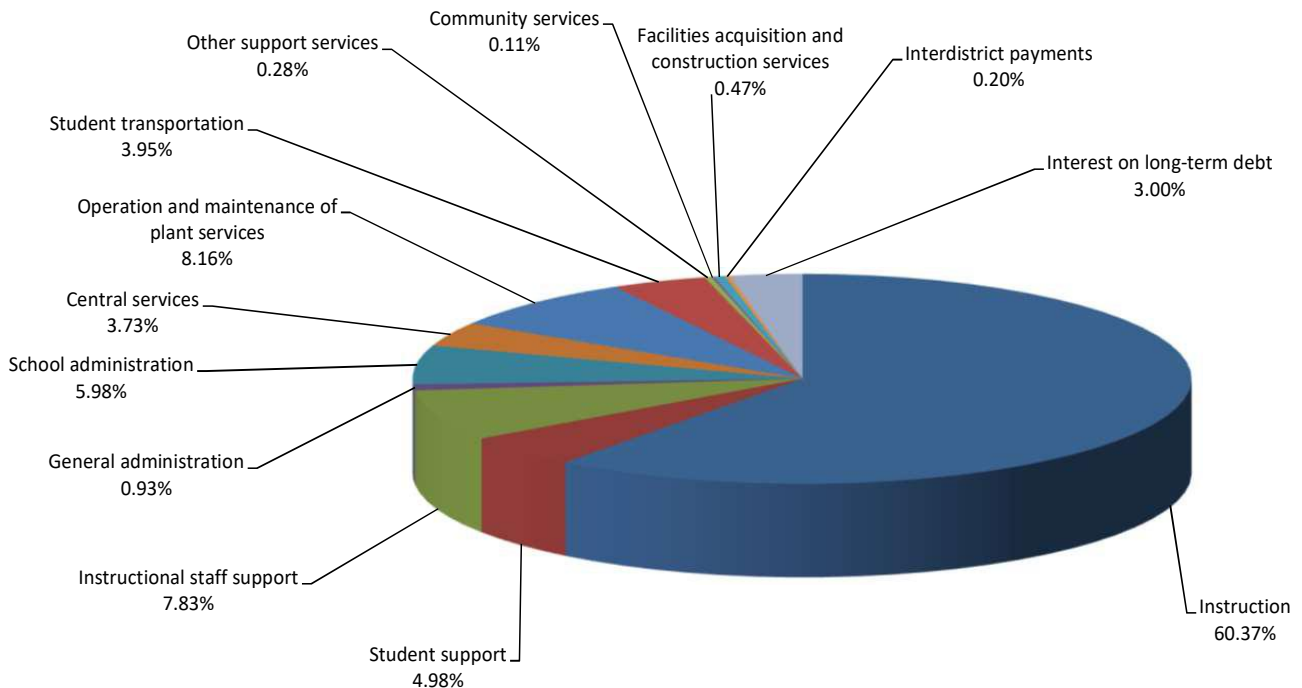
- Instruction related expenses represent 60.44% of total governmental expenses. They consist of regular, special, GATE, vocational, other instruction, and adult program expenses, with 90.50% of these dollars spent on regular and special education.
- Instruction related expenses decreased by \$24,781,567 or 1.12% primarily due to a swing from recording a pension expense to pension income as Nevada PERS experienced a significant increase in their return on investment. This return affects the proportionate share of expenses that the District must record. Additionally, these instruction related expenses were offset by salary increases for pay-for-performance, extra duty, teacher substitutes, and preparation periods.
- Operation and maintenance of plant services account for approximately 8.16% of total expenses. The expenses

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

consist of utility and maintenance costs intended to provide upkeep for the District's schools and administrative facilities. The increase of \$14,302,402 or 5.10% is due to an increase in electricity, natural gas, gasoline, and diesel fuel due to the high gas prices and the return to in-person instruction.

- Central services expenses increased by \$31,884,407 or 30.98% largely due to COVID-19 screening protocols and testing services to accommodate employees and students.
- School administration function decreased by \$18,306,160 or 7.81% primarily due to the significant decline in pension expense as reported by Nevada PERS. Additionally, incentive pay for school administrators participating in the Summer Acceleration program decreased.
- Instructional staff support expenses consist of staff training, library services, instruction related technology, and network systems. These expenses increased by \$94,701,826 or 50.32% primarily from higher Student Activity expenses as students returned to in-person instruction.
- Student transportation expenses increased by \$6,420,457 or 4.71% due to higher diesel fuel consumption as school bus routes resumed with the return to in-person instruction as well as salary increases resulting from negotiated agreements for support professionals such as bus drivers, mechanics and transportation aides.
- Other support services increased by \$4,578,617 or 82.94% due to indirect costs from increased federal grant expenditures. Indirect costs are associated with administrative expenses that are not identified to a direct service, program or grant. The State allows to charge grant programs an approved rate based on these expenditures, which rose from 2.07% to 2.15%.
- Facilities acquisition and construction services increased by \$3,560,221 or 26.88% due to the completion of various projects such as artificial turf, asphalt removal, and replacement for multiple schools.
- Interdistrict payments increased by \$1,841,958 or 34.52% due to an increase in allocation to charter schools as their enrollment and per pupil rates rose.
- Interest on long-term debt increased by \$3,156,089 or 3%, largely due to the increase in construction and renovation of schools in the last few years, more building bonds have been issued, resulting in increased interest expenses.

Governmental Activities – Expenses by Function**



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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Governmental Activities – Change in Expenses by Function

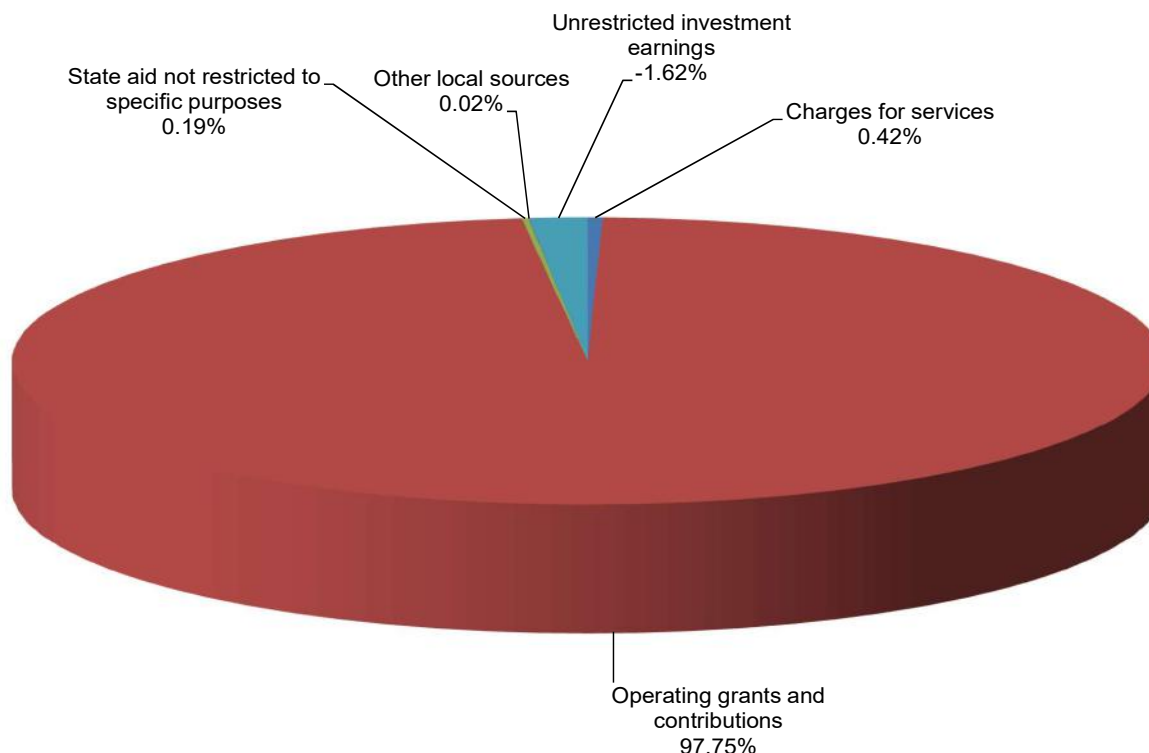
Expenses	2022	2021	Inc / (Dec) from 2021	% Inc / (Dec) from 2021
Instruction	\$ 2,180,565,404	\$ 2,205,346,971	\$ (24,781,567)	-1.12%
Student support	179,882,597	179,425,044	457,553	0.26%
Instructional staff support	282,887,765	188,185,939	94,701,826	50.32%
General administration	33,687,014	34,475,777	(788,763)	-2.29%
School administration	216,098,523	234,404,683	(18,306,160)	-7.81%
Central services	134,789,590	102,905,183	31,884,407	30.98%
Operation and maintenance of plant services	294,625,634	280,323,232	14,302,402	5.10%
Student transportation	142,803,012	136,382,555	6,420,457	4.71%
Other support services	10,099,026	5,520,409	4,578,617	82.94%
Community services	4,071,926	3,611,965	459,961	12.73%
Facilities acquisition and construction services	16,805,388	13,245,167	3,560,221	26.88%
Interdistrict payments	7,177,187	5,335,229	1,841,958	34.52%
Interest on long-term debt	108,226,992	105,070,903	3,156,089	3.00%
Total expenses	\$ 3,611,720,058	\$ 3,494,233,057	\$ 117,487,001	3.36%

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 82.32% to \$146,563,749, largely due to an increase in federal subsidies and daily food sales. This was the effect of transitioning from distance-learning model to in-person instruction.

Food service federal subsidies, account for almost 100% of the revenues received by business-type activities. In fiscal year 2022, federal subsidies account for 97.75%. 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 and negative unrestricted investment earnings.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Business-type Activities - Change in Revenues

Revenues	2022	2021	Increase / (Decrease) from 2021	% Increase / (Decrease) from 2021
Charges for services	\$ 792,984	\$ 149,283	\$ 643,701	431.20%
Operating grants and contributions	186,730,641	85,768,569	100,962,072	117.71%
State aid not restricted to specific purposes	363,705	-	363,705	100.00%
Other local sources	41,162	24,427	16,735	68.51%
Unrestricted investment earnings	(3,097,826)	(137,506)	(2,960,320)	2152.87%
Total Revenues	\$ 184,830,666	\$ 85,804,773	\$ 99,025,893	115.41%

Revenues generated from charges for services and operating grants and contributions increased \$643,701 and \$100,962,072, respectively from the prior year. For fiscal year 2022, the District worked under a U.S. Department of Agriculture waiver that allowed for the distribution of free meals to all students regardless of eligibility due to economic decline. There was a significant increase in the reimbursement rate and number of meals served per day.

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. The 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 \$1.865 billion, an increase of \$472 million from last year. Of the total governmental fund balance, \$38,033,732 is classified as nonspendable and \$1,604,251,746 as restricted. Committed fund balance totaled 7,437,092, which included amounts for Vegas PBS programming fees and Medicaid programs. The assigned fund balance totaling \$101,900,458 is for various initiatives throughout the District including categorical indirect costs, instructional supply appropriations, potential litigation, future initiatives, and an NV Energy incentive. Unassigned fund balance for all governmental funds serves as a useful measure of the District's net resources as a whole. The available balance for spending is \$113,387,724.

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 \$493,617,892; the nonspendable portion totaled \$37,917,590 and the restricted portion was \$240,412,120. The unassigned portion, which represents spendable resources, was \$113,387,724, representing 23% of the total fund balance or 4% of the general operating budget resources. See **Note 15** on pages 81-82.

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 2022 was \$384,504,050. This is an increase of 10.10% over fiscal year 2021 as the state revenue distribution increased to accommodate the enrollment growth of students qualifying for special education services and increased salary and benefits for licensed personnel.

The District's Debt Service Fund reported an increase in fund balance of approximately \$140 million, from \$361 million in fiscal year 2021 to \$501 million in fiscal year 2022. This is a result of an excess of revenue over expenditures primarily from higher property tax revenue.

The District's Bond Fund reported an increase in fund balance of \$161 million due to the construction bonds authorized and issued in the amount of \$400 million. The District received approximately \$164 million in combined revenues from the room tax and real estate transfer tax. These taxes are pledged to reduce specific general obligation debt as it comes due. Most of these pledged revenues are reported as a transfer out of the Bond Fund for \$90.2 million and are shown as a transfer in to the Debt Service Fund.

The Federal Projects and State Grants Funds reported no fund balance, as draws are recorded as receivables, and 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Towards the end of the current fiscal year, the Grant Fiscal Services department request draws to cover several expenditures mainly in its ESSER I, ESSER II, ESSER III, Title I, and Title IV grants, but did not receive the funding until after the end of the current fiscal year. As of June 30, 2022, the Federal Projects Fund and State Grants Fund are reporting \$294 million and \$10 million receivables, respectively. Since these funds did not receive grant awards in time to cover the current expenditures, the General Fund provided funding. Liabilities are recorded in the Federal Projects Fund in the amount of \$187,468,256, and \$2,313,032 in the State Grants Fund to recognize the payable; corresponding receivables are recorded in the General Fund.

Additional information on the District's interfund balances and transfers can be found in **Note 4** on pages 63-64 of this report.

BUDGETARY HIGHLIGHTS

The Original Budget (Final Budget) was approved on May 17, 2021. Budgeted appropriations were developed with certain assumptions remaining unknown or not finalized, namely average daily enrollment (ADE), beginning fund balance, and PCFP information. 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, 2021.

An amendment to the 2021-2022 Final Budget was approved on December 9, 2021, following recognition of the first quarter ADE, providing more precise second, third, and fourth quarter enrollment projections, audited fiscal year 2021 financial reports, and updated PCFP information. This amendment increased appropriations by \$85.6 million from Final Budget. Below is a list of major events:

1. Employee Union fiscal year 2022 Labor Agreements: Addition of \$75.9 million for additional employee compensation expenditures.
2. 2020C Medium-Term Bond Carryover: \$12.1 million carried forward from fiscal year 2021. This funding will purchase buses, white fleet, and technology equipment.
3. Preventive Maintenance (PM) Program: Addition of \$10 million to establish a PM program. PM is routine maintenance that is regularly performed on equipment to keep equipment running at peak performance, reducing downtime, equipment failures, and potentially reducing lifetime ownership cost.
4. Bond Adjustment: Increase by \$3 million to \$38 million. Fiscal year 2022 bond proceeds will support purchasing technology equipment and white fleet.
5. Middle School Athletics: Addition of \$2.3 million to establish a flag football and soccer program at most middle schools.
6. Human Capital Management (HCM) Project: Addition of \$1.9 million to support HCM project – Phase IV.
7. Schools Strategic Budget Reduction: Appropriation reduction of \$22 million primarily due to enrollment decline. Enrollment revised to 302,678 down 8,241 students from the 2022 Final Budget projection of 310,919.

The amendment to the Final Budget reflects the District's best estimates and includes all transfers, additions, and deletions that have been approved through June 30, 2022, and more accurately denote total appropriation activity throughout the year.

NRS and District regulations require that school districts legally adopt budgets for all funds. Budgets are prepared in accordance with Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). Budgeted amounts reflected in the accompanying financial statements recognize amendments and transfers made during the year. The 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 2022-2023.

Revenues

Total General Operating Fund actual revenues came in under budget by \$30 million. In fiscal year 2022, State Education

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

Funding was lower than budgeted by \$7.6 million primarily due to average enrollment being 301,827 (weighted 300,528), which is a decline of 851 (weighted 1,020) from Amended Final Budget's enrollment of 302,678 (weighted 301,548). In addition, investment income results aligned with national market results and were negative. Investment income yielded a revenue loss of \$16.4 million.

Expenditures

General Operating Fund expenditures came in below budget by \$268 million, which is primarily a result of the following events: approximately \$215 million of unutilized school level appropriations and per NRS 388G carry forward funds were placed as a restricted balance in the 2022 ending fund balance. The remaining \$53 million was generated from the Special Education Fund coming in under budget by \$9 million, because of lower transportation expenditures and cost saving related to vacant special education positions. In addition, the General Fund experienced cost savings of \$44 million because of vehicles and technology equipment fulfillment delays in the amount of \$2.4 million and \$22 million. Additionally, there was \$8.5 million of unutilized litigation and NV Energy's incentive of \$0.8 million.

Ending Fund Balance

The Board adopted an amendment to the fiscal year 2022 Final Budget for the General Operating Fund in December 2021 that reflected total appropriations of \$3 billion and a projected ending fund balance of \$250.3 million. The actual fiscal year 2022 ending fund balance is \$493.6 million, a positive variance of \$243.3 million to the plan, the majority being school carry forward.

CCSD's regulation 3110 requires an unassigned ending fund balance of not less than 2% of total General Fund's revenues for each fiscal year shall be included in the General Fund budget. The District did achieve a 4%, or \$113.4 million unassigned ending fund balance for fiscal year 2022. This is a \$58.2 million improvement over fiscal year 2021.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At June 30, 2022, the District held approximately \$5.25 billion invested in a broad range of capital and leased capital assets, net of depreciation, including land and improvements, buildings and improvements, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of \$108 million or 2.11% from last year. The following tables reflect additions and disposals of capital and leased capital assets for governmental and business-type activities:

Governmental Activities Capital Assets:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Land	\$ 265,746,547	\$ -	\$ -	\$ 265,746,547
Leased Land	122,716	-	-	122,716
Land Improvements	1,635,333,470	78,248,336	-	1,713,581,806
Buildings	5,609,284,305	199,757,657	(2,317,158)	5,806,724,804
Leased Buildings	11,559	99,086	-	110,645
Building Improvements	975,500,471	31,701,066	(6,732,629)	1,000,468,908
Equipment	587,148,850	37,963,716	(15,646,226)	609,466,340
Leased Equipment	185,888	-	-	185,888
Subscription-Based Information Technology Arrangements	-	16,085,808	-	16,085,808
Construction in Progress	231,896,939	357,430,904	(328,635,770)	260,692,073
Less: Accumulated Depreciation	(4,178,404,832)	(282,508,311)	23,941,520	(4,436,971,623)
Total Capital Assets, Net	\$ 5,126,825,913	\$ 438,778,262	\$ (329,390,263)	\$ 5,236,213,912

The majority of the increase in capital assets is due to the increase in buildings, which represent the capitalized construction costs. In fiscal year 2022, the District opened two new schools. Additions to land, buildings, and building improvements

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

include construction, expansions and renovations to new and existing District facilities. Construction in progress includes school renovations, improvements, expansions to existing schools, and work performed to fully replace some older existing schools.

Business-type Activities Capital Assets:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Land Improvements	\$ 968,279	\$ -	\$ -	\$ 968,279
Buildings	1,737,413	-	-	1,737,413
Building Improvements	9,655,174	-	-	9,655,174
Equipment	26,495,519	1,010,089	(293,533)	27,212,075
Less: Accumulated Depreciation	(21,190,894)	(1,943,081)	275,839	(22,858,136)
Total Capital Assets, Net	\$ 17,665,491	\$ (932,992)	\$ (17,694)	\$ 16,714,805

Additional information on the District's capital and leased capital assets can be found in **Note 5** on pages 64-65 of this report.

Long-term Debt

The District 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 this information is focused on the financial stability of the District and how it responds to various financial situations. The District has the following ratings with Standard and Poor (A+) and Moody's Investor Services (A1) both with a stable outlook rating at year end.

As of June 30, 2022, the District carried approximately \$3.4 billion in debt. The District has recently 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 purchasing necessary furniture and equipment for schools including equipment used for student transportation. The following table summarizes long-term debt activity over the past fiscal year:

Long-term Debt Obligations:

	Balance June 30, 2021	Issuances	Retirements	Balance June 30, 2022
Governmental Activities:				
General Obligation Debt	\$ 2,826,400,000	\$ 433,750,000	\$ (274,770,000)	\$ 2,985,380,000
Less: Discounts	(1,874,326)	-	624,776	(1,249,550)
Plus: Premiums	350,018,769	66,344,677	(37,235,566)	379,127,880
General Obligation Debt, Net	\$ 3,174,544,443	\$ 500,094,677	\$ (311,380,790)	\$ 3,363,258,330

Per NRS 387.400, the debt limitation for the District is equal to 15% of the assessed valuation of property, excluding motor vehicles. The debt limitation currently applicable at June 30, 2022, is \$16,072,079,849. It is expected that future increases in assessed valuation and the retirement of bonds will result, at all times, in a statutory debt limitation in excess of outstanding debt, subject to changes in assumptions, costs and revenues.

The District's liability for compensated absences, including sick leave, decreased this year with combined governmental and business-type activities reporting \$72,397,969 in compensated absences payable at June 30, 2022. This represents a 3.98% decrease over the previous year.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Additional information on the District's long-term debt can be found in **Notes 8 and 10** on pages 67-69 and page 71, respectively, of this report.

REQUESTS FOR INFORMATION

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

Clark County School District
Accounting Department
4190 McLeod Drive
Las Vegas, NV 89121