



CCSD 
CLARK COUNTY
SCHOOL DISTRICT

Financial Section

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Independent Auditor's Report

The Board of Trustees
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, 2023, 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, 2023, 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.

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.

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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, schedule of District's contributions on pages 100 through 101, schedule of the District's proportionate share of the net pension liability on page 103, notes to the required supplementary information on pages 104 through 107, and the schedule of changes in the District's total OPEB liability and related ratios on pages 108 through 111 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 management's discussion and analysis, schedule of District's contributions, schedule of the District's proportionate share of the net pension liability, notes to the required supplementary information, and the schedule of changes in the District's total OPEB liability and related ratios in accordance with GAAS, 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 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 GAAS. 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.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2022 (not presented herein), and have issued our report thereon dated October 21, 2022 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The combining and individual fund statements and schedules for the year ended June 30, 2022 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 related directly to the underlying accounting and other records used to prepare the 2022 financial statements. The information was subjected to the audit procedures applied in the audit of the 2022 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. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2022.

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 October 20, 2023, 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.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Reno, Nevada
October 20, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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, 2023. 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 2023

The following is an analysis of facts, descriptions and/or conditions of the District, in fiscal year 2023, 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 \$316 million during fiscal year 2023, from \$879 million to \$1.195 billion. The increase in net position was driven by a significant increase in operating grants and contributions mainly from the Elementary and Secondary School Emergency Relief Fund (ESSER) federal grants. Furthermore, various local revenues also saw significant increases.
- Total revenues increased \$243 million from \$4.480 billion in fiscal year 2022 to \$4.723 billion in fiscal year 2023, a 5.42% increase. Operating grants and contributions, unrestricted investment earnings, and property taxes increased \$155 million, \$85 million, and \$35 million, respectively, due to an increase in federal funds related to COVID-19, elevated home prices, and increased investment return. This was offset by a decrease in real estate transfer tax due to declining home sales and reduced Pupil Centered Funding Plan (PCFP) distribution based on a lower student enrollment this fiscal year compare to last year.
- Total expenses increased 19.26% from \$3.731 billion in fiscal year 2022, to \$4.450 billion in fiscal year 2023 due to a significant increase in licensed salaries for pay-for-performance, extra duty, and preparation periods. Also contributing to the increase was a higher pension expense as State of Nevada Public Employees Retirement System (PERS) experienced a significant decrease in their return on investment.

Fund Financial Statements

- The combined ending governmental fund balances increased to \$2.098 billion in fiscal year 2023 from \$1.865 billion in fiscal year 2022, a 12.47% increase.
- The combined revenues in the governmental funds recorded a \$242 million increase from the previous year predominantly in the Federal Fund. Federal sources increased by \$114 million mainly from the Elementary and Secondary School Emergency Relief Fund III (ESSER III) grant. There is also a significant increase in property taxes as home values continue to rise.
- The largest source of revenue in the General Fund and Special Education Fund is the state distribution from the PCFP plan. The distribution from the PCFP plan decreased due to a decline in student enrollment. The portion of property taxes deposited into the Debt Service Fund remains and also increased as home values rose over the course of the year.

General Operating Fund Balance

- The ending fund balance in the General Fund increased from approximately \$494 million in fiscal year 2022 to approximately \$531 million in fiscal year 2023, a 7.56% increase. Included in the ending fund balance is \$269 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 \$25 million due to an increase in investment income.
- The District fully funded the unassigned (spendable) portion of fund balance to 4.25% of general operating revenue in fiscal year 2023. This is the highest it has been in over ten years. Unassigned fund balance is reported at \$121.5 million in fiscal year 2023.
- 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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 2023. 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.

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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Clark County School District's Net Position:

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Current assets	\$ 2,707,988,054	\$ 2,535,295,283	\$ 208,401,131	\$ 173,702,100	\$ 2,916,389,185	\$ 2,708,997,383
Capital assets, net	5,308,930,744	5,236,213,912	16,363,721	16,714,805	5,325,294,465	5,252,928,717
Total assets	<u>8,016,918,798</u>	<u>7,771,509,195</u>	<u>224,764,852</u>	<u>190,416,905</u>	<u>8,241,683,650</u>	<u>7,961,926,100</u>
Deferred outflows of resources	1,545,510,233	1,390,109,320	22,336,719	17,837,237	1,567,846,952	1,407,946,557
Other liabilities	458,019,367	563,993,368	2,242,479	2,969,274	460,261,846	566,962,642
Long-term liabilities	7,940,920,483	6,016,464,646	66,990,634	33,298,702	8,007,911,117	6,049,763,348
Total liabilities	<u>8,398,939,850</u>	<u>6,580,458,014</u>	<u>69,233,113</u>	<u>36,267,976</u>	<u>8,468,172,963</u>	<u>6,616,725,990</u>
Deferred inflows of resources	144,173,071	1,848,714,281	1,952,618	25,422,417	146,125,689	1,874,136,698
Net position:						
Net investment in capital assets	2,455,725,545	2,376,834,309	16,363,721	16,714,805	2,472,089,266	2,393,549,114
Restricted	1,395,399,800	1,107,356,459	-	-	1,395,399,800	1,107,356,459
Unrestricted	(2,831,809,235)	(2,751,744,548)	159,552,119	129,848,944	(2,672,257,116)	(2,621,895,604)
Total net position	<u>\$ 1,019,316,110</u>	<u>\$ 732,446,220</u>	<u>\$ 175,915,840</u>	<u>\$ 146,563,749</u>	<u>\$ 1,195,231,950</u>	<u>\$ 879,009,969</u>

The District's assets and deferred outflows of resources were more than liabilities and deferred inflows of resources by \$1,195,231,950 at the close of the current fiscal year. Total net position increased by \$316,221,981 or 35.97%.

Governmental Activities

The District's total net position in governmental activities is \$1,019,316,110, which includes a negative unrestricted net position of \$2,831,809,235. 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 \$926,628,930; school carryover (supplies) in the amount of \$142,900,020; school carryover (net vacancy) in the amount of \$117,917,825; activities for student groups in the amount of \$32,921,122; school technology bonds in the amount of \$31,122,305; English Language Learner (ELL) programs in the amount of \$25,088,611; Alternative/At-Risk education programs in the amount of \$21,278,384; a certificate of deposit with the State of Nevada for the District's worker's compensation self-insurance program in the amount of \$9,129,000; assets related to bond proceeds and other revenues to be used in the District's capital projects programs in the amount of \$65,386,241; school based project carryover in the amount of \$5,754,955; term endowments made over time to Vegas PBS in the amount of \$9,842,579 and net position restricted for other purposes totaling \$7,429,828, which includes, a total of \$4,462,350 in school bus appropriation bonds, \$2,599,906 in school carryover (supplies) for gate proceeds, and donations of \$367,572.

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 20.03% to \$175,915,840 as non-operating revenues exceeded operating expenses. Investment income displayed a notable shift from a \$3.1 million loss in the prior year to a \$1.7 million loss in the current fiscal year. There was an increase in vending and catering revenue attributed to the adjustment of food prices in response to increased food costs. Revenues exceeded expenses by \$29,352,091. Food Service is reporting approximately \$160 million in unrestricted net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Clark County School District's Statement of Activities:

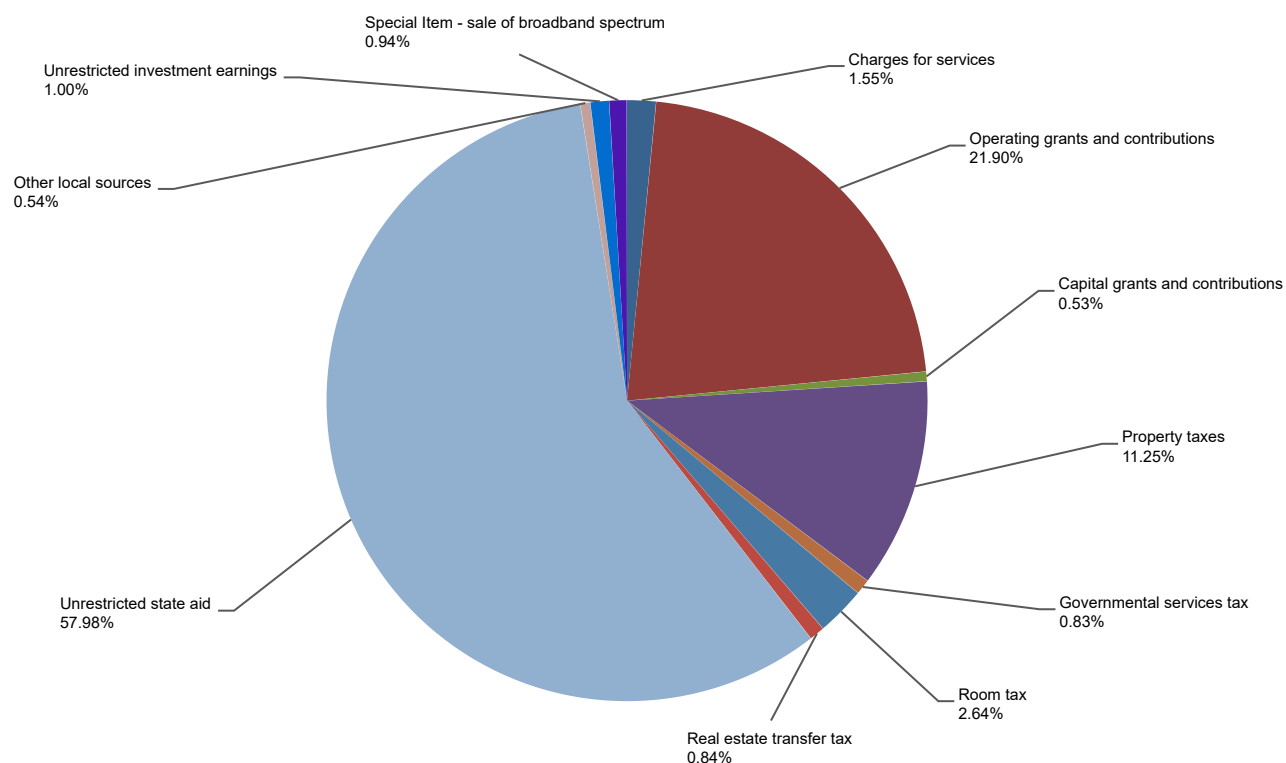
	Governmental activities		Business-type activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 71,030,930	\$ 60,129,024	\$ 1,135,011	\$ 792,984	\$ 72,165,941	\$ 60,922,008
Operating grants and contributions	1,004,334,611	843,119,468	180,018,216	186,730,641	1,184,352,827	1,029,850,109
Capital grants and contributions	24,150,802	53,053,533	-	-	24,150,802	53,053,533
Total program revenues	<u>1,099,516,343</u>	<u>956,302,025</u>	<u>181,153,227</u>	<u>187,523,625</u>	<u>1,280,669,570</u>	<u>1,143,825,650</u>
General revenues:						
Property taxes	516,001,726	480,577,542	-	-	516,001,726	480,577,542
Governmental services tax	38,224,724	37,030,578	-	-	38,224,724	37,030,578
Room tax	120,914,774	100,937,931	-	-	120,914,774	100,937,931
Real estate transfer tax	38,315,657	62,869,252	-	-	38,315,657	62,869,252
Unrestricted federal aid	121,816	210,093	-	-	121,816	210,093
Unrestricted state aid	2,659,097,778	2,679,444,525	364,022	363,705	2,659,461,800	2,679,808,230
Other local sources	24,809,815	16,041,247	39,655	41,162	24,849,470	16,082,409
Unrestricted investment earnings	46,074,688	(38,034,185)	(1,713,945)	(3,097,826)	44,360,743	(41,132,011)
Total general revenues	<u>3,443,560,978</u>	<u>3,339,076,983</u>	<u>(1,310,268)</u>	<u>(2,692,959)</u>	<u>3,442,250,710</u>	<u>3,336,384,024</u>
Total revenues	<u>4,543,077,321</u>	<u>4,295,379,008</u>	<u>179,842,959</u>	<u>184,830,666</u>	<u>4,722,920,280</u>	<u>4,480,209,674</u>
Expenses						
Instruction expenses	2,574,768,066	2,180,565,404	-	-	2,574,768,066	2,180,565,404
Support services:						
Student support	250,971,024	179,882,597	-	-	250,971,024	179,882,597
Instructional staff support	323,972,796	282,887,765	-	-	323,972,796	282,887,765
General administration	45,124,097	33,687,014	-	-	45,124,097	33,687,014
School administration	267,206,034	216,098,523	-	-	267,206,034	216,098,523
Central services	124,070,621	134,789,590	-	-	124,070,621	134,789,590
Operation and maintenance of plant services	363,806,662	294,625,634	-	-	363,806,662	294,625,634
Student transportation	168,657,824	142,803,012	-	-	168,657,824	142,803,012
Other support services	16,132,021	10,099,026	-	-	16,132,021	10,099,026
Community services	15,666,214	4,071,926	-	-	15,666,214	4,071,926
Facilities acquisition and construction services	29,324,753	16,805,388	-	-	29,324,753	16,805,388
Interdistrict payments	10,060,144	7,177,187	-	-	10,060,144	7,177,187
Interest on long-term debt	108,950,892	108,226,992	-	-	108,950,892	108,226,992
Food services	-	-	151,068,445	119,328,645	151,068,445	119,328,645
Total expenses	<u>4,298,711,148</u>	<u>3,611,720,058</u>	<u>151,068,445</u>	<u>119,328,645</u>	<u>4,449,779,593</u>	<u>3,731,048,703</u>
Excess of revenues over expenditures before term endowments, special item and transfers						
	244,366,173	683,658,950	28,774,514	65,502,021	273,140,687	749,160,971
Term endowment	81,294	433,090	-	-	81,294	433,090
Special Item - sale of broadband spectrum	43,000,000	-	-	-	43,000,000	-
Transfers in / (out)	(577,577)	(672,599)	577,577	672,599	-	-
Change in net position	286,869,890	683,419,441	29,352,091	66,174,620	316,221,981	749,594,061
Net position - beginning	732,446,220	49,026,779	146,563,749	80,389,129	879,009,969	129,415,908
Net position - ending	<u>\$ 1,019,316,110</u>	<u>\$ 732,446,220</u>	<u>\$ 175,915,840</u>	<u>\$ 146,563,749</u>	<u>\$ 1,195,231,950</u>	<u>\$ 879,009,969</u>

Governmental Activities**Revenues**

- The largest general revenues received by the District is from the unrestricted state aid in the amount of \$2,659,097,778. This revenue represents 57.98% of total governmental revenues for the current fiscal year. This year's unrestricted state aid in the General Fund decreased by \$20,346,747 or 0.76%, due to the decline in enrollment.
- As the Federal Open Market Committee (FOMC) continue to raise the federal fund in order to tame inflation, it slowed down the number of homes sold in the past year. This resulted in the District experiencing an unfavorable change in real estate transfer tax, a tax collected on transfers of real property, of \$24,553,595 or 39.06%. The room tax associated with hotel lodging increased \$19,976,843 or 19.79% over the previous year due to an increase on the average daily room rate, number of visitors, and hotel occupancy. The real estate transfer tax, property tax and room tax are the main components of repaying outstanding bond obligations.
- Home assessments for fiscal year 2023 were performed during calendar year 2022 when home values were continually increasing, resulting in property taxes increasing by \$35,424,184 or 7.37%.
- Other local sources increased by \$8,768,568 or 54.66% 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, of 2.15%. Additionally, the District sold properties for a total of \$2,834,132.
- Investment earnings increased \$84,108,873 or 221.14% primarily due to the FOMC raising the federal fund rate by 350 basis points in fiscal year 2023, the District benefited by investing in higher yield securities as investments matured. For details on the investment earnings, see **Note 3** on pages 62-65.
- Revenue from charges for services increased by \$10,901,906 or 18.13%, predominately in the Student Activity Fund. This fund is where funds for extra co-curricular activities raised through fundraisers are recorded. The increase is a result of additional fundraising activities throughout the District compared to prior year.
- Operating grants and contributions revenues increased by \$161,215,143 or 19.12% due to the increase in ESSER III federal funding, which provided supplemental support for purchases of software, chromebooks, textbooks, summer classes, and employee retention bonuses.
- Capital grant and contribution revenues decreased by \$28,902,731 or 54.48% due to the completion of a ELC Reopening Schools grant that was used in the prior year to safely re-open schools for in-person instruction.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Activities – Revenue Sources



Governmental Activities - Change in Revenues

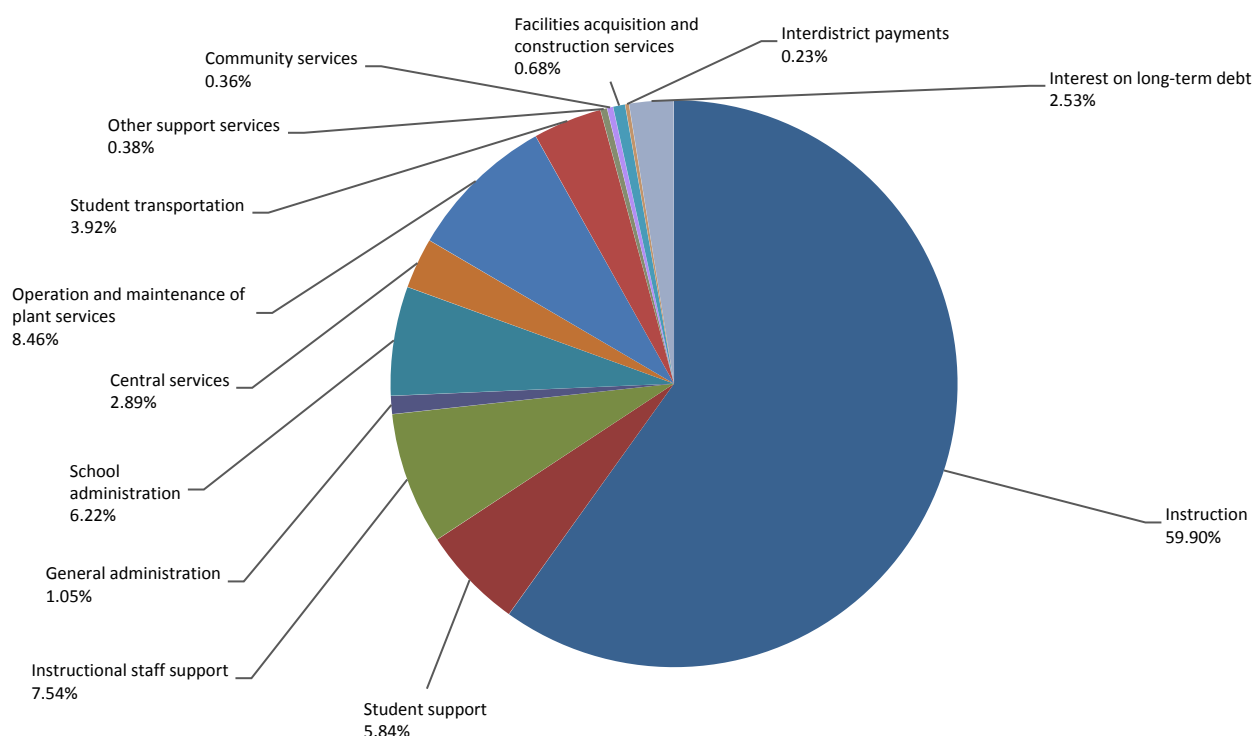
Revenues	2023	2022	Inc / (Dec) from 2022	% Inc / (Dec) from 2022
Charges for services	\$ 71,030,930	\$ 60,129,024	\$ 10,901,906	18.13 %
Operating grants and contributions	1,004,334,611	843,119,468	161,215,143	19.12 %
Capital grants and contributions	24,150,802	53,053,533	(28,902,731)	-54.48 %
Property taxes	516,001,726	480,577,542	35,424,184	7.37 %
Governmental services tax	38,224,724	37,030,578	1,194,146	3.22 %
Room tax	120,914,774	100,937,931	19,976,843	19.79 %
Real estate transfer tax	38,315,657	62,869,252	(24,553,595)	-39.06 %
Unrestricted federal aid	121,816	210,093	(88,277)	-42.02 %
Unrestricted state aid	2,659,097,778	2,679,444,525	(20,346,747)	-0.76 %
Other local sources	24,809,815	16,041,247	8,768,568	54.66 %
Unrestricted investment earnings	46,074,688	(38,034,185)	84,108,873	-221.14 %
Contributions to term endowment	81,294	433,090	(351,796)	-81.23 %
Special Item - sale of broadband spectrum	43,000,000	-	43,000,000	-
Total revenues	\$ 4,586,158,615	\$ 4,295,812,098	\$ 290,346,517	6.76 %

Expenses

- Instruction related expenses represent 59.90% of total governmental expenses. They consist of regular, special, GATE, vocational, other instruction, and adult program expenses, with 88.58% of these dollars spent on regular and special education. Instruction related expenses increased by \$394,202,662 or 18.08% primarily due to a swing from recording a pension income to pension expense as Nevada PERS experienced a significant decrease in their return on investment. This return affects the proportionate share of expenses that the District must record. Additionally, there was a significant increase in licensed salaries for pay-for-performance, extra duty, and preparation periods as well as support staff salaries.
- Student support related expenses increased \$71,088,427 or 39.52% largely due to an increase in pension expense. The District also added various professional services providing behavioral support and health services to schools. There was also a notable increase in salaries for licensed, secondary counselors, and school health assistants due to an increase in the count of full time employees.
- General administration expenses increased by \$11,437,083 or 33.95% due to an increase in pension expense and increased insurance premium related to insurance claims in the Risk Management Fund that saw higher than expected settlement amounts.
- Operation and maintenance of plant services account for approximately 8.46% of total expenses. The expenses consist of utility and maintenance costs intended to provide upkeep for the District's schools and administrative facilities. The increase of \$69,181,028 or 23.48% is due to the rising utility costs of water, electricity, and natural gas as a result of inflationary increases. Pension expense was realized this fiscal year, as opposed to a pension income the prior year, which contributes to the increase. This was due to a decline in PERS' return on investment.
- Central services expenses decreased by \$10,718,969 or 7.95% as the Epidemiology and Laboratory Capacity (ELC) Reopening Schools grant came to a close.
- School administration function increased by \$51,107,511 or 23.65% primarily due to the increase in pension expense as reported by Nevada PERS. Additionally, there is an increase in the number of principals and assistant principals as we continue to improve staffing in our schools.
- Instructional staff support expenses consist of staff training, library services, instruction related technology, and network systems. These expenses increased by \$41,085,031 or 14.52% primarily from increased support salaries for pay-for-performance.
- Student transportation expenses increased by \$25,854,812 or 18.11% due to the effect of pension expense. There was also a rise in field trips and diesel fuel. Additionally, there is an increase in salaries due to increased compensation for all transportation investigators, instructors, and bus drivers in order to offer competitive compensation packages to achieve a lower vacancy rate and maintain newly hired employees.
- Other support services increased by \$6,032,995 or 59.74% 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 of 2.15% based on these expenditures.
- Facilities acquisition and construction services increased by \$12,519,365 or 74.50% due to the completion of the Northeast Career and Technical Academy (NECTA) and various projects such as asphalt resurface, landscape, and playground improvements.
- Interdistrict payments increased by \$2,882,957 or 40.17% for charter school allocation as staff retention incentives, purchase of web-based software programs, and technology supplies paid from the ESSER II and ESSER III grants rose.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Governmental Activities – Expenses by Function



Governmental Activities - Change in Expenses by Function

Expenses	2023	2022	Inc / (Dec) from 2022	% Inc / (Dec) from 2022
Instruction	\$ 2,574,768,066	\$ 2,180,565,404	\$ 394,202,662	18.08%
Student support	250,971,024	179,882,597	71,088,427	39.52%
Instructional staff support	323,972,796	282,887,765	41,085,031	14.52%
General administration	45,124,097	33,687,014	11,437,083	33.95%
School administration	267,206,034	216,098,523	51,107,511	23.65%
Central services	124,070,621	134,789,590	(10,718,969)	-7.95%
Operation and maintenance of plant services	363,806,662	294,625,634	69,181,028	23.48%
Student transportation	168,657,824	142,803,012	25,854,812	18.11%
Other support services	16,132,021	10,099,026	6,032,995	59.74%
Community services	15,666,214	4,071,926	11,594,288	284.74%
Facilities acquisition and construction services	29,324,753	16,805,388	12,519,365	74.50%
Interdistrict payments	10,060,144	7,177,187	2,882,957	40.17%
Interest on long-term debt	108,950,892	108,226,992	723,900	0.67%
Total expenses	\$ 4,298,711,148	\$ 3,611,720,058	\$ 686,991,090	19.02%

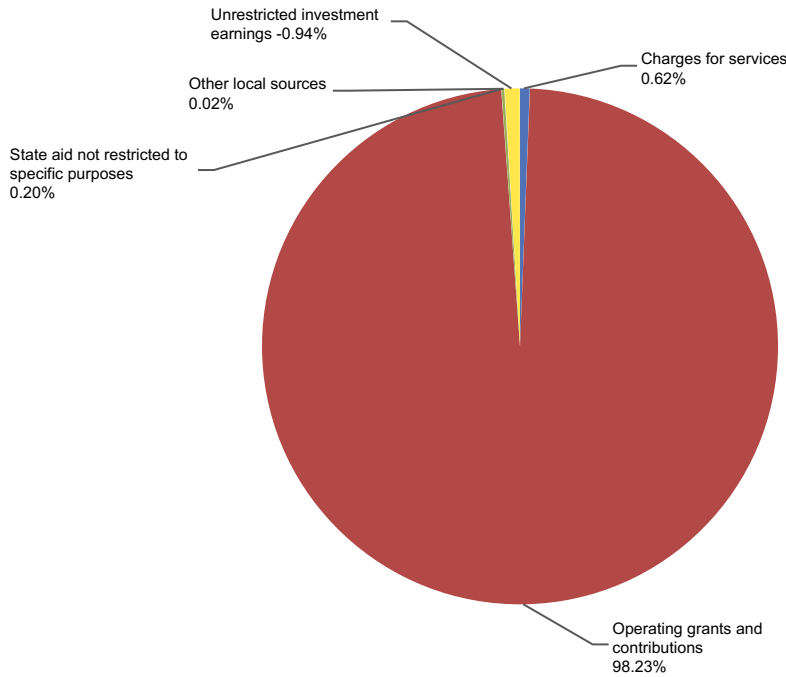
Business-type Activities

Business-type activities consist solely of the District's Food Service Enterprise Fund. In the current fiscal year, this activity increased net position by 20.03% to \$175,915,840 as non-operating revenues exceed operating expenses.

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Food service federal subsidies, account for almost 100% of the revenues received by business-type activities. In fiscal year 2023, federal subsidies account for 98.23%. 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.*

Business-type Activities - Change in Revenues

Revenues	2023	2022	Increase / (Decrease) from 2022	% Increase / (Decrease) from 2022
Charges for services	\$ 1,135,011	\$ 792,984	\$ 342,027	43.13 %
Operating grants and contributions	180,018,216	186,730,641	(6,712,425)	(3.59)%
State aid not restricted to specific purposes	364,022	363,705	317	0.09 %
Other local sources	39,655	41,162	(1,507)	(3.66)%
Unrestricted investment earnings	(1,713,945)	(3,097,826)	1,383,881	(44.67)%
Total Revenues	\$ 179,842,959	\$ 184,830,666	\$ (4,987,707)	(2.70)%

Revenues generated from charges for services increased \$342,027 and operating grants and contributions decreased \$6,712,425, respectively from the prior year. For fiscal year 2023, the District experienced a slight increase in daily food sales and catering sales resulting from increased rates due to rising food costs. Federal subsidies decreased this fiscal year, which was heavily attributable to receiving less funding from the American Rescue Plan Act (ARPA).

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2.098 billion, an increase of \$233 million from last year. Of the total governmental fund balance, \$42,101,616 is classified as nonspendable and \$1,860,620,574 as restricted. Committed fund balance totaled \$11,016,280, which included amounts for Vegas PBS programming fees and Medicaid programs. The assigned fund balance totaling \$62,253,368 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 \$121,535,085.

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 \$530,927,896; the nonspendable portion totaled \$42,014,510 and the restricted portion was \$305,124,933. The unassigned portion, which represents spendable resources, was \$121,535,085, representing 23% of the total fund balance or 4.25% 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 2023 was \$391,094,233. This is an increase of 1.71% over fiscal year 2022 largely due to a rise in field trips and diesel fuel.

The District's Debt Service Fund reported an increase in fund balance of approximately \$161 million, from \$501 million in fiscal year 2022 to \$662 million in fiscal year 2023. This is a result of an excess of revenue over expenditures primarily from higher property tax revenue.

The District's Bond Fund reported a decrease in fund balance of \$4 million due to less bonds authorized and issued in the amount of \$200 million, compared to \$400 million in fiscal year 2022. The District received approximately \$159 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 \$74.1 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.

Towards the end of the current fiscal year, the Grant Fiscal Services department request draws to cover several expenditures mainly in its ESSER II, ESSER III, and American Rescue Plan (ARP) grants, but did not receive the funding until after the end of the current fiscal year. As of June 30, 2023, the Federal Projects Fund and State Grants Fund are reporting \$307 million and \$11 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 \$243,593,418, and \$2,842,940 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 page 65 of this report.

BUDGETARY HIGHLIGHTS

The Original Budget (Final Budget) was approved on May 16, 2022. 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, 2022.

An amendment to the 2022-2023 Final Budget was approved on December 8, 2022, following recognition of the first quarter ADE, providing more precise second, third, and fourth quarter enrollment projections, audited fiscal year 2022 financial reports, and updated PCFP information. This amendment increased appropriations by \$45.9 million from the Final Budget. Below is a list of major events:

1. Additional \$6.6 million Education Support Employees Association (ESEA) Health Contributions.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

2. Prior Years' Medium-Term Bond Carryover: \$28 million carried forward from fiscal year 2022. This funding will purchase buses, white fleet, and technology equipment.
3. Utilities increase \$14.6 million for electricity, gas, water, sewer, garbage and fuel costs.
4. Health Concept Program: Addition of \$3 million to support a health initiative program with a short-term goal of connecting more employees to necessary health services and a long-term goal of reducing annual health costs.

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, 2023, 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 2023-2024.

Revenues

Total General Operating Fund actual revenues came in over budget by \$19.6 million. In fiscal year 2023, investment income yielded a revenue gain of \$24.2 million. In addition, State Education Funding was lower than budgeted by \$7 million due to average enrollment being 295,303 (weighted 293,716), which is a decline of 667 (weighted 964) from Amended Final Budget's enrollment of 295,970 (weighted 294,680).

Expenditures

General Operating Fund expenditures came in below budget by \$330.2 million, which is primarily a result of the following events: approximately \$269.2 million of unutilized school level appropriations, which per NRS 388G, must be carried forward and placed as a restricted fund balance. The District experienced an unprecedented increase in utilities of approximately \$20 million over budget. The Special Education Fund came in under budget by \$26.6 million, because of lower transportation expenditures and cost savings related to vacant special education positions. The General Fund experienced cost savings of \$54.4 million because of vehicles and technology equipment fulfillment delays in the amount of \$4.5 million and \$31.1 million. Additionally, there was \$15 million of unutilized litigation expenditures, NV Energy incentives of \$0.8 million, and other general savings.

Ending Fund Balance

The Board adopted an amendment to the fiscal year 2023 Final Budget for the General Operating Fund in December 2022 that reflected total appropriations of \$3.2 billion and a projected ending fund balance of \$173.6 million. The actual fiscal year 2023 ending fund balance is \$530.9 million, a positive variance of \$357.3 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 4.25%, or \$121.5 million unassigned ending fund balance for fiscal year 2023. This is a \$8.1 million improvement over fiscal year 2022.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At June 30, 2023, the District held approximately \$5.33 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 \$72 million or 1.38% from last year. The following tables reflect additions and disposals of capital and leased capital assets for governmental and business-type activities (see following page):

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Governmental Activities Capital Assets:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Land	\$ 265,746,547	\$ 2,000,000	\$ -	\$ 267,746,547
Lease assets, Land	122,716	-	-	122,716
Land Improvements	1,713,581,806	84,918,840	(852,782)	1,797,647,864
Buildings	5,806,724,804	143,551,969	(6,345,639)	5,943,931,134
Lease assets, Buildings	110,645	173,601	-	284,246
Building Improvements	1,000,468,908	9,962,068	(12,615,785)	997,815,191
Equipment	609,466,340	57,886,434	(16,092,036)	651,260,738
Lease assets, Equipment & Fixtures	185,888	9,486	-	195,374
Subscription-Based Information Technology Arrangements	16,085,808	8,420,081	-	24,505,889
Construction in Progress	260,692,073	353,084,171	(293,313,940)	320,462,304
Less: Accumulated Depreciation	(4,436,971,623)	(291,817,993)	33,748,357	(4,695,041,259)
Total Capital Assets, Net	\$ 5,236,213,912	\$ 368,188,657	\$ (295,471,825)	\$ 5,308,930,744

The majority of the increase in capital assets is due to the increase in buildings, which represent the capitalized construction costs. In fiscal year 2023, the District opened two new schools. Additions to land, buildings, and building improvements 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, 2022	Additions	Deletions	Balance June 30, 2023
Land Improvements	\$ 968,279	\$ -	\$ -	\$ 968,279
Buildings	1,737,413	23,500	-	1,760,913
Building Improvements	9,655,174	33,761	-	9,688,935
Equipment	27,212,075	1,249,800	(200,249)	28,261,626
Less: Accumulated Depreciation	(22,858,136)	(1,658,145)	200,249	(24,316,032)
Total Capital Assets, Net	\$ 16,714,805	\$ (351,084)	\$ -	\$ 16,363,721

Additional information on the District's capital and leased capital assets can be found in **Note 5** on pages 66-67 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 (AA-) and Moody's Investor Services (A1) both with a stable outlook rating at year end.

As of June 30, 2023, the District carried approximately \$3.3 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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2022	Issuances	Retirements	Balance June 30, 2023
Governmental Activities:				
General Obligation Debt	\$ 2,985,380,000	\$ 235,000,000	\$ (283,045,000)	\$ 2,937,335,000
Less: Discounts	(1,249,550)	-	624,775	(624,775)
Plus: Premiums	379,127,880	19,160,144	(36,382,586)	361,905,438
General Obligation Debt, Net	<u>\$ 3,363,258,330</u>	<u>\$ 254,160,144</u>	<u>\$ (318,802,811)</u>	<u>\$ 3,298,615,663</u>

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, 2023, is \$18,097,060,019. 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, increased this year with combined governmental and business-type activities reporting \$76,154,940 in compensated absences payable at June 30, 2023. This represents a \$3,756,971 or 5.19% increase over the previous year due to an increase in time off balances and increased pay rates because of step advancements on the salary scale.

Additional information on the District's long-term debt can be found in **Notes 8 and 10** on pages 69-71 and page 73, 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

