

Executive Summary

Budget Presentation

The *Comprehensive Annual Budget Report* is intended to provide a comprehensive disclosure of all budgetary matters impacting the District's financial plan. It is prepared in accordance with the professional best practices provided by the Government Finance Officers Association (GFOA) and Association of School Business Officials International (ASBO) budget preparation award programs for the benefit of the citizens and other users of its financial information.

The District's budgeted financial information is prepared and maintained using the modified accrual basis of accounting for all governmental funds and the accrual basis of accounting for all proprietary funds. These bases conform with generally accepted accounting principles (GAAP). Unencumbered appropriations are not carried forward into subsequent fiscal periods.

The *Comprehensive Annual Budget Report* conforms to recommended practices put forth by the ASBO's Meritorious Budget Award (MBA) program while maintaining its practices acceptable to the GFOA's Distinguished Budget Presentation Award program. This report is organized into an introductory, organizational, financial, and informational sections. Please reference the table of contents for indexed location of financial information.

Financial Reporting Entity

The *Comprehensive Annual Budget Report* includes all of the activities that comprise the financial reporting entity of the Clark County School District ("District"). The District is governed by an elected, seven member Board of School Trustees ("Board"). The Board is legally separate and fiscally independent from other governing bodies; therefore,

the District is a primary government and is not reported as a component unit by any other governmental unit. The District's boundaries are contiguous with Clark County, Nevada and encompass 8,012 square miles of the southern tip of the State.

Comprehensive educational services are provided to all resident students in grades kindergarten through twelfth. The District operates 356 schools and will serve an estimated 312,782 students during 2013-14.

Major Goals and Objectives

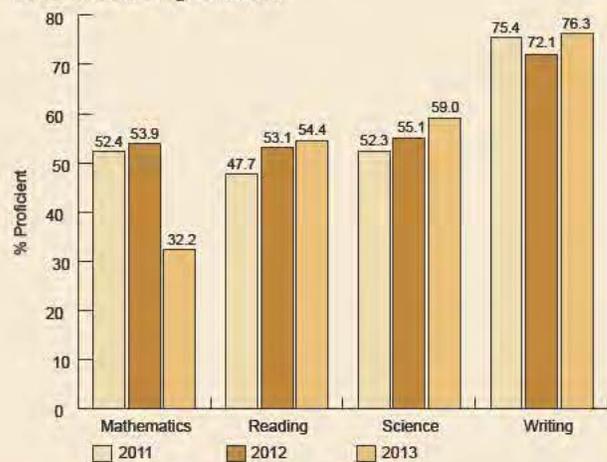
The District maintains its commitment to the vision set forth by the Board even through economic recessions and funding difficulties. That vision directs the superintendent to ensure: "All students will graduate from high school having the knowledge, skills, attitudes, and values necessary to achieve academically, prosper economically, and contribute in a diverse global society." To achieve this vision, the Board sets forth four specific goals. These goals, also called "Ends," define expectations for students and are illustrated below:

1. Students meet State and federal guidelines as well as appropriate benchmarks for academic proficiency in all areas and all grade levels and pass the High School Proficiency Exam (HSPE).
2. Students meet State and District guidelines in art, career and technical education, physical education and lifelong wellness.
3. Students demonstrate personal and workplace skills.
4. Students demonstrate positive character skills.

Academic achievement objectives drive the budget framework and financial management in order to support the board vision for our stakeholders and community.



**Nevada High School Proficiency Exam
Student's First Attempt
Fiscal Years Ending 2011-2013**



Source: CCSD Assessment and Testing

Budget Process

Budgeting in the District is on a July 1 through June 30 fiscal year basis and is a year-round process. The cycle begins in the fall of the prior school year and continues until a final budget is filed with the Nevada Department of Education and the Nevada Department of Taxation in the spring of the following year. After the actual enrollment counts are taken in the fall, the District is required to adopt an amended final budget on or before January 1, reflecting any adjustments necessary as a result of the completed count of actual students.

The process of budget formulation involves a number of participants. Division heads, after reviewing their various budget needs, submit their requests for staffing, supplies, and equipment to the Budget Department. These requests are then summarized by the Budget Department, whose responsibility is to prepare a tentative budget for consideration by the superintendent and presentation to the Board for approval.

An augmented budget may be approved by the Board in any year in which the legislature increases (or decreases) the revenues of a local government, if the increase (or decrease) was not included or anticipated in the local government's final budget as adopted. The 2013-14 Final Budget was adopted by the Board on May 15, 2013. This *2013-14 Comprehensive Annual Budget Report* reflects the adopted final budget.

After the Board approved the final budget, it became the responsibility of the Budget Department to implement and monitor the budget. A system of budget allotments is established for each departmental unit (reference unit budgets in the General Operating Budget section). Daily review of transaction data is available with user access through network connections, which reflect appropriation levels, encumbrances, and year-to-date expenditures. This reporting system also enables the Budget Department to monitor all of the District's budgets on a regular basis and provides the necessary controls.

If it becomes necessary during the course of the year to change any of the departmental budgets, transfers are initiated by department heads and approved by the appropriate administrator. Transfers between programs or function classifications require approval of the Board.



Budget Policies and Organization

Resource management is guided and constrained by Board policies. These policies, as they relate to budget and finance, are established through Board regulations 3110 and 3130. These Board regulations set forth the authority and expectations to manage District resources based on established guidelines.

Additional guidelines are provided through performance measurements set in the negative. These performance measurements, as they relate to budget and finance, are communicated through Executive Limitations (EL). Executive Limitations communicate expectations for management by limiting the abilities of management to harm the organization through strategic planning and/or day to day operational decision making.

The accounting and budgeting policies of the District conform to the accounting principles and budgeting best practices for local districts as prescribed by the Nevada Department of Education and generally accepted accounting principles.

Basis of budgeting refers to when revenues and expenditures or expenses are recognized in the accounts and reported on the financial statements. Basis of budgeting relates to the timing of the measurement made, regardless of the measurement focus applied.

Funds included in the preparation of the fiscal year 2013-14 budget are reflected on the following page titled District Funds.

Governmental Accounting - Funds Overview

The District maintains 21 governmental funds that are used to account for all tax funded activities, including federal and State aid. Through the *current financial resources measurement focus* the following funds classifications are used to group District activities:

General Fund - This major governmental fund is the District's operating fund and is used to account for all financial transactions and expenditures associated with the administration and daily operations of the schools except for federal and State grant-funded programs, school construction, debt service, food service operations, and interdepartmental services.

Special Revenue Funds - the District maintains two major governmental and five non-major governmental special revenue funds. These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The District operates two major debt service funds that are used to account for the accumulation of resources for, and the payment of, general long term debt principal and interest.

Capital Projects Funds - the District maintains three major governmental and two non-major governmental capital projects funds to account for all resources used exclusively for acquiring and improving school sites, constructing and equipping new school facilities, and renovations.

Proprietary Funds - These funds account for the District's business type activities. The economic resources measurement focus is proprietary in nature relying on the determination of operating income, changes in net assets, financial position and cash flows. There are two types of proprietary funds: enterprise and internal service funds.

There are three distinctions between enterprise and internal service funds: first, a fundamental difference between the customers serviced; second, the extent to which expenses are recovered through charges and fees; and thirdly, the application of private sector reporting requirements. The District maintains one enterprise fund and two internal service funds that provide for food services, graphic arts services, and risk management services.

Financial Plan

The District's financial plan is developed within projected available resources and is presented by budget units within each fund. Total resources for all funds of the District, including beginning balances and other financing sources, are \$4 billion. Expenditures total \$3.3 billion, with ending balances for all funds combined totaling \$310 million. The amount of ending balances primarily reflects the expectation

District Funds

General Funds

| | |
|-------------------|---------------------------|
| 0100 ¹ | General Fund |
| 0140 | Indirect Cost Fund |
| 0160 | Donations And Trusts Fund |
| 0170 | District Projects Fund |

Special Revenue Funds

| | |
|-------------------|--|
| 0200 | Class Size Reduction Fund |
| 0220 | Vegas PBS Fund |
| 0230 | Adult High School Diploma Program Fund |
| 0250 ¹ | Special Education Fund |
| 0279 | State Grants/Projects Fund |
| 0280 ¹ | Federal Projects Fund |
| 0285 | Medicaid Fund |

Debt Service Funds

| | |
|-------------------|---------------------------------|
| 0400 ¹ | Debt Service Fund |
| 0401 ¹ | Debt Service Revenue Bonds Fund |

Capital Projects Funds

| | |
|-------------------|-------------------------------------|
| 0308 ¹ | Bond Fund - 1998 Building Program |
| 0310 ¹ | Interim Capital Improvement Fund |
| 0330 | Building And Sites Fund |
| 0335 ¹ | AB 353 Fund - 1998 Building Program |
| 0340 | Governmental Services Tax Fund |

Enterprise Fund

| | |
|------|--------------------|
| 0600 | Food Services Fund |
|------|--------------------|

Internal Service Funds

| | |
|------|------------------------------------|
| 0700 | Insurance And Risk Management Fund |
| 0710 | Graphic Arts Production Fund |

(1) Major funds in the government-wide financial statements.

that the District will have balances in the Capital Projects (\$148 million) and Debt Service Funds (\$61 million) attributed to the final stages and wind down of the District's 1998 Capital Improvement Program. The General Fund is the largest fund, and together with the Special Education Fund, provides for the General Operating Fund and includes the budgets necessary to provide for the basic instruction of students and the day-to-day operational activities of the school system.

The final budget summary for all funds reflects a significant decrease in all ending fund balances of over \$250 million, or nearly 45%. The General Operating Fund decrease of \$36.4 million, or 50.6%, is the result of a planned spend-down of the beginning fund balance's designation for future revenue shortfalls. The necessity for the spend-down is the impact of property tax collections resulting from an assessed valuation base that is projected to remain somewhat flat and significantly below 2008-09 amounts.

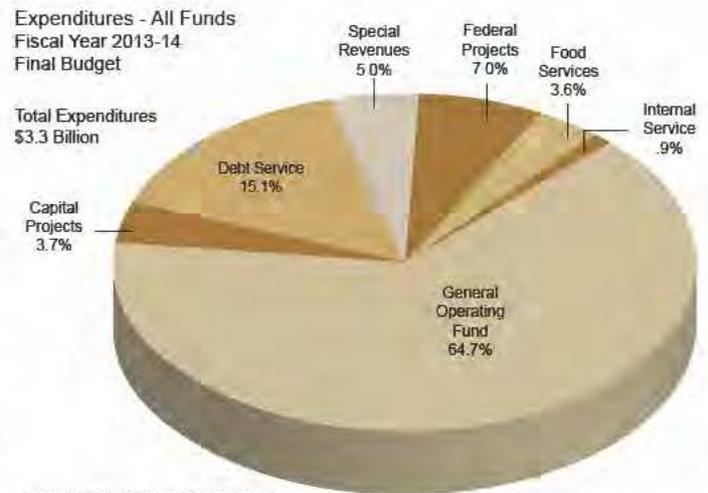
The \$12.7 million decline in the Proprietary Funds ending balance is the result of a planned spend-down of the beginning balances of the Risk Management Fund for increased workers' compensation claims. The Debt Service Funds ending balance reduction of almost 64% is also resulting from the impact of the decline in property tax collections since 2008-09. The Capital Projects Funds decrease of 40% is the spend-down of bond proceeds as the District completes its 1998 Capital Improvement Plan.



Districtwide Funds Analysis

Revenue Highlights: In addition to the discussion of the General Operating Fund revenues on page 14, and with the exception of Proprietary Funds, all other funds will experience slight increases in total revenues with the largest increase in the General Operating Fund. It is expected to increase almost \$85 million from the increases in State funding and increases in sales tax collections.

Expenditure Highlights: Page 16 presents an overview of the General Operating Fund expenditures. Expenditures in the Capital Projects Funds will decrease by over \$26.9 million as the final spend-down of the 1998 Capital Improvement Program is completed as well as the conclusion of a \$110 million interim program to fund a significant rehabilitation and modernization upgrade for older facilities. The Special Revenue Funds total expenditures will increase by almost \$10 million as a result of higher State revenues for the reduction of class sizes.



All District Funds - Final Budget Summary

Statement of Revenues, Expenditures, and Changes in Fund Balance

Fiscal Year 2013-14

| Description | General Operating Fund | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Proprietary Funds ¹ | Total All Funds |
|--|------------------------|-----------------------|----------------------|------------------------|--------------------------------|----------------------|
| Revenues: | | | | | | |
| Local sources | \$1,283,995,000 | \$14,520,000 | \$292,645,000 | \$108,215,000 | \$39,515,000 | \$1,738,890,000 |
| State sources | 758,505,000 | 177,125,000 | - | - | 450,000 | 936,080,000 |
| Federal sources | 300,000 | 231,100,000 | - | 5,765,000 | 94,500,000 | 331,665,000 |
| Total revenues | 2,042,800,000 | 422,745,000 | 292,645,000 | 113,980,000 | 134,465,000 | 3,006,635,000 |
| Expenditures: | | | | | | |
| Salaries | 1,319,842,343 | 209,854,250 | - | 5,865,000 | 33,780,000 | 1,569,341,593 |
| Employee fringe benefits | 547,944,077 | 83,645,000 | - | 1,635,000 | 14,115,000 | 647,339,077 |
| Purchased services | 81,036,466 | 38,665,300 | - | 107,415,000 | 11,318,000 | 238,434,766 |
| Supplies | 160,380,303 | 45,391,450 | - | 6,085,000 | 68,067,000 | 279,923,753 |
| Property and equipment | 25,324,800 | 5,505,000 | - | 1,205,000 | 2,355,000 | 34,389,800 |
| Other expenditures | 1,512,011 | 12,644,000 | - | 95,000 | 16,050,000 | 30,301,011 |
| Depreciation | - | - | - | - | 2,245,000 | 2,245,000 |
| Debt service | - | - | 497,640,000 | - | - | 497,640,000 |
| Total expenditures | 2,136,040,000 | 395,705,000 | 497,640,000 | 122,300,000 | 147,930,000 | 3,299,615,000 |
| Excess (deficiency) of revenues over expenditures | (93,240,000) | 27,040,000 | (204,995,000) | (8,320,000) | (13,465,000) | (292,980,000) |
| Other sources (uses): | | | | | | |
| Proceeds from insurance | 200,000 | - | - | - | - | 200,000 |
| Sale of bonds | 34,000,000 | - | - | - | - | 34,000,000 |
| Proceeds of refunding bonds | - | - | 418,520,000 | - | - | 418,520,000 |
| Payment to escrow agent | - | - | (416,530,000) | - | - | (416,530,000) |
| Transfers from other funds | 28,000,000 | - | 95,830,000 | 500,000 | 750,000 | 125,080,000 |
| Transfer to other funds | (5,395,000) | (28,500,000) | - | (90,435,000) | - | (124,330,000) |
| Total other sources (uses) | 56,805,000 | (28,500,000) | 97,820,000 | (89,935,000) | 750,000 | 36,940,000 |
| Fund balances, July 1 | 72,000,000 | 10,114,614 | 167,849,144 | 245,807,757 | 70,697,994 | 566,469,509 |
| Fund balances, June 30 | \$35,565,000 | \$8,654,614 | \$60,674,144 | \$147,552,757 | \$57,982,994 | \$310,429,509 |
| Percent increase (decrease) | (50.6%) | (14.4%) | (63.9%) | (40.0%) | (18.0%) | (45.2%) |

(1) Proprietary funds ending fund balances are reflected as cumulative unrestricted net assets.

Source: CCSD Budget Department

All District Funds - Final Budget Analysis For Fiscal Years 2011-12 Through 2013-14

| Description | Actual 2011-12 | Estimated 2012-13 | Final Budget 2013-14 | FY 2012-13 vs. FY 2013-14 \$ Change | % Change |
|--|----------------------|----------------------|-------------------------|--|----------------|
| Revenues: | | | | | |
| Local sources | \$1,721,233,797 | \$1,706,377,279 | \$1,738,890,000 | \$32,512,721 | 1.9% |
| State sources | 839,810,125 | 867,435,000 | 936,080,000 | 68,645,000 | 7.9% |
| Federal sources | 287,084,366 | 333,710,000 | 331,665,000 | (2,045,000) | (0.6%) |
| Total revenues | 2,848,128,288 | 2,907,522,279 | 3,006,635,000 | 99,112,721 | 3.4% |
| Expenditures: | | | | | |
| Salaries | 1,502,759,916 | 1,506,143,250 | 1,569,341,593 | 63,198,343 | 4.2% |
| Employee fringe benefits | 592,909,324 | 603,748,000 | 647,339,077 | 43,591,077 | 7.2% |
| Purchased services | 292,788,506 | 259,561,881 | 238,434,766 | (21,127,115) | (8.1%) |
| Supplies | 229,314,047 | 262,809,750 | 279,923,753 | 17,114,003 | 6.5% |
| Property and equipment | 4,593,488 | 18,565,000 | 34,389,800 | 15,824,800 | 85.2% |
| Other expenditures | 23,316,174 | 30,083,000 | 30,301,011 | 218,011 | 0.7% |
| Depreciation | 1,707,480 | 2,245,000 | 2,245,000 | - | 0.0% |
| Debt service | 496,499,383 | 492,490,000 | 497,640,000 | 5,150,000 | 1.0% |
| Total expenditures | 3,143,888,318 | 3,175,645,881 | 3,299,615,000 | 123,969,119 | 3.9% |
| Excess (deficiency) of revenues over expenditures | (295,760,030) | (268,123,602) | (292,980,000) | (24,856,398) | (9.3%) |
| Other sources (uses): | | | | | |
| Proceeds from insurance | 253,348 | 200,000 | 200,000 | - | 0.0% |
| Sale of bonds | - | - | 34,000,000 | 34,000,000 | 100.0% |
| Proceeds of refunding bonds | - | 199,365,000 | 418,520,000 | 219,155,000 | 109.9% |
| Payment to escrow agent | - | (198,635,000) | (416,530,000) | (217,895,000) | (109.7%) |
| Transfers from other funds | 143,533,286 | 139,705,000 | 125,080,000 | (14,625,000) | (10.5%) |
| Transfers to other funds | (142,805,223) | (138,955,000) | (124,330,000) | 14,625,000 | 10.5% |
| Total other sources | 981,411 | 1,680,000 | 36,940,000 | 35,260,000 | 100.0% |
| Fund balances - July 1 | 1,127,691,730 | 832,913,111 | 566,469,509 | (266,443,602) | (32.0%) |
| Fund balances - June 30 | \$832,913,111 | \$566,469,509 | \$310,429,509 | \$(256,040,000) | (45.2%) |

Source: CCSD Budget and Accounting Departments

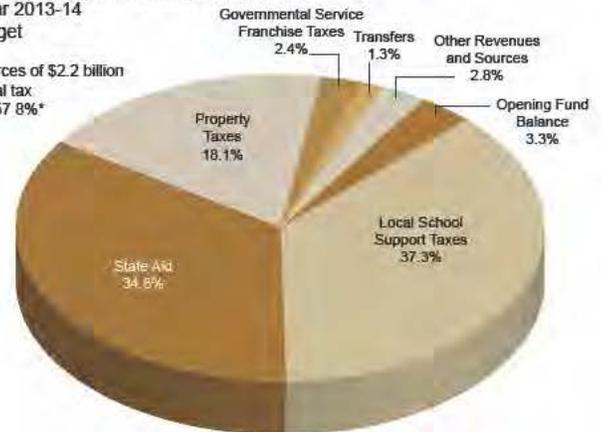
The General Operating Budget - General and Special Education Funds Combined

Revenues - During fiscal year 2013-14, it is anticipated that General Operating Fund revenues, excluding opening balances, will increase by 4.3% compared to last year's smaller increase of 1%. The largest factors contributing to the net change in financial resources are increases to the State funding formula of \$56 million (\$188 per pupil plus funding for an enrollment increase of over 1,500 students) along with an increase of \$27 million in projected local school support (sales) tax collections in addition to a slight increase of \$3 million in estimated property tax collections.

Projected General Operating Fund resources of \$2.4 billion, including revenues, bond proceeds, and beginning balances, and expenditures of more than \$2.1 billion generally reflect the continuation of current service levels and implementation of budgetary reductions and cost saving measures within projected revenues and provide for an ending balance of \$35.5 million with no reserve for contingencies.

General Operating Fund Resources
Fiscal Year 2013-14
Final Budget

Total resources of \$2.2 billion
County local tax resources 57.8%*



*County taxes include: Local School Support Taxes (Sales Tax), Property Taxes, Governmental Service Taxes, and Franchise Taxes.

Source: CCSD Budget Department

General Operating Fund - History Of Resources

For Fiscal Years 2004-05 Through 2013-14

| Year | County Taxes | % of Total | State Sources | % of Total | Federal Sources | % of Total | Other Sources | % of Total | Opening Balances | % of Total | Total Resources |
|----------------------|-----------------|------------|---------------|------------|-------------------------|------------|--------------------------|------------|------------------|------------|-----------------|
| 2004-05 | \$1,104,128,669 | 66.7% | \$426,066,729 | 25.7% | \$574,132 | 0.1% | \$15,933,180 | 1.0% | \$108,293,548 | 6.5% | \$1,654,996,258 |
| 2005-06 | 1,209,620,212 | 66.8% | 416,504,339 | 23.0% | 14,655 | 0.0% | 29,593,890 | 1.6% | 155,579,223 | 8.6% | 1,811,312,319 |
| 2006-07 | 1,274,438,078 | 64.7% | 521,447,659 | 26.5% | 86,952 | 0.0% | 31,249,572 | 1.6% | 143,564,533 | 7.2% | 1,970,786,794 |
| 2007-08 | 1,304,601,148 | 60.7% | 638,610,545 | 29.7% | 547,130 | 0.1% | 49,088,717 ³ | 2.3% | 155,623,283 | 7.2% | 2,148,470,823 |
| 2008-09 | 1,263,951,844 | 57.4% | 666,045,473 | 30.2% | 82,265,377 ² | 3.7% | 28,162,582 | 1.3% | 163,474,529 | 7.4% | 2,203,899,805 |
| 2009-10 | 1,300,965,604 | 59.2% | 692,694,166 | 31.5% | 303,570 | 0.0% | 37,174,021 ⁴ | 1.7% | 167,310,793 | 7.6% | 2,198,448,154 |
| 2010-11 | 1,206,926,415 | 56.1% | 686,744,074 | 31.9% | 337,954 | 0.0% | 113,116,070 ⁵ | 5.3% | 145,055,694 | 6.7% | 2,152,180,207 |
| 2011-12 | 1,222,078,785 | 58.7% | 688,533,420 | 33.0% | 839,281 | 0.1% | 75,042,101 ⁶ | 3.6% | 96,620,752 | 4.6% | 2,083,114,339 |
| 2012-13 ¹ | 1,225,525,000 | 58.9% | 702,645,000 | 33.8% | 300,000 | 0.0% | 73,837,279 ⁷ | 3.6% | 76,982,721 | 3.7% | 2,079,290,000 |
| 2013-14 ¹ | 1,255,500,000 | 57.7% | 758,505,000 | 34.8% | 300,000 | 0.0% | 90,695,000 ⁸ | 4.2% | 72,000,000 | 3.3% | 2,177,000,000 |

1 Projected amounts
2 Includes \$82,239,829 from the American Recovery and Reinvestment Act
3 Includes \$12,308,301 in transfers from other funds
4 Includes \$10,000,000 in transfers from other funds
5 Includes \$77,844,911 in transfers from other funds
6 Includes \$47,500,000 in transfers from other funds
7 Includes \$43,700,000 in transfers from other funds
8 Includes \$28,000,000 in transfers from other funds and \$34,000,000 in sale of bonds

Source: CCSD Budget and Accounting Departments

Local sources are projected to total \$1.3 billion, which is 62.9% of the General Operating Fund, while State funding is projected to total \$759 million, or 37.1% of total revenues. Federal revenues from Impact Aid and the National Forest Service are estimated to total \$300,000. Other resource components are the sale of \$34 million in medium-term financing bonds and the projected beginning fund balance of \$72 million. The opening fund balance component reflects the General Fund's estimated 2012-13 ending fund balance and is subject to change based on the verification of the annual financial audit to be completed in October.

Expenditures - Expenditure appropriations are more than \$2.1 billion to fund the District's strategic priorities and reflect the intent to restore teaching positions and lower class sizes following the 2013 arbitration settlement with the licensed employees group. Total expenditure allocations are projected to increase by \$128 million and will provide support to the retirement contribution rates on qualifying employee salaries scheduled to increase in July 2013.

Tax Base and Rate Trends

The taxable assessed valuation is expected to increase slightly by \$1 billion, or 2%, which will increase fiscal year 2014 General Operating Fund property tax collections by \$3 million and Debt Service Fund collections by \$2 million while maintaining the prior year's total tax levy ratio of .013034.

Projections - Looking Forward

Distributive School Account (DSA) funding is a significant component (84.2%) of the General Operating Fund revenues and is mostly determined by the biennial Nevada State Legislature. Key funding elements involve LSST (sales) taxes and property tax collections based upon fluctuating local property valuations. It is highly likely that the revenue projections below could vary somewhat. Expenditures for salaries and benefits could also fluctuate based upon final agreements from the ongoing negotiations with each of the employee unions.

General Operating Fund - Projected Budgets

For Fiscal Years 2013-14 Through 2016-17

| Description | 2013-14 Budget | 2014-15 Projected | 2015-16 Projected | 2016-17 Projected | Growth Rate |
|---|----------------------|----------------------|----------------------|----------------------|-------------|
| Revenues | \$ 2,042,800,000 | \$ 2,115,000,000 | \$ 2,160,000,000 | \$ 2,210,000,000 | 2.3% |
| Expenditures | (2,136,040,000) | (2,135,850,000) | (2,180,280,000) | (2,230,280,000) | 2.3% |
| Deficiency of revenues over expenditures | (93,240,000) | (20,850,000) | (20,280,000) | (20,280,000) | |
| Other sources and (uses) | 56,805,000 | 25,285,000 | 25,280,000 | 25,280,000 | |
| Opening fund balance - July 1 | 72,000,000 | 35,565,000 | 40,000,000 | 45,000,000 | |
| Ending fund balance - June 30 | \$ 35,565,000 | \$ 40,000,000 | \$ 45,000,000 | \$ 50,000,000 | |



General Operating Fund - Major Expenditure Areas
For Fiscal Years 2009-10 Through 2013-14

| Description | Actual 2009-10 | Actual 2010-11 | Actual 2011-12 | Estimated Actual 2012-13 | Final Budget 2013-14 | Percentage Change |
|--|----------------------|----------------------|----------------------|--------------------------|----------------------|-------------------|
| Salaries and benefits: | | | | | | |
| Licensed salaries | \$889,240,971 | \$896,543,950 | \$861,694,386 | \$829,695,000 | \$865,448,460 | 4.3 % |
| Licensed benefits | 311,659,517 | 316,472,788 | 312,935,184 | 334,685,000 | 343,545,107 | 2.6 % |
| Total licensed staff | 1,200,900,488 | 1,213,016,738 | 1,174,629,570 | 1,164,380,000 | 1,208,993,567 | 3.8 % |
| Support salaries | 319,908,209 | 318,549,563 | 331,940,950 | 314,280,000 | 333,931,250 | 6.3 % |
| Support benefits | 130,945,316 | 132,967,636 | 118,536,055 | 126,780,000 | 160,211,744 | 26.4 % |
| Total support staff | 450,853,526 | 451,517,200 | 450,477,005 | 441,060,000 | 494,142,994 | 12.0 % |
| Administrative salaries | 108,399,116 | 102,412,466 | 102,365,986 | 100,570,000 | 109,306,309 | 8.7 % |
| Administrative benefits | 35,756,286 | 36,308,506 | 37,931,537 | 40,565,000 | 39,378,538 | (2.9)% |
| Total administrative staff | 144,155,402 | 138,720,972 | 140,297,524 | 141,135,000 | 148,684,847 | 5.3 % |
| Police salaries | 10,012,651 | 12,009,089 | 11,667,097 | 12,570,000 | 11,156,324 | (11.2)% |
| Police benefits | 4,831,930 | 4,906,555 | 4,741,442 | 5,070,000 | 4,808,688 | (5.2)% |
| Total police staff | 14,844,581 | 16,915,644 | 16,408,539 | 17,640,000 | 15,965,012 | (9.5)% |
| Total salaries and benefits | 1,810,753,996 | 1,820,170,553 | 1,781,812,638 | 1,764,215,000 | 1,867,786,420 | 5.9 % |
| Purchased services: | | | | | | |
| Instructional materials | 76,553,076 | 67,876,225 | 55,345,587 | 65,500,000 | 64,904,221 | (0.9)% |
| Transportation | 20,296,074 | 15,071,642 | 19,558,789 | 28,300,000 | 43,875,333 | 55.0 % |
| Utilities, postage, property liability | 81,897,482 | 79,187,681 | 77,798,990 | 84,180,000 | 94,162,437 | 11.9 % |
| Other expenditures | 61,823,530 | 66,756,177 | 69,365,034 | 65,725,000 | 65,311,589 | (0.6)% |
| Total expenditures | \$2,051,324,158 | \$2,049,062,278 | \$2,003,881,038 | \$2,007,920,000 | \$2,136,040,000 | 6.4 % |
| Expenditures per student | \$6,859 | \$6,846 | \$6,732 | \$6,691 | \$7,082 | 5.8 % |

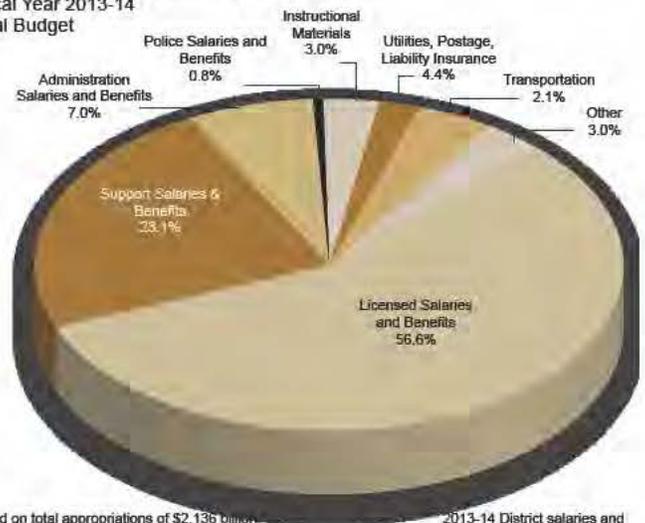
Source: CCSD Budget and Accounting Departments

Future LSST and property tax collection projections are based upon a conservative vision for a local economy that has not reflected a measurable return to pre-2009 levels of growth. Expenditure projections were determined through a conservative historical trending that assumes no cost of living increases to employee salary schedules and contained expenditure appropriations to arrive at a nominal ending fund balance.

District Staffing and Resource Allocation

Over 90% of General Operating Fund positions are allocated at school site locations where it is deemed essential towards fulfillment of Board goals and objectives. District salaries and benefits represent 87.5% of total expenditures while purchased service expenditures have been constrained within the confines of the available financial resources that continually challenge the Board's ability to address new initiatives and realize its vision statement. With the increased funding from the State's DSA revenue source, the District was able to increase staffing by 1,047 positions of which 870 were restored licensed positions that will enable a restoration of class size to fiscal year 2011-12 levels.

General Operating Fund Expenditures
Fiscal Year 2013-14
Final Budget



Based on total appropriations of \$2.136 billion
Source: CCSD Budget Department
2013-14 District salaries and benefits equal 87.5% of total expenditures

Debt Service Funds

The Debt Service Funds budgeted revenues are projected to total \$293 million using a continued tax rate of 55.34 cents per \$100 of taxable property in Clark County. Statutory debt capacity is established by Nevada Statutes and is approved annually by the Board and filed with the Nevada Department of Taxation and the Clark County Debt Management Commission. The Statutory Debt Limitation Schedule shown in the Other Funds Section reveals that, notwithstanding the District's significant capital programs, outstanding debt is only 38% of statutory limits based upon the Department of Taxation's estimate of assessed valuation.

Balances in the District's Debt Service Funds are restricted by statute only for debt service and reflect the fluctuations in property valuations in Clark County during the past decade. These balances, being restricted from other use, provide both a margin of security for the District's school construction bonds and the opportunity to support substantial increases in bonded debt while maintaining stability in property tax rates.

Maintenance of the current property tax rate will be sufficient through fiscal 2015 to retire the existing bonded debt since the District issued previous bonds based upon the factors of growth in assessed valuation in addition to increases in student population. The Capital Improvement Program provided authority to issue general obligation bonds until June 2008 and will be repaid from a fixed tax rate of 55.34 cents per \$100 of net taxable property. School districts in the State receive operational funding on a per student basis, which recognizes growth in enrollment. This funding is the basis for offsetting costs (school site staffing, additional instructional materials, utilities, etc.) to the General Operating Fund associated with the acquisition of new school facilities.

Summary of Debt Service As of July 31, 2013

| Fiscal Year | Principal | Interest | Total Requirements |
|-------------|------------------------------|---------------|--------------------|
| 2014 | \$339,665,000 | \$157,105,000 | \$496,770,000 |
| 2015 | 345,005,000 | 141,118,930 | 486,123,930 |
| 2016 | 316,990,000 | 123,955,515 | 440,945,515 |
| 2017 | 284,210,000 | 108,518,740 | 392,728,740 |
| 2018 | 271,125,000 | 94,848,890 | 365,973,890 |
| 2019 - 23 | 1,076,540,000 | 291,795,600 | 1,368,335,600 |
| 2024 - 28 | 620,145,000 | 70,486,558 | 690,631,558 |
| Totals | \$3,253,680,000 ¹ | \$987,829,233 | \$4,241,509,233 |

⁽¹⁾ This schedule reflects the impact of debt issues made in July 2013 which will revise the total outstanding debt from that to be reported in the District's June 30, 2013 CAFR.

Capital Projects Funds

The District has previously been ranked as one of the fastest growing school districts in the nation. Total enrollment increased by over 44,000 students since 2004, or an increase of over 20%. The prior growth in enrollment required the construction of 101 new, 13 replacement, and 6 phased replacement schools financed through the proactive Capital Improvement Program approved by voters in 1998. The Capital Projects Funds budget includes revenues of \$114 million, along with a substantial draw down of the opening fund balance of \$98 million, to fund expenditure appropriations in the amount of \$122 million and transfers to other funds totaling \$90 million. This budget outlines the District's final stages for the capital improvements that are to be funded from the proceeds of the 1998 bond program described in the Other Funds Section.

Capital Improvement Plan For Fiscal Year 2013-14

| Descriptions | FY 2013-14 |
|---|-----------------------|
| 1998 Capital Improvement Program: | |
| Land Acquisition | \$ 1,000,000 |
| New Construction: | |
| <i>Other Facilities</i> | 2,200,000 |
| Rehab/Modernization | 96,800,000 |
| Fund Total | 100,000,000 |
| Governmental Services Tax Fund: | |
| Rehab/Modernization | 14,700,000 |
| Purchase of Portable Classrooms | 1,000,000 |
| Relocation of Portable Classrooms | 5,500,000 |
| Fund Total | 21,200,000 |
| Building And Sites Fund: | |
| Site Improvements | 750,000 |
| New Construction | 350,000 |
| Fund Total | 1,100,000 |
| Total All Capital Funds | \$ 122,300,000 |
| Source: CCSD Facilities and Bond Financial Management | |



Other Funds

Special Revenue Funds, Internal Service Funds, and the Enterprise Fund comprise a small percentage of the total budget and are discussed in more detail in the Other Funds Section.



Fiscal Year 2013-14 Budget Development Considerations

Planning for the fiscal 2014 budget began in October 2012. Budget calendars shown in the Budget Policy Section reveal the input and discussion received from all levels of the District. In addition to input from District administrators, work sessions were conducted throughout the year with the Board of School Trustees and the public to determine priorities, program reductions, and other necessities to operate within a balanced budget.

Benchmarks for contingency and General Fund ending balances are specified in Clark County School District Regulation 3110. Due to limited funding resources, and in order to achieve a balanced budget, the Board of School Trustees (since 2010) has been forced to temporarily suspend the regulation that seeks an unassigned ending fund balance that is equal to approximately 2% of revenues. The fiscal 2014 budget projects an unassigned ending fund balance of 1.25% of revenues with no reserve for contingencies. The desired plan is to annually increase the unassigned balance incrementally by .25% until the benchmark is reached in 2017.

Employee salary and fringe benefits represent over 87% of total expenditure appropriations and are projected to increase by almost \$104 million. No cost of living increases have been added to existing salary schedules for 2013-14. Employee group health insurance premiums are unchanged with no increases forecast. Should provider premiums subsequently increase, contract negotiations with employee associations may be necessary to sustain a balanced budget.

Between 2009 and 2013, the State of Nevada experienced substantial revenue shortfalls estimated to have exceeded \$3 billion. Fortunately, the 2013 legislative session was able to approve biennial funding in the amount of over \$3.8 billion for K-12 education. However, subsequent reductions in anticipated funding from the State are always a possibility as it strives to balance funding fluctuations from unstable revenue sources.

Legislation was enacted in 2005 to provide partial abatement of ad valorem taxes to provide relief from escalating assessments resulting from previous increases to the market values of real property in Clark County. The cap limits each property's tax increase to no more than 3% above that assessed during the prior year on all single-family, owner-occupied residences. All other real property categories are limited to an increase in tax of no more than 8%. As a result of the recent dramatic downturn in the County's real estate market values, most properties have returned to their pre-2005 taxable values resulting in a negligible loss of potential tax collections from those properties still subject to the cap limits.

Economic Environment in Southern Nevada

Southern Nevada's commitment to diversification in the business sector and a favorable tax base has made it an ideal area for relocation and business expansion. Nevada does not impose corporate or personal income taxes, or inventory, special intangible, inheritance, estate, or gift taxes. Nevada continues to maintain one of the most beneficial tax structures for both personal as well as business growth. Las Vegas' offerings and infrastructure continue to affirm the desirability of living within this metropolitan area.

Situated in one of the nation's fastest growing areas, the District has been previously challenged by an associated growth in student enrollment. Over 20 years ago, the District was ranked by the Educational Research Service as the 14th largest school district in the country. The District currently ranks as the fifth largest. The projected enrollment count for 2013-14 is 312,782, as compared to 311,218 last year, or an increase of .5%. The population of Clark County increased by over 42,000 residents (2.1%) during 2012, with the current population estimated to be over 2,008,000.

Las Vegas joined the classification of "major city" only during the last fifteen years. As a result, there are fewer older neighborhoods than in most other major cities, and the popular concept of master planned communities has become more desirable in residential planning. These communities are planned with a variety of amenities, including parks, schools, churches, libraries, and shopping. Some of the nation's most successful master planned communities are located in southern Nevada.

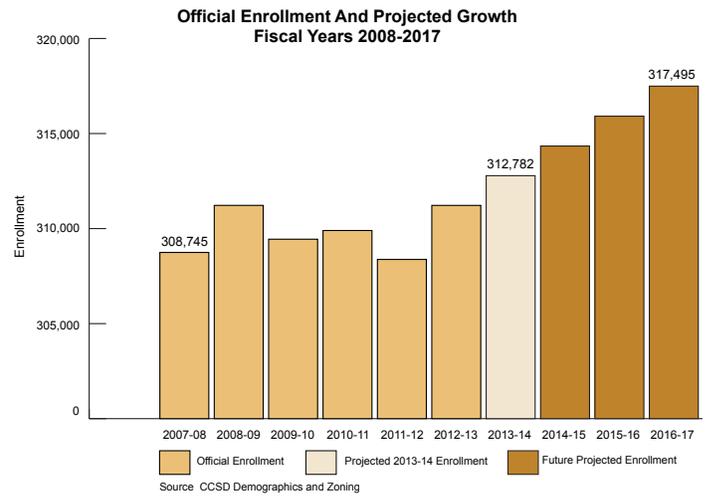


Tourism and gaming jointly remain southern Nevada’s largest industry and somewhat cushion the effects from the substantial decline in the new housing construction market. Las Vegas is home to the largest 15 hotels in the nation. With a room inventory of over 150,000, an occupancy rate that increased slightly during 2012 to 84%, and a visitor volume of almost 40 million, southern Nevada received an economic impact benefit of over \$40 billion from the tourism industry.

Enrollment

During the past decade, the District has added more than 44,000 students creating a strain on facilities and service levels. Prior to 2009, the District was among the fastest growing school districts in the nation. The continued economic downturn has affected the District’s funding resources significantly. The erratic shifts in enrollment trends demand that the District utilize flexible, conservative methods of projection.

Although enrollment for 2013-14 is projected to increase by less than 1%, it is anticipated that total enrollment will consistently increase on an annual basis over the foreseeable future. New initiatives and academic priorities focused on student retention and improvement are proving valuable in effecting student participation. The chart below reflects expectations and projections for going forward into subsequent school years.



Summary Of District Enrollment

For Fiscal Years 2004-05 Through 2016-17

| Year | 4th Week Full Enrollment ¹ | Percent Increase | Weighted Enrollment ² | Percent Increase |
|----------------|---------------------------------------|------------------|----------------------------------|------------------|
| 2004-05 | 280,796 | 4.41 % | 271,212.8 | 4.56% |
| 2005-06 | 291,329 | 3.71 % | 281,646.2 | 3.85% |
| 2006-07 | 302,547 | 3.95 % | 292,489.6 | 3.85% |
| 2007-08 | 308,745 | 1.53 % | 298,551.6 | 2.07% |
| 2008-09 | 311,221 | 1.17 % | 300,817.0 | 0.76% |
| 2009-10 | 309,442 | (0.15)% | 299,058.6 | (0.58)% |
| 2010-11 | 309,899 | (0.03)% | 299,325.2 | 0.09 % |
| 2011-12 | 308,377 | 0.17 % | 297,659.2 | (0.56)% |
| 2012-13 | 311,218 | 0.92 % | 300,081.8 | 0.81 % |
| 2013-14 (Est) | 312,782 | 0.50 % | 301,595.8 | 0.50 % |
| 2014-15 (Proj) | 314,345 | 0.50 % | 303,100.0 | 0.50 % |
| 2015-16 (Proj) | 315,916 | 0.50 % | 304,615.0 | 0.50 % |
| 2016-17 (Proj) | 317,495 | 0.50 % | 306,150.0 | 0.50 % |

⁽¹⁾4th Week - This is the number of students enrolled on the Friday of the four h week of school. This enrollment figure is unweighted and includes students from other districts receiving an education in the district as reported on the Amended Final Budget.

⁽²⁾4th Week Weighted - This is the number of students enrolled on the Friday of the fourth week of school with Kindergarten and Pre-K students counted as .6 per student. The weighted enrollment figure excludes students from o her districts receiving an education in the district as reported on the Amended Final Budget.

Source: CCSD AARSI

District Organization Plan

The District has structured its central administrative services to provide more mission-driven guidance and support to direct more focus on improving student achievement. The previous six school groupings were reorganized into 15 performance zones. All schools in each of these zones were vertically aligned, forming a cluster around a high school feeder school pattern. Although they were clustered by academic performances, they tended to cluster geographically.

Each performance zone includes an average between 20 and 30 schools. Where lower-performing schools faced greater challenges, fewer schools were included in the zone. Those schools receive more oversight and less autonomy. Benefits such as having the first opportunity to hire new talent or tap professional development funds are granted to schools in higher-need zones. Schools in a higher-performing zone receive less oversight and more autonomy.

Autonomous and Innovative Schools - Schools that earn this status provide staff with greater decision making authority with fewer central constraints. Through the collaboration of students, parents, teachers, administrators, school support staff, and community partners, each school’s unique challenges and the plan to address them have been determined. Flexibility is granted the school community to tailor a program to meet the diverse needs of the neighborhood it serves. Decisions regarding budget, time,



staff, governance, and instructional programs are made at the school level, by the people who know the students best. Schools are required to make progress toward goals for student achievement, educational equity, and fiscal integrity to earn incentives and maintain their unique status. The “Innovative School” label is a badge of excellence for donors, media, and local realtors.

Zoom Schools – The 2013 Nevada State Legislature authorized additional funding to support students in the District who receive low income assistance and are English language learners. Funding will provide extended services to 14 identified elementary schools that were specified as having the highest percentage of students who have limited English proficiency in addition to struggling to perform at the lowest academic achievement levels in the District. Extended services will include pre-kindergarten, full day kindergarten, a reading skills center, and summer or intersession academies.

Magnet Schools and Career and Technical Academies – Schools offer learning opportunities related to various themes for interested students. Students from across the District may apply regardless of the area in which they reside. The purposes are to improve student achievement, promote diversity, and create an awareness of career opportunities relative to the fields of study in which students may be interested. As an added benefit, many of these schools offer an extended day and reduced student-to-teacher ratios.



Need for Future Classrooms

In November 1998, voters approved a freeze of property tax rates for long-term bonding for school construction. This approval enabled the District to issue general obligation bonds through 2008, which resulted in no increase to the existing property tax debt levy. Funding for school construction is also provided from portions of the hotel room tax and the real property transfer tax. When economic conditions in Clark County stabilize, the District will seek to request voter approval for a similar 10-year building program, while maintaining the current tax levy of .5534. In fiscal 2014, three elementary schools in the southwest area of the District were forced to adopt a year round school schedule to alleviate overcrowding. In the near future, it is anticipated that numerous schools will also be forced to address the impacts of enrollments in excess of their housing capacities. This conundrum can only be resolved satisfactorily upon the passage of a similar comprehensive bonding program.

The 1998 Capital Improvement Program provided proceeds of \$4.9 billion for:

- Construction of 101 new schools - 61 elementary, 22 middle, 16 high schools (including 5 career and technical academies), 1 alternative high school, and 1 special school - at a cost of \$2.922 billion
- Renovations to existing schools, including phased replacements, additions, modernizations, lifecycle replacement, and life and safety upgrades at a cost of \$1.288 billion
- Construction of 13 replacement schools, including 10 mandated by the Nevada Legislature, at a cost of \$415 million
- Land acquisition funding for future school sites in the amount of \$214 million
- Construction of two regional bus transportation centers at a cost of \$61 million



Student Achievement

The District is committed to its pursuit of the goal to ensure that all students are ready by exit. This becomes more complicated from the reality that a significant segment of the student body brings with them a variety of challenges, including poverty and limited English language skills. During fiscal 2013, more than 59% of the District's enrollment (approximately 184,000 students) qualified for free or reduced-price meals, while over 22% (68,000 students) received English language learner services.

The effects of the student demographics and chronic, limited funding issues currently facing the District are major factors in the explanation that SAT scores are slightly below those of students nationwide.

Academic Performance Test Scores

| | | 2001-02 | 2011-12 |
|-------------|------------------------------|---------|---------|
| ACT Scores: | Clark County School District | 21.0 | 20.9 |
| | National | 20.8 | 21.1 |
| SAT Scores: | Clark County School District | 501 | 483 |
| Reading | National | 504 | 491 |
| SAT Scores: | Clark County School District | 515 | 486 |
| Math | National | 516 | 505 |
| SAT Scores: | Clark County School District | N/A | 458 |
| Writing | National | N/A | 481 |

Source: CCSD AARSI

School Accountability

Nevada Revised Statutes require each school district to provide school accountability information to both residents of the district and to the State Board of Education by March 31 of each year. Due to the size of the District, much of this information is not repeated in this **Comprehensive Annual Budget Report**.

A four-page report is produced for each school and sent to parents of students within the school, as well as made available to the general public and the State Board of Education. These reports include the educational goals and objectives of each school and the progress towards meeting these goals. Statistical information is included such as test scores; dropout/retention rates; enrollment distribution by programs such as special education, English language learners, gifted and talented, etc.; education level and experience of teachers; and expenditure per student comparisons. Information on parental involvement and "celebrations" recognized by the school in the past year are also included.

School accountability information may also be obtained by accessing the District's website at www.ccsd.net.

