

Financial Section

District Funds - Summary

The presentation of all District funds gives a unique perspective into the cumulative financial position of the school district. The All District Funds Final Budget Summary illustrates the District-wide budgeted revenues, appropriations, and changes in fund balance for the fiscal year 2017-18. The District's budgeted change in ending fund balance for all funds represents a 29.1% decrease as a result of the 2015 Capital Improvement plan continuing. The percentage increase illustration details the change from estimated ending fund balances for 2016-17 and budgeted ending fund balances for fiscal 2017-18.



All District Funds - Final Budget Summary

Statement of Revenues, Expenditures, and Changes in Fund Balance Fiscal Year 2017-18

Description	General Operating Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Proprietary Funds ¹	Total All Funds
Revenues:						
Local sources	\$1,532,332,000	\$10,223,986	\$344,025,000	\$166,332,800	\$39,890,000	\$2,092,803,786
State sources	799,848,500	251,047,637	-	-	450,000	1,051,346,137
Federal sources	200,000	207,951,130	-	5,656,000	116,500,000	330,307,130
Total revenues	2,332,380,500	469,222,753	344,025,000	171,988,800	156,840,000	3,474,457,053
Expenditures:						
Salaries	1,459,467,032	255,333,203	-	10,095,000	32,471,563	1,757,366,798
Employee fringe benefits	626,332,558	93,794,047	-	4,020,000	12,273,676	736,420,282
Purchased services	92,505,315	35,272,220	-	563,800,000	12,782,000	704,359,535
Supplies	151,848,460	74,524,940	-	41,065,000	96,273,231	363,711,631
Property and equipment	62,525,902	2,825,700	-	32,000,000	-	97,351,602
Other expenditures	4,584,233	10,144,520	-	20,000	17,729,000	32,477,753
Depreciation	-	-	-	-	1,885,000	1,885,000
Debt service	-	-	462,258,490	-	-	462,258,490
Total expenditures	2,397,263,500	471,894,630	462,258,490	651,000,000	173,414,470	4,155,831,091
Excess (deficiency) of revenues over expenditures	(64,883,000)	(2,671,877)	(118,233,490)	(479,011,200)	(16,574,470)	(681,374,038)
Other sources (uses):						
Gain on disposal of assets	-	-	-	-	-	-
Sale of bonds	32,000,000	-	-	400,000,000	-	432,000,000
Proceeds of refunding bonds	-	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-
Transfers from other funds	343,374,605	-	96,485,390	-	-	439,859,995
Transfers to other funds	(343,374,605)	-	-	(96,485,390)	-	(439,859,995)
Total other sources (uses)	32,000,000	-	96,485,390	303,514,610	-	432,000,000
Fund balances, July 1	80,000,000	15,753,798	63,440,250	650,207,262	46,873,836	856,275,146
Fund balances, June 30	\$47,117,000	\$13,081,921	\$41,692,150	\$474,710,672	\$30,299,366	\$606,901,108
Percent increase (decrease)	(41.1%)	(17.0%)	(34.3%)	(27.0%)	(35.4%)	(29.1%)

(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 2015-16 Through 2017-18

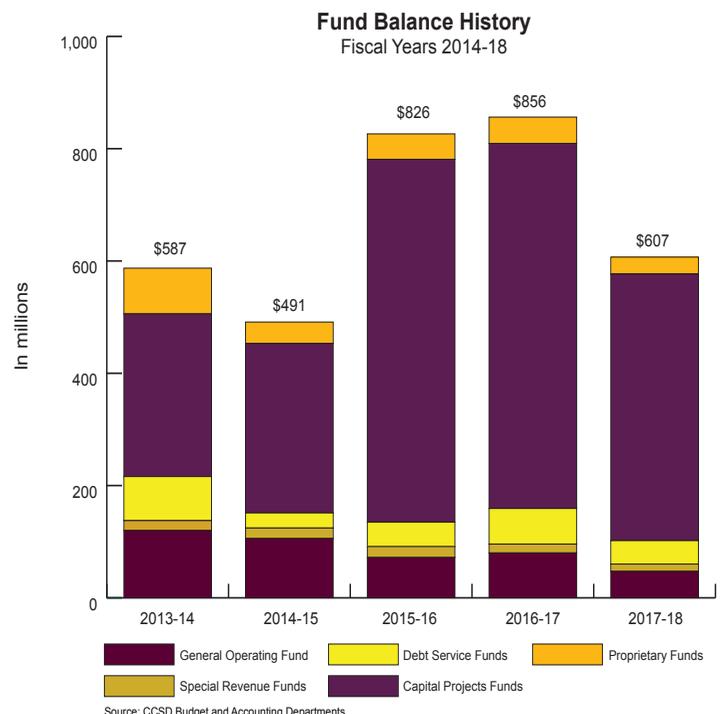
Description	Actual 2015-16	Estimated 2016-17	Final Budget 2017-18	FY 2016-17 vs. FY 2017-18	
				\$ Change	% Change
Revenues:					
Local sources	1,961,450,524	\$2,035,283,768	\$2,092,803,786	\$57,520,018	2.8%
State sources	960,079,025	1,025,853,193	1,051,346,137	25,492,944	2.5%
Federal sources	283,268,617	321,478,825	330,307,130	8,828,305	2.7%
Total revenues	3,204,798,166	3,382,615,786	3,474,457,053	91,841,267	2.7%
Expenditures:					
Salaries	1,659,115,226	1,705,677,215	1,757,366,798	51,689,583	3.0%
Employee fringe benefits	681,538,668	714,409,778	736,420,282	22,010,503	3.1%
Purchased services	201,206,558	410,717,628	704,359,535	293,641,907	71.5%
Supplies	264,500,342	305,212,050	363,711,631	58,499,581	19.2%
Property and equipment	36,708,140	11,968,094	97,351,602	85,383,508	713.4%
Other expenditures	36,403,096	37,529,260	32,477,753	(5,051,507)	-13.5%
Depreciation	1,689,292	1,768,000	1,885,000	117,000	6.6%
Debt service	411,502,262	430,693,073	462,258,490	31,565,417	7.3%
Total expenditures	3,292,663,584	3,617,975,098	4,155,831,091	537,855,993	14.9%
Excess (deficiency) of revenues over expenditures	(87,865,418)	(235,359,312)	(681,374,038)	(446,014,726)	189.5%
Other financing sources (uses):					
Gain on disposal of assets	-	-	-	-	-
Sale of bonds	419,178,281	250,978,253	432,000,000	181,021,747	72.1%
Proceeds of refunding bonds	580,530,787	359,184,768	-	(359,184,768)	-100.0%
Payment to escrow agent	(576,702,315)	(357,778,774)	-	357,778,774	-100.0%
Loan proceeds	-	-	-	-	-
Prior period restatement (GASB 68)	-	-	-	-	-
Interfund transfers in	429,400,928	448,441,344	439,859,995	(8,581,349)	-1.9%
Interfund transfers (out)	(429,400,928)	(435,575,063)	(439,859,995)	(4,284,932)	1.0%
Total other financing sources	423,006,753	265,250,528	432,000,000	166,749,472	38.6%
Fund balances - July 1	491,242,595	826,383,930	856,275,146	29,891,216	3.6%
Fund balances - June 30	\$826,383,930	\$856,275,146	\$606,901,108	\$(249,374,038)	-29.1%

Source: CCSD Budget and Accounting Departments

District Funds - Ending Fund Balances

Measuring the fiscal solvency of a governmental entity can be performed using several methods. Analyzing the ending fund balance over multiple years produces a measurement that more likely reflects an entity's financial condition. Although scrutiny and the interpretation of financial condition may be construed differently for each user of the financial statement, financial condition is relative to local board policies, the economic vitality of the local taxpayer base, and crucial funding support from the Nevada Legislature. The District's Funds - Summary of Ending Fund Balances illustrates the District's reserves in conjunction with Board of Trustees policies over multiple fiscal years.

The District effectively employs a "balanced budget" methodology in preparing its annual budget. The District's definition of a "balanced budget" constitutes the measurement of total appropriations not exceeding total resources, including beginning fund balance. The result of that measurement must achieve a desired ending fund balance that satisfies Board policies and legal requirements.



All District Funds - Summary of Fund Balances For Fiscal Years 2013-14 Through 2017-18

Funds	Actual	Actual	Actual	Estimated	Final Budget	FY 2016-17 vs. 2017-18	
	2013-14	2014-15	2015-16	2016-17	2017-18	\$ Change	% Change
General Operating Fund	\$119,902,569	\$105,624,469	\$71,835,199	\$80,000,000	\$47,117,000	\$(32,883,000)	(41.1%)
Special Revenue Funds	17,675,087	18,708,088	19,549,145	15,753,798	13,081,921	(2,671,877)	(17.0%)
Debt Service Funds	78,420,424	26,838,866	43,426,485	63,440,250	41,692,150	(21,748,100)	(34.3%)
Capital Projects Funds	289,792,502	301,822,562	646,261,265 ³	650,207,262	474,710,672	(175,496,590)	(27.0%)
Proprietary Funds ¹	81,447,895	38,248,610 ²	45,311,836	46,873,836	30,299,366	(16,574,470)	(35.4%)
Total	\$587,238,477	\$491,242,595	\$826,383,930	\$856,275,146	\$606,901,108	\$(249,374,038)	(29.1%)

(1) Proprietary Funds ending fund balances are reflected as cumulative unrestricted net position.

(2) Proprietary funds 2014-15 ending balances reflect impact of GASB 68 (pension costs)

(3) Capital Project Funds 2015-16 estimated ending balances reflect bond issuance of approximately \$350 million

Source: CCSD Budget and Accounting Departments

The decline in the General Operating Fund balance of over 41.1% is primarily from a 2016-2017 carry forward of \$29 million in bond proceeds scheduled for the District's bus purchases, which falls into 2017-2018. For future years, it is essential that State funding resources must increase to avoid continued deterioration of financial resources and that the District continuously review its expenditures. For the fiscal year 2018 Final Budget, the General Operating Fund comprises 7.8% of the total ending fund balances.

Bonds issued to fund program facilities created a need for adequate reserves in the Debt Service Fund, which totals 6.9% of all ending fund balances. Facility construction and its related debt service represent a substantial portion of the District's ending fund. The reasons detailing the decreases in the ending fund balances of the General Operating Fund and the Special Revenue Funds are described in the General Operating Fund and the Federal Projects Funds sections.

In 2015 the District developed the 2015 Capital Improvement Plan; this plan outlines the capital improvement work over the next ten years. The improvements are currently underway and to fund the capital plan the District has issued several bonds, thus causing the Capital Projects Funds ending fund balances to comprise 78.2% of the District's Ending Fund Balances.

District Funds - Projected Revenues Summary

The District's sources of revenue for all funds originate from a wide range of categories. The District Funds - Summary of Revenues and Other Sources illustrates the five-year history of total revenues. This history shows a slight one year increase in Debt Service Funds revenues following a welcome turnaround in the trending of taxable assessed valuation of Clark County. The General Operating Fund revenue has increased by 12.8% between fiscal years 2013-14 and 2017-18. Special Revenue Funds is projected to decrease in State categorical program funding as a result of the elimination of the full-day kindergarten grant. An increase of \$57.5 million in local revenue sources and an increase of \$25.5 million in State revenue sources comprise most of the increase in the District's "All Funds" total revenues of \$91.8 million.



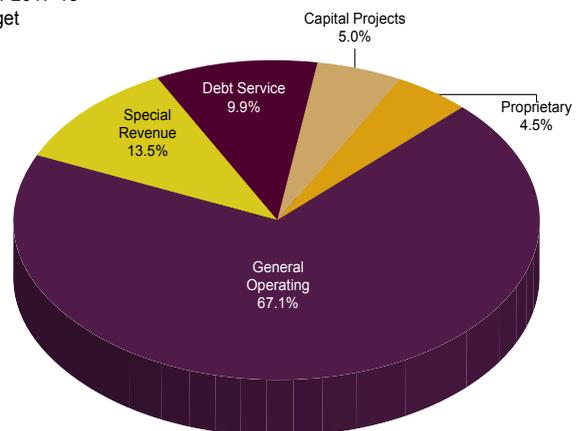
Of the \$3.5 billion in anticipated revenues, the General Operating Fund will represent 67.1%, Special Revenues 13.5%, Debt Service 9.9%, Capital Projects 5.0%, and Proprietary Funds 4.5%. Total projected resources for the 2017-18 fiscal year for all funds will be over \$4.8 billion with the inclusion of beginning fund balances and other financing sources.

Note: Please refer to the General Operating Fund and Other Funds sections for more detailed revenue descriptions and explanations.

All Funds - Revenue Summary

Fiscal Year 2017-18

Final Budget



Source: CCSD Budget Department

All District Funds - Summary of Revenues For Fiscal Years 2013-14 Through 2017-18

Funds	Actual 2013-14	Actual 2014-15	Actual 2015-16	Estimated 2016-17	Final Budget 2017-18	FY 2016-17 vs. 2017-18 \$ Change	% Change
General Operating Fund	\$2,068,012,697	\$2,114,818,164	\$2,141,910,929	\$ 2,200,093,500	\$2,332,380,500	\$132,287,000	6.0%
Special Revenue Funds	389,173,318	411,804,770	428,895,513	524,434,386	469,222,753	(55,211,633)	(10.5%)
Debt Service Funds	298,922,729	308,792,309	324,560,516	341,022,000	344,025,000	3,003,000	0.9%
Capital Projects Funds	127,653,867	136,410,368	152,770,586	162,706,600	171,988,800	9,282,200	5.7%
Proprietary Funds	131,639,561	138,911,707	156,660,622	154,359,300	156,840,000	2,480,700	1.6%
Total	\$3,015,402,172	\$3,110,737,318	\$3,204,798,166	\$3,382,615,786	\$3,474,457,053	\$91,841,267	2.7%

Source: CCSD Budget and Accounting Departments

District Funds - Projected Expenditures Summary

Through the District's budgeting cycle, cost centers engage in technical analysis to evaluate the specific needs of the District. The allocation of appropriations is carefully designed to meet designated requirements, including personnel, supplies, utilities, transportation, and property. Each of the District's funds serves a specific purpose to account for and record financial activity relative to the needs of the District. Appropriations within those funds define the constraints of those expenditures in an effort to maintain fiscal accountability and solvency.

As in previous years, the District continues to face many challenges in serving the diverse needs of the students in Clark County. Projected enrollment should increase by 2,119 or 0.7% students while expenditures are expected to increase by more than 9.2% in the General Operating Fund, primarily caused by the change to the Distributive School Account (DSA). In fiscal year 2018, kindergarten students will be funded at 100% and no longer at 60%. The following summary highlights the District's major challenges for appropriating budgets for fiscal 2018 and beyond.

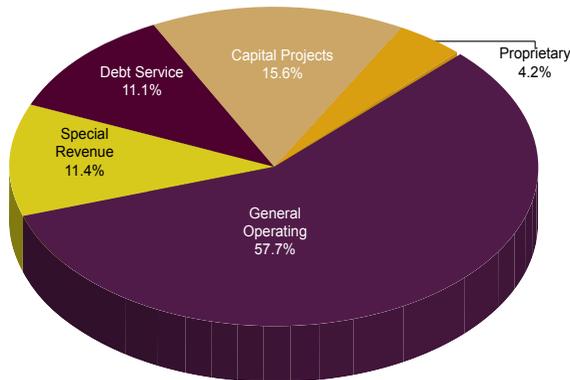
Of the 2017-18 Final Budget total appropriated expenditures, the General Operating Fund represents 57.7% of the total. Capital Projects and Debt Service Funds combine to represent 26.8% of total appropriations. Total expenditures will be \$4.2 billion in 2017-18, or an increase of 14.9% versus the estimated expenditures for 2016-17.

2017-18 Appropriation Challenges:

- Finding sufficient resources to implement the necessary instructional initiative changes that will provide the structure to improve student achievement and focus on "every student in every classroom, without exceptions, without excuses."
- Student enrollment will increase by 2,119 students with additional classroom space scheduled for construction in fiscal year 2018 to house this increase in enrollment. Further unpleasant measures such as rezoning attendance boundaries, adding more portable classrooms, or eliminating and/or relocating select programs will be considered.
- Audited ending fund balances – Actual beginning balances are unknown and not available until the issuance of the Comprehensive Annual Financial Report in October of each year.
- Recruiting and retaining qualified personnel and maintaining competitive employee compensation salaries and benefits in spite of inevitable program and staffing reductions within a financial resource structure that continues to be unpredictable and unstable.
- Satisfying the requirement of Regulation 3110 to maintain "an unassigned ending fund balance of not less than 2% of total General Fund revenue for each fiscal year" which has not occurred since 2009
- Assembly Bill 469, provides for the reorganization of large school districts in the State of Nevada. The bill applies to Clark County School District and brings many challenges in regards to transferring centralized operations to each school precinct with a goal of providing 85% of the unrestricted budget to the school precincts by 2018-19.



All Funds - Expenditure Summary
Fiscal Year 2017-18
Final Budget



Source: CCSD Budget Department



All District Funds - Summary of Expenditures
For Fiscal Years 2013-14 Through 2017-18

Funds	Actual 2013-14	Actual 2014-15	Actual 2015-16	Estimated 2016-17	Final Budget 2017-18	FY 2016-17 vs. 2017-18	
						\$ Change	% Change
General Operating Fund	\$2,096,161,119	\$2,163,171,891	\$2,209,613,427	\$2,195,028,699	\$2,397,263,500	\$202,234,801	9.2 %
Special Revenue Funds	359,000,164	374,644,118	433,871,509	557,229,733	471,894,630	(85,335,103)	(15.3%)
Debt Service Funds	492,217,158	444,887,499	411,502,262	430,693,073	462,258,490	31,565,417	7.3 %
Capital Projects Funds	39,859,654	41,191,916	88,078,990	282,226,293	651,000,000	368,773,707	130.7 %
Proprietary Funds ¹	128,008,569	133,957,270	149,597,396	152,797,300	173,414,470	20,617,170	13.5 %
Total	\$3,115,246,664	\$3,157,852,694	\$3,292,663,584	\$3,617,975,098	\$4,155,831,091	\$537,855,993	14.9 %

(1) Proprietary Funds balances reflect operating and non-operating expenses for presentation purposes.

Source: CCSD Budget and Accounting Departments

POST EMPLOYMENT HEALTHCARE PLAN

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

Funding Policy. NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired district employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. Retirees qualify for a subsidy of (\$323) at five years of service and \$161 at 20 years of service with incremental increases for each year of service between. The contribution requirements of plan members and the District are established and amended by the PEBP board of trustees. As a participating employer, the District is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it.

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