

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.



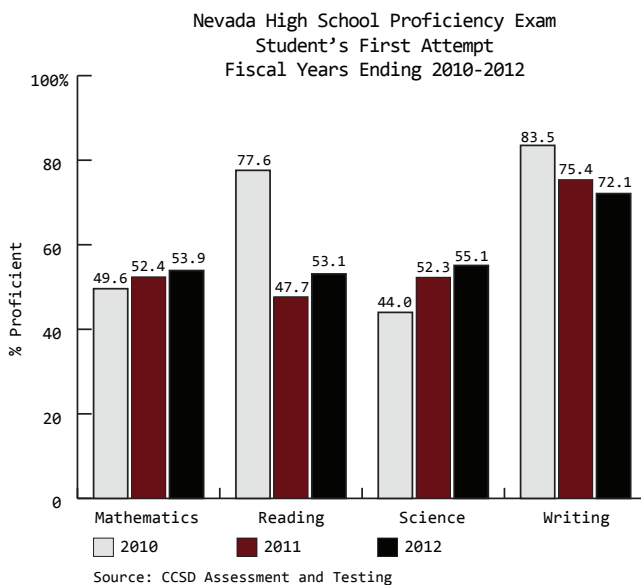
Comprehensive educational services are provided to all resident students in grades kindergarten through twelfth. The District operates 356 schools and will serve an estimated 307,574 students during 2012-13.

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.



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 2012-13 Final Budget was adopted by the Board on May 16, 2012. This **2012-13 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 2012-13 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 \$3.6 billion. Expenditures total \$3.2 billion, with ending balances for all funds combined totaling \$384 million. The amount of ending balances primarily reflects the expectation that the District will have balances in the Capital Projects (\$115 million) and Debt Service Funds (\$160 million)

District Funds

District Funds	
General Fund	
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.

attributed to the final stages of completion 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 \$300 million, or almost 44%. The General Operating Fund decrease of \$35 million, or 46.7%, 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 a continuing decline of property tax collections resulting from an assessed valuation base that is projected to decline by almost 7%.

The \$3.8 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 over 41% is also resulting from the continuing decline in property tax collections. The Capital Projects Funds decrease of 57% is the spend-down of bond proceeds as the District completes its 1998 Capital Improvement Plan. Another impact is a continuance of the transfer of room and real property transfer taxes (\$20 million during both 2012 and 2013) to supplement the State's funding obligation Statewide of the Distributive School Account (DSA).

All District Funds - Final Budget Summary
Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Year 2012-13

Description	General Operating Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Proprietary Funds	Total All Funds
Revenues:						
Local sources	\$1,224,530,000	\$ 12,620,000	\$ 291,390,000	\$ 106,035,000	\$ 40,240,000	\$1,674,815,000
State sources	718,625,000	161,345,000	-	-	450,000	880,420,000
Federal sources	300,000	235,100,000	-	-	91,500,000	326,900,000
Total revenues	1,943,455,000	409,065,000	291,390,000	106,035,000	132,190,000	2,882,135,000
Expenditures:						
Salaries	1,275,757,494	192,670,750	-	11,127,500	30,430,000	1,509,985,744
Employee fringe benefits	505,717,770	80,424,000	-	3,549,500	12,075,000	601,766,270
Purchased services	83,426,496	44,509,000	-	123,679,000	11,080,000	262,694,496
Supplies	153,369,139	51,600,250	-	8,515,000	63,460,000	276,944,389
Property and equipment	1,732,090	5,805,000	-	-	2,355,000	9,892,090
Other expenditures	2,352,011	11,841,000	-	139,000	15,830,000	30,162,011
Depreciation	-	-	-	-	2,245,000	2,245,000
Debt service	-	-	496,635,000	-	-	496,635,000
Total expenditures	2,022,355,000	386,850,000	496,635,000	147,010,000	137,475,000	3,190,325,000
Excess (deficiency) of revenues over expenditures						
	(78,900,000)	22,215,000	(205,245,000)	(40,975,000)	(5,285,000)	(308,190,000)
Other financial sources (uses):						
Proceeds from insurance	200,000	-	-	-	-	200,000
Proceeds of refunding bonds	-	-	287,475,000	-	-	287,475,000
Payment to escrow agent	-	-	(285,980,000)	-	-	(285,980,000)
Transfers from other funds	43,700,000	-	92,175,000	500,000	1,500,000	137,875,000
Transfer to other funds	-	(24,200,000)	-	(112,175,000)	-	(136,375,000)
Total other financial sources (uses)	43,900,000	(24,200,000)	93,670,000	(111,675,000)	1,500,000	3,195,000
Fund balances, July 1	75,000,000	10,608,096	271,172,422	267,387,432	64,514,941	688,682,891
Fund balances, June 30	\$ 40,000,000	\$ 8,623,096	\$ 159,597,422	\$ 114,737,432	\$ 60,729,941	\$ 383,687,891
Percent increase (decrease)	(46.7%)	(18.7%)	(41.1%)	(57.1%)	(5.9%)	(44.3%)

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

Source: CCSD Budget Department

Districtwide Funds Analysis

Revenue Highlights:

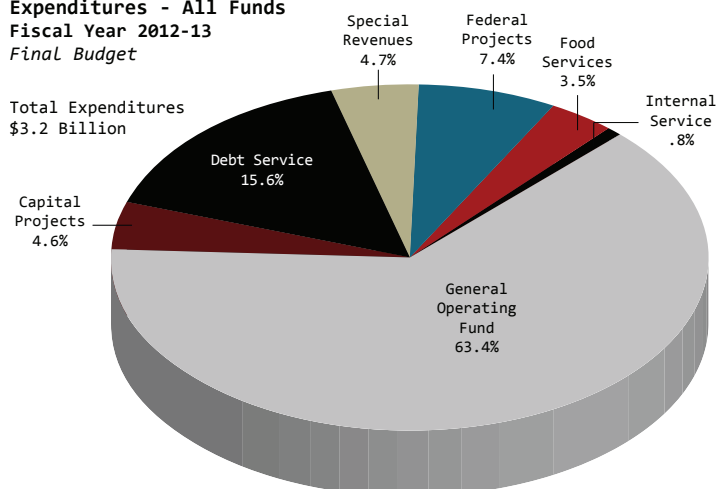
In addition to the discussion of the General Operating Fund revenues on page 12, and with the exception of Proprietary Funds, all other funds will experience a decrease in total revenues with the largest decrease in the Debt Service Fund. It is expected to decrease by over \$27 million due to a 7% decrease in taxable assessed valuation while maintaining a constant tax levy.

Expenditure Highlights:

Page 14 presents an overview of the General Operating Fund expenditures. Expenditures in the Capital Projects Funds will increase by over \$161 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 decrease

by over \$22 million responding to lower revenues. Federal funds provided under No Child Left Behind (NCLB) and State funds for targeted pupils are allocated by enrollment and mandated risk factors to supplement their educational needs.

Expenditures - All Funds
Fiscal Year 2012-13
Final Budget



Source: CCSD Budget Department

All District Funds - Final Budget Analysis For Fiscal Years 2010-11 Through 2012-13

Description	Actual 2010-11	Estimated 2011-12	Final Budget 2012-13	FY 2011-12 vs. FY 2012-13 \$ Change	% Change
Revenues:					
Local sources	\$1,744,769,590	\$1,697,409,248	\$1,674,815,000	\$ (22,594,248)	(1.3%)
State sources	855,312,691	866,290,000	880,420,000	14,130,000	1.6%
Federal sources	323,397,523	345,210,000	326,900,000	(18,310,000)	(5.3%)
Total revenues	2,923,479,804	2,908,909,248	2,882,135,000	(26,774,248)	(0.9%)
Expenditures:					
Salaries	1,581,949,906	1,533,893,750	1,509,985,744	(23,908,006)	(1.6%)
Employee fringe benefits	586,099,464	598,750,000	601,766,270	3,016,270	0.5%
Purchased services	252,525,581	404,025,999	262,694,496	(141,331,503)	(35.0%)
Supplies	284,580,689	273,402,338	276,944,389	3,542,051	1.3%
Property & equipment	23,284,982	9,940,000	9,892,090	(47,910)	(0.5%)
Other expenditures	18,761,541	30,936,000	30,162,011	(773,989)	(2.5%)
Depreciation	2,049,088	2,155,000	2,245,000	90,000	4.2%
Debt service	563,277,763	496,515,000	496,635,000	120,000	0.0%
Total expenditures	3,312,529,014	3,349,618,087	3,190,325,000	(159,293,087)	(4.8%)
Excess (deficiency) of revenues over expenditures	(389,049,210)	(440,708,839)	(308,190,000)	132,518,839	30.1%
Other financing sources (uses):					
Proceeds from insurance	126,556	200,000	200,000	-	- %
Sale of bonds	101,184,389	-	-	-	- %
Proceeds of refunding bonds	109,014,682	-	287,475,000	287,475,000	100.0%
Payment to escrow agent	(108,629,627)	-	(285,980,000)	(285,980,000)	(100.0%)
Transfers from other funds	191,036,797	142,055,000	137,875,000	(4,180,000)	(2.9%)
Transfers to other funds	(189,453,592)	(140,555,000)	(136,375,000)	4,180,000	3.0%
Total other financing sources	103,279,205	1,700,000	3,195,000	1,495,000	87.9%
Fund balances - July 1	1,413,461,735	1,127,691,730	688,682,891	(439,008,839)	(38.9%)
Fund balances - June 30	\$1,127,691,730	\$ 688,682,891	\$ 383,687,891	\$ (304,995,000)	(44.3%)

Source: CCSD Budget and Accounting Departments

The General Operating Budget - General and Special Education Funds Combined

Revenues- During fiscal year 2012-13, it is anticipated that General Operating Fund revenues, excluding opening balances, will increase slightly by .4% compared to last year's minor increase of .6%. The largest factors contributing to the net change in financial resources are increases to the State funding formula of \$10 million (\$113 per pupil offset somewhat by a decreased "hold harmless" weighted enrollment of over 1,600 students) along with an increase of \$26 million in projected local school support (sales) tax collections which will offset a decrease of \$31 million in estimated property tax collections.

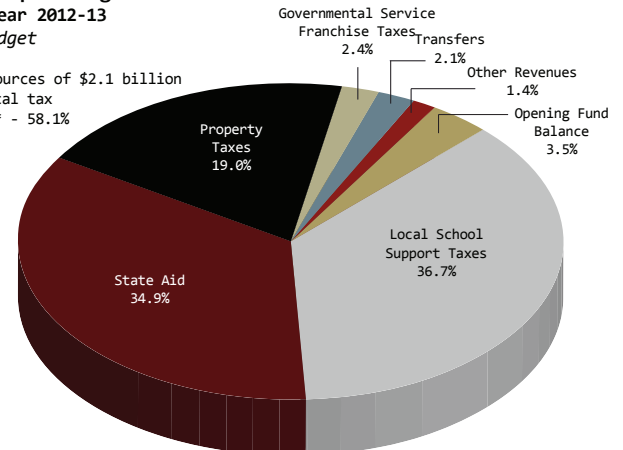
Projected General Operating Fund resources of \$2.1 billion, including revenues and beginning balances, and expenditures of more than \$2 billion generally reflect the continuation of current service levels and implementation of budgetary reductions and cost saving measures within projected revenues and provide for an ending balance of \$40 million with no reserve for contingencies.

Local sources are projected to total \$1.2 billion, which is 59.5% of the General Operating Fund, while State funding is projected to total \$719 million, or 34.9% of total resources. Federal revenues from Impact Aid and the National Forest Service are estimated to total

General Operating Fund Resources

Fiscal Year 2012-13
Final Budget

Total resources of \$2.1 billion
County local tax resources* - 58.1%



*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 2003-04 Through 2012-13

Year	County Taxes	% of Total	State Sources	% of Total	Federal Sources	% of Total	Other Sources	% of Total	Opening Balances	% of Total	Total Resources
2003-04	\$ 964,831,123	65.9%	\$ 438,213,334	29.9%	\$ 664,296	0.1%	\$ 13,341,977	0.9%	\$ 47,087,631	3.2%	\$1,464,138,361
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	1,200,000,000	57.7%	708,575,000	34.1%	500,000	0.0%	73,524,248 ⁶	3.5%	96,620,752	4.7%	2,079,220,000
2012-13 ¹	1,196,735,000	58.0%	718,625,000	34.9%	300,000	0.0%	71,695,000 ⁷	3.5%	75,000,000	3.6%	2,062,355,000

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

Source: CCSD Budget and Accounting Departments

\$300,000. The other resource component is comprised of the beginning fund balance total of \$75 million. The opening fund balance component reflects the General Fund's estimated 2011-12 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 total slightly over \$2 billion for the continuation of current existing programs and reflect significant cost reduction measures implemented in response to the decline in financial resources from fiscal 2011-12. Total expenditure allocations are expected to increase slightly by almost \$7 million reversing an historical decrease in appropriations experienced during fiscal years 2011 and 2012.

Tax Base and Rate Trends

The taxable assessed valuation is expected to decline by over \$3.7 billion, or 6.5%, which will reduce fiscal year 2013 General Operating Fund property tax collections by \$31 million and Debt Service Fund collections by over \$23 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 (71.5%) 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. Since the Legislature will not approve DSA funding for fiscal years 2014 and 2015 until June 2013, it is highly likely that the revenue projections below could vary substantially. Expenditures for salaries and benefits could also fluctuate based upon final agreements from the ongoing negotiations with each of the employee unions.

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.

General Operating Fund - Projected Budgets

For Fiscal Years 2012-13 Through 2015-16

Description	2012-13 Budget	2013-14 Projected	2014-15 Projected	2015-16 Projected	Growth Rate
Revenues	\$ 1,943,455,000	\$ 1,980,000,000	\$ 2,015,000,000	\$ 2,055,000,000	2.0%
Expenditures	(2,022,355,000)	(2,030,200,000)	(2,065,200,000)	(2,103,200,000)	1.8%
Deficiency of revenues over expenditures	(78,900,000)	(50,200,000)	(50,200,000)	(48,200,000)	
Other sources and (uses)	43,900,000	45,200,000	45,200,000	45,200,000	
Opening fund balance - July 1	75,000,000	40,000,000	35,000,000	30,000,000	
Ending fund balance - June 30	\$ 40,000,000	\$ 35,000,000	\$ 30,000,000	\$ 27,000,000	

General Operating Fund - Major Expenditure Areas
For Fiscal Years 2008-09 Through 2012-13

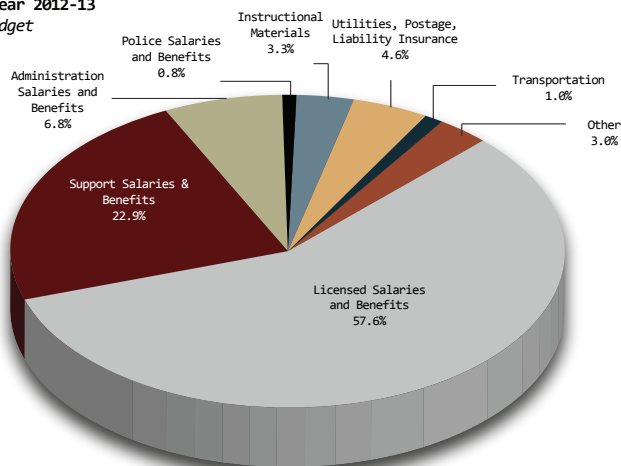
Description	Actual 2008-09	Actual 2009-10	Actual 2010-11	Estimated Actual 2011-12	Final Budget 2012-13	Percent- age Change
Salaries and benefits:						
Licensed salaries	\$ 870,175,680	\$ 889,240,971	\$ 896,543,950	\$ 860,459,000	\$ 848,256,077	(1.4)%
Licensed benefits	307,269,830	311,659,517	316,472,788	315,132,000	316,082,349	0.3 %
Total licensed staff	1,177,445,510	1,200,900,488	1,213,016,738	1,175,591,000	1,164,338,426	(1.0)%
Support salaries	329,001,180	319,908,209	318,549,563	310,950,000	313,687,498	0.9 %
Support benefits	129,100,967	130,945,316	132,967,636	148,725,000	149,933,712	0.8 %
Total support staff	458,102,147	450,853,526	451,517,198	459,675,000	463,621,210	0.9 %
Administrative salaries	108,530,315	108,399,116	102,412,466	102,000,000	102,755,700	0.7 %
Administrative benefits	35,252,664	35,756,286	36,308,506	34,610,000	35,006,260	1.1 %
Total administrative staff	143,782,979	144,155,402	138,720,972	136,610,000	137,761,960	0.8 %
Police salaries	8,984,757	10,012,651	12,009,089	12,430,000	11,058,219	(11.0)%
Police benefits	4,763,873	4,831,930	4,906,555	5,110,000	4,695,448	(8.1)%
Total police staff	13,748,630	14,844,581	16,915,644	17,540,000	15,753,667	(10.2)%
Total salaries and benefits	1,793,079,266	1,810,753,996	1,820,170,553	1,789,416,000	1,781,475,263	(0.4)%
Purchased services:						
Instructional materials	56,908,970	76,553,076	67,876,225	65,000,000	66,726,858	2.7 %
Transportation	20,876,300	20,296,074	15,071,642	15,500,000	19,739,118	27.3 %
Utilities, postage, property liability	78,659,242	81,897,482	79,187,681	87,500,000	93,626,916	7.0 %
Other expenditures	80,626,116	61,823,530	66,756,177	46,804,000	60,786,845	29.9 %
Capital outlay	3,258,081	-	-	-	-	0.0 %
Total expenditures	\$2,033,407,975	\$2,051,324,158	\$2,049,062,278	\$2,004,220,000	\$2,022,355,000	0.9 %
Expenditures per student	\$ 6,760	\$ 6,859	\$ 6,846	\$ 6,733	\$ 6,809	1.1 %

Source: CCSD Budget and Accounting Departments

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 88.1% 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.

General Operating Fund Expenditures
Fiscal Year 2012-13
Final Budget



Based on total appropriations of \$2.06 billion.
Source: CCSD Budget Department

2012-13 District salaries and benefits equal 88.1% of total expenditures

Debt Service Funds

The Debt Service Funds budgeted revenues are projected to total \$291 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 ambitious capital programs, outstanding debt is only slightly less than 43% 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 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 ¹ As of June 30, 2012

Fiscal Year	Principal	Interest	Total Requirements
2013	\$ 320,530,000	\$ 174,460,000	\$ 494,990,000
2014	335,595,000	158,147,342	493,742,342
2015	343,475,000	140,998,730	484,473,730
2016	314,475,000	123,764,140	438,239,140
2017	281,195,000	108,274,165	389,469,165
2018-2022	1,159,970,000	348,272,275	1,508,242,275
2023-2027	756,560,000	106,012,523	862,572,523
2028	42,775,000	2,138,750	44,913,750
Total	\$3,554,575,000	\$1,162,067,925	\$4,716,642,925

(1) This schedule includes all of the District's outstanding debt service, inclusive of other funds, and is current as of June 30, 2012; therefore, it may not reflect changes or balance to the 2012-13 Final Budget for the Debt Service Fund.

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 52,000 students since 2003, or an increase of over 20%. The previous growth in enrollment required the construction of 101 new, 13 replacement, and 5 phased replacement schools financed through the proactive Capital Improvement Program approved by voters in 1998. The Capital Projects Funds budget includes revenues of \$106 million, along with a substantial draw down of the opening fund balance of \$153 million, to fund expenditure appropriations in the amount of \$147 million and transfers to other funds totaling \$112 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 2012-13

Descriptions	FY 2012-13
1998 Capital Improvement Program:	
Land Acquisition	\$ 10,000,000
New Construction:	
<i>High Schools</i>	13,960,000
<i>Other Facilities</i>	8,200,000
Rehab/Modernization	55,305,000
Fund Total	87,465,000
Interim Capital Improvement Program:	
Rehab/Modernization	41,505,000
Fund Total	41,505,000
Governmental Services Tax Fund:	
Rehab/Modernization	11,790,000
Relocation of Portable Classrooms	5,500,000
Fund Total	17,290,000
Building And Sites Fund:	
Land Acquisition	750,000
Fund Total	750,000
Total All Capital Funds	\$ 147,010,000

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 2012-13 Budget Development Considerations

Planning for the fiscal 2013 budget began in October 2011. 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.

Based upon this input and projected funding levels for fiscal 2013, the following are some of the more significant adjustments required to balance the 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 2013 budget projects an unassigned ending fund balance of 1% of revenues with no reserve for contingencies.

- Employee salary and fringe benefits represent over 88% of total expenditure appropriations and are projected to increase by less than 1%, or nearly \$7 million. No cost of living increases have been added to existing salary schedules. 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.
- Since 2009, the State of Nevada has experienced substantial revenue shortfalls estimated to have exceeded \$3 billion. The 2011 legislative session approved biennial funding in the amount of over \$5.2 billion for K-12 education. Based upon continued uncertainty, subsequent reductions in anticipated funding from the State is always a possibility as it strives to balance funding fluctuations created by the downturn and stagnation experienced in sales and gaming taxes that fund most agency appropriations.
- Negotiations are continuing with all employee groups to obtain additional salary and benefit concessions that were anticipated in the development of the fiscal 2013 budget.
- The District has a partnership agreement with Edison Schools, the nation’s largest private manager of public schools, to operate seven elementary schools. Expenditures attributed to the Edison Schools are reported separately in Cost Center 0049 as reflected in the budget.
- 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.

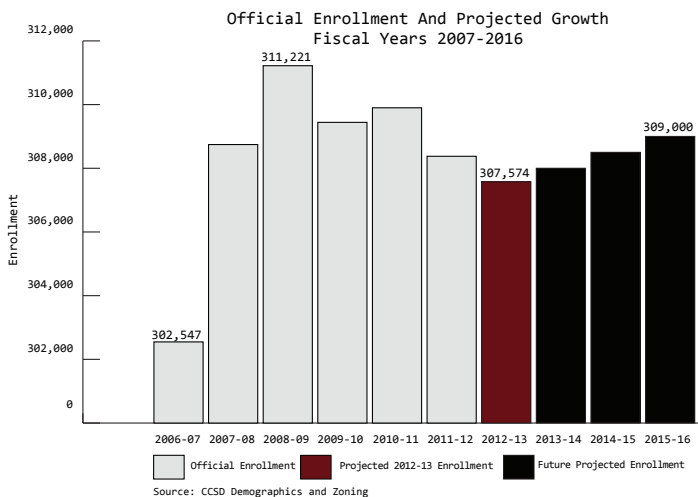
Economic Environment in Southern Nevada

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 2012-13 is 307,574, as compared to 308,377 last year, or a decrease of .3%. The population of Clark County decreased by over 60,000 residents (3.4%) during 2011, with the current population estimated to be at 1,967,000.

Las Vegas joined the classification of “major city” only during the last ten 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 during 2011 to 84%, and a visitor volume of over 37 million, southern Nevada received an economic impact benefit of over \$40 billion from the tourism industry.



Enrollment

Between the fiscal years 2003-04 and 2008-09, the District added 42,864 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 recent economic downturn has affected the District's funding resources significantly. Since 2009, enrollment has declined by 3,600 students. The sudden change in enrollment trending has demanded that the District utilize conservative methods of projection.

Although, the projected enrollment decrease for fiscal year 2012-13 will be almost .3%, it is anticipated that total enrollment will once again increase on an annual basis. New initiatives focused on student retention and virtual outreach programs are proving valuable in effecting student participation. The chart below reflects the District's expectation and projections for going forward into Nevada's next legislative session and subsequent school years.

Summary Of District Enrollment

For Fiscal Years 2003-04 Through 2015-16

Year	4th Week Full Enrollment ¹	Percent Increase	Weighted Enrollment ²	Percent Increase
2003-04	268,357	5.10 %	259,393.4	5.12 %
2004-05	280,795	4.63 %	271,212.8	4.56 %
2005-06	291,329	3.75 %	281,646.2	3.85 %
2006-07	302,547	3.85 %	292,489.6	3.85 %
2007-08	308,745	2.05 %	298,551.6	2.07 %
2008-09	311,221	0.80 %	300,817.0	0.76 %
2009-10	309,442	(0.57)%	299,058.6	(0.58)%
2010-11	309,899	0.15 %	299,325.2	0.09 %
2011-12	308,377	(0.49)%	297,659.2	(0.56)%
2012-13 (Est)	307,574	(0.26)%	297,012.2	(0.22)%
2013-14 (Proj)	308,000	0.14 %	297,325.0	0.11 %
2014-15 (Proj)	308,500	0.30 %	297,800.0	0.27 %
2015-16 (Proj)	309,000	0.32 %	298,300.0	0.33 %

⁽¹⁾ 4th Week - This is the number of students enrolled on the Friday of the fourth 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 other districts receiving an education in the district as reported on the Amended Final Budget.

Source: CCSD Assessment and Accountability

District Reorganization Plan

During 2011, a plan to restructure the District's central administrative services was implemented to provide more mission-driven guidance and support to direct more focus on improving student achievement. This reorganization revised the previous six school groupings into 13 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.

The goal of autonomous schools is to provide a means for schools to operate with greater autonomy. This is accomplished through schools achieving greater results. With the higher results, the schools will have greater flexibility over budget, staffing, and academic programs. There are no limits on the number of schools designated as autonomous because all schools have the ability to reach the level of achievement required to be an autonomous school.

Schools that were previously part of the empowerment model became autonomous schools if they met the achievement targets. Each zone has a single academic manager to whom each principal in the zone reports. All zones work directly with the deputy superintendent, which allows for greater accountability.

School Performance Framework

Starting in 2012, the District implemented a School Performance Framework (SPF) model for all schools as a dynamic step to further increase student achievement. The SPF examines academic factors at each school such as student growth and gaps in achievement between ethnic and ability groups. It weighs factors such as attendance, student and parent surveys, and dropout rates. It is designed to focus resources on schools that need improvement.

The model also changes emphasis from No Child Left Behind dictates toward reliance on data from the Nevada Growth Model to insure that results for all students are taken into account. The rating of schools is performed on a one-to-five star award system. "Five Stars" is awarded to the best performing schools, "Four Stars" to those that are close to achieving top performance, "Three Stars" to those nearing expected targets, "Two Stars" to those scoring lower on the framework categories, and "One Star" schools are those most deserving of additional resources and assistance.

The framework is intended to be a teaching tool—not a punishment and allocates resources for improvement to those sites struggling with the challenges of improving student performance. Top performing schools will share what is working on their campuses in an attempt to be more accountable for the success of each student and provide taxpayers with a better return on investment.

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 student enrollment growth returns to previous rates of increase, the District plans to request voter approval for a similar 10-year building program, while maintaining the current tax levy of .5534.

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 \$2.920 billion
- Renovations to existing schools, including phased replacements, additions, modernizations, lifecycle replacement, and life and safety upgrades at a cost of \$1.251 billion
- Construction of 13 replacement schools, including 10 mandated by the Nevada Legislature, at a cost of \$421 million
- Land acquisition funding for future school sites in the amount of \$235 million
- Construction of two regional bus transportation centers at a cost of \$73 million

2012 Capital Renovation and Replacement Plan

The Board of School Trustees has proposed a ballot measure to seek voter approval in the November 2012 general election for a six-year property tax increase (21.2 cents per \$100 of taxable property) to renovate and replace certain aging schools. The tax increase is projected to generate \$669 million between 2013 and 2019 to be expended on a pay-as-you-go basis to generate funding for these projects that have been identified as being high need:

- Major rehabilitation at 19 schools including gym additions at four schools
- Replace two elementary schools
- Construct two new elementary schools to alleviate current overcrowding
- Replace heating and air conditioning units at seven middle schools
- Provide \$62 million for equipment replacements and electrical and technology upgrades
- Complete the phased replacement of Boulder City High School and convert West Preparatory Academy into a full K-12 grade facility

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 2012, more than 57% of the District’s enrollment (approximately 177,000 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

	2000-01	2010-11
ACT Scores: Clark County School District	21.2	21.0
National	21.0	21.1
SAT Scores: Clark County School District	503	484
Reading National	506	494
SAT Scores: Clark County School District	513	488
Math National	514	506
SAT Scores: Clark County School District	N/A	460
Writing National	N/A	483

Source: CCSD Assessment and Testing

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 and also at the State’s website www.nevadareportcard.com.