

Financial Section



ANNUAL COMPREHENSIVE FINANCIAL REPORT



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clark County School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Special Education Fund, and Federal Projects Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 20 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences for the year ended June 30, 2024. Accordingly, a restatement has been made to the governmental activities, business-type activities, food service enterprise fund, insurance and risk management fund, and graphic arts production fund net position as of July 1, 2023, to restate beginning net position. Our opinions are not modified with respect to this matter.

Correction of Error

As discussed in Note 20 to the financial statements, the District has reported a correction of an error related to interest receivables, which has resulted in a restatement of the fund balance of the Bond Fund and the net position of Governmental Activities as of July 1, 2023. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 18, schedule of District's contributions on pages 102 through 103, schedule of the District's proportionate share of the net pension liability on pages 104 through 105, notes to the required supplementary information on pages 106 through 109, and the schedule of changes in the District's total OPEB liability and related ratios on pages 110 through 113 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, schedule of District's contributions, schedule of the District's proportionate share of the net pension liability, notes to the required supplementary information, and the schedule of changes in the District's total OPEB liability and related ratios in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules, capital asset schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules, capital asset schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated October 20, 2023 which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The combining and individual fund

statements and schedules for the year ended June 30, 2023 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2023 financial statements. The information was subjected to the audit procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2023.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.



Reno, Nevada
October 28, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The Management's Discussion and Analysis (MD&A) offers readers a narrative overview and analysis of the Clark County School District's (District) financial statements for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which precedes this report, and the financial statements, which immediately follow this report.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2024

The following is an analysis of facts, descriptions and/or conditions of the District, in fiscal year 2024, that had a material effect on its financial position and/or operating results.

Government-wide Financial Statements

- The overall financial position of the District, as shown on the government-wide statement of net position, increased \$282 million during fiscal year 2024, from \$1.195 billion to \$1.477 billion. The increase in net position was driven by a significant increase in state aid from the Pupil Centered Funding Plan (PCFP) funding plan. Various local revenues and investment income also saw significant increases due to the federal fund rate increases.
- Total revenues increased \$823 million from \$4.723 billion in fiscal year 2023 to \$5.546 billion in fiscal year 2024, a 17.42% increase. State funding, operating grants and contributions, unrestricted investment earnings increased \$475 million, \$172 million, and \$116 million, respectively. This resulted from an increase in the PCFP, grant awards for Coronavirus relief funds, Elementary and Secondary School Emergency Relief Fund (ESSER) II & III, Improving Basic Programming, Special Education, and Title I-A in addition to higher investment returns in fiscal year 2024.
- Total expenses increased 12.40% from \$4.450 billion in fiscal year 2023, to \$5.001 billion in fiscal year 2024. Increased expenses were primarily driven by significant negotiated salary rate and step increases for all employee groups that also included higher fringe rates. Additionally, with relief funds such as ESSER and American Rescue Plan there was a rise in the purchase of supplies and textbooks in an effort to respond to and recover from COVID-19.

Fund Financial Statements

- The combined ending governmental fund balances increased to \$2.497 billion in fiscal year 2024 from \$2.098 billion in fiscal year 2023, a 19.03% increase.
- The increase in combined revenues within the governmental funds, amounting to \$753 million mainly occurred in the General Fund, Weighted Funds, and Debt Service Fund. General Fund saw an increase of \$494 million, while weighted funds: English Language Learner and At-Risk increased approximately \$87 million and \$114 million respectively. The Debt Service Fund saw an increase of \$108 million and the primary driver behind this substantial growth is the increase in the per-pupil base amount under the Pupil Centered Funding Plan. Additionally, the rise in assessed home values has led to a significant increase in property taxes within the Debt Service Fund. This increase in property taxes is crucial for the Debt Service Fund as it provides the necessary revenue to meet debt obligations, ensuring the financial stability and sustainability of governmental operations.
- The largest source of revenue in the General Fund and Special Education Fund is the state distribution from the PCFP plan. This plan also distributes to weighted funds for ELL, gifted and talented and at-risk students. This funding plan is designed to allocate resources more effectively based on the specific needs of students.

General Operating Fund Balance

- The ending fund balance in the General Fund increased from approximately \$531 million in fiscal year 2023 to approximately \$662 million in fiscal year 2024, a 24.66% increase. Included in the ending fund balance is \$375 million, which is restricted in the General Fund due to Nevada Revised Statutes 388G (NRS 388G). This state statute requires schools to carry over unspent funds into the next year. Total general operating revenues increased by approximately \$498 million primarily due to the increase in the Pupil Centered Funding Plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

- The District fully funded the unassigned (spendable) portion of fund balance to 4.50% of general operating revenue in fiscal year 2024. This is the highest assigned amount in over ten years. Unassigned fund balance is reported at \$151.1 million in fiscal year 2024.
- The District was able to assign funding in its General Fund for categorical indirect costs, instructional supply appropriations, potential litigation, an NV Energy incentive, and future initiatives for the next fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of government-wide financial statements, fund financial statements, and notes to the basic financial statements. The following is a brief discussion of the structure of the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with an assessment of the overall financial position and activities of the District as a whole. These statements are structured around the primary government and are further divided into governmental activities and business-type activities. Governmental activities are those generally financed through taxes and intergovernmental revenues, while business-type activities are those financed to some degree by charging external parties for goods received.

Statement of net position - combines and consolidates all of the District's current financial resources (short-term spendable resources) with capital assets, deferred outflows of resources, long-term obligations, and deferred inflows of resources, using the accrual basis of accounting. The result is net position that is segregated into three components: net investment in capital assets, restricted, and unrestricted net position.

Statement of activities - presents information showing how the District's net position changed during fiscal year 2024. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, there are some revenues and expenses reported in this statement that will result in cash flows in future fiscal periods. All expenses are reported by related function as prescribed by the Nevada Department of Education Nevada Common Elements for Accounting and Reporting K-12 Educational Finances manual.

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements described above. However, unlike the government-wide financial statements, governmental fund financial statements use the modified accrual basis of accounting, which focuses on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the fiscal year. To provide a better understanding of the relationship between the fund statements and government-wide statements, a reconciliation is provided for a more comprehensive picture of the District's financial position.

Proprietary Funds – Funds that focus on the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows are reported in the proprietary funds. The District reports two types, enterprise funds and internal service funds. Enterprise funds are used to report an activity where a fee is charged to external users. The District's sole enterprise fund, the Food Service Enterprise Fund, is used to account for food service operations within the District. Internal service funds report activities that provide goods and services to the other departments of the District. The District reports two internal service funds, the Insurance and Risk Management Fund, and the Graphic Arts Production Fund.

Notes to the Basic Financial Statements

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

As noted previously, the government-wide statements are structured to report financial information on the District as a whole. Condensed financial information with comparative amounts from the prior year is presented along with accompanying analysis.

Clark County School District's Net Position:

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Current assets	\$ 3,357,403,739	\$ 2,707,988,054	\$ 246,309,763	\$ 208,401,131	\$ 3,603,713,502	\$ 2,916,389,185
Capital assets, net	5,656,787,075	5,308,930,744	16,748,481	16,363,721	5,673,535,556	5,325,294,465
Total assets	9,014,190,814	8,016,918,798	263,058,244	224,764,852	9,277,249,058	8,241,683,650
Deferred outflows of resources	1,435,362,963	1,545,510,233	23,972,685	22,336,719	1,459,335,648	1,567,846,952
Other liabilities	628,926,201	458,019,367	2,424,994	2,242,479	631,351,195	460,261,846
Long-term liabilities	8,355,236,982	7,940,920,483	81,688,694	66,990,634	8,436,925,676	8,007,911,117
Total liabilities	8,984,163,183	8,398,939,850	84,113,688	69,233,113	9,068,276,871	8,468,172,963
Deferred inflows of resources	188,790,651	144,173,071	2,557,303	1,952,618	191,347,954	146,125,689
Net position:						
Net investment in capital assets	2,686,941,234	2,455,725,545	16,748,481	16,363,721	2,703,689,715	2,472,089,266
Restricted	1,755,152,157	1,395,399,800	-	-	1,755,152,157	1,395,399,800
Unrestricted	(3,165,493,448)	(2,831,809,235)	183,611,457	159,552,119	(2,981,881,991)	(2,672,257,116)
Total net position	\$ 1,276,599,943	\$ 1,019,316,110	\$ 200,359,938	\$ 175,915,840	\$ 1,476,959,881	\$ 1,195,231,950

The District’s assets and deferred outflows of resources were more than liabilities and deferred inflows of resources by \$1,476,959,881 at the close of the current fiscal year. Total net position increased by \$281,727,931 or 23.57%. In fiscal year 2024, the District adopted GASB Statement No. 101, *Compensated Absences*. The restatement of beginning net position is required due to a change in accounting principle. As a result of this change in accounting principle, it was not appropriate for the District to restate prior-period information for earlier periods than those presented in the basic financial statements. Therefore, the information for the year ended June 30, 2023 was not restated. See **Note 20** on page 100 for more detailed information related to this change as well as other matters.

Governmental Activities

The District’s total net position in governmental activities is \$1,276,599,943, which includes a negative unrestricted net position of \$3,165,493,448. Included in this figure is the impact of recording the net pension liability, the total OPEB liability and compensated absences. The portion the District pays to PERS is for required contributions, but pursuant to statute, there is no obligation on the part of the employer to pay for their proportionate share of the unfunded liability.

Portions of total net position are subject to external restrictions on how the resources may be utilized. In the current fiscal year, restricted assets include assets for servicing long-term general obligation bonded debt in the amount of \$1,176,620,765; school carryover (supplies) in the amount of \$263,928,570; school carryover (net vacancy) in the amount of \$102,731,132; activities for student groups in the amount of \$34,404,757; school technology bonds in the amount of \$9,069,031; English Language Learner (ELL) programs in the amount of \$54,354,805; Alternative/At-Risk education programs in the amount of \$55,054,808; a certificate of deposit with the State of Nevada for the District’s worker’s compensation self-insurance program in the amount of \$9,097,000; assets related to bond proceeds and other revenues to be used in the District’s capital projects programs in the amount of \$35,605,198; school based project carryover in the amount of \$5,733,507; and net position restricted for other purposes totaling \$8,552,584, which includes, a total of \$2,572,616 in school bus appropriation bonds, \$2,690,562 in school carryover (supplies) for gate proceeds, and donations of \$346,861.

Business-type Activities

Business-type activities consist solely of the District’s Food Service Enterprise Fund. In the current fiscal year, this activity increased net position by 13.90% to \$200,359,938 as non-operating revenues exceeded operating expenses. Investment income displayed a notable shift from a \$1.71 million loss in the prior year to a \$11.3 million gain in the current fiscal year. Revenues exceeded expenses by \$24,444,098. Food Service is reporting approximately \$184 million in unrestricted net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Clark County School District's Statement of Activities:

	Governmental activities		Business-type activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 73,482,135	\$ 71,030,930	\$ 1,073,755	\$ 1,135,011	\$ 74,555,890	\$ 72,165,941
Operating grants and contributions	1,172,484,887	1,004,415,905	183,938,722	180,018,216	1,356,423,609	1,184,434,121
Capital grants and contributions	32,034	24,150,802	-	-	32,034	24,150,802
Total program revenues	<u>1,245,999,056</u>	<u>1,099,597,637</u>	<u>185,012,477</u>	<u>181,153,227</u>	<u>1,431,011,533</u>	<u>1,280,750,864</u>
General revenues:						
Property taxes	576,160,493	516,001,726	-	-	576,160,493	516,001,726
Governmental services tax	39,764,410	38,224,724	-	-	39,764,410	38,224,724
Room tax	130,598,262	120,914,774	-	-	130,598,262	120,914,774
Real estate transfer tax	36,996,805	38,315,657	-	-	36,996,805	38,315,657
Unrestricted federal aid	399,299	121,816	-	-	399,299	121,816
Unrestricted state aid	3,134,270,173	2,659,097,778	-	364,022	3,134,270,173	2,659,461,800
Other local sources	35,560,696	24,809,815	28,645	39,655	35,589,341	24,849,470
Unrestricted investment earnings	149,479,804	46,074,688	11,253,522	(1,713,945)	160,733,326	44,360,743
Total general revenues	<u>4,103,229,942</u>	<u>3,443,560,978</u>	<u>11,282,167</u>	<u>(1,310,268)</u>	<u>4,114,512,109</u>	<u>3,442,250,710</u>
Total revenues	<u>5,349,228,998</u>	<u>4,543,158,615</u>	<u>196,294,644</u>	<u>179,842,959</u>	<u>5,545,523,642</u>	<u>4,723,001,574</u>
Expenses						
Instruction expenses	2,838,008,391	2,574,768,066	-	-	2,838,008,391	2,574,768,066
Support services:						
Student support	301,033,633	250,971,024	-	-	301,033,633	250,971,024
Instructional staff support	335,556,559	323,972,796	-	-	335,556,559	323,972,796
General administration	77,049,427	45,124,097	-	-	77,049,427	45,124,097
School administration	314,953,968	267,206,034	-	-	314,953,968	267,206,034
Central services	129,613,527	124,070,621	-	-	129,613,527	124,070,621
Operation and maintenance of plant services	439,634,257	363,806,662	-	-	439,634,257	363,806,662
Student transportation	189,071,092	168,657,824	-	-	189,071,092	168,657,824
Other support services	13,921,560	16,132,021	-	-	13,921,560	16,132,021
Community services	38,663,744	15,666,214	-	-	38,663,744	15,666,214
Facilities acquisition and construction services	40,813,225	29,324,753	-	-	40,813,225	29,324,753
Interdistrict payments	10,806,641	10,060,144	-	-	10,806,641	10,060,144
Interest on long-term debt	104,247,107	108,950,892	-	-	104,247,107	108,950,892
Food services	-	-	167,970,717	151,068,445	167,970,717	151,068,445
Total expenses	<u>4,833,373,131</u>	<u>4,298,711,148</u>	<u>167,970,717</u>	<u>151,068,445</u>	<u>5,001,343,848</u>	<u>4,449,779,593</u>
Excess of revenues over expenditures before special item and transfers	515,855,867	244,447,467	28,323,927	28,774,514	544,179,794	273,221,981
Special Item - sale of broadband spectrum	-	43,000,000	-	-	-	43,000,000
Transfers in / (out)	(1,475)	(577,577)	1,475	577,577	-	-
Change in net position	515,854,392	286,869,890	28,325,402	29,352,091	544,179,794	316,221,981
Net position - beginning (as originally stated)	1,019,316,110	732,446,220	175,915,840	146,563,749	1,195,231,950	879,009,969
Adjustments and Restatements	(258,570,559)	-	(3,881,304)	-	(262,451,863)	-
Net position - beginning (as restated)*	760,745,551	732,446,220	172,034,536	146,563,749	932,780,087	879,009,969
Net position - ending	<u>\$ 1,276,599,943</u>	<u>\$ 1,019,316,110</u>	<u>\$ 200,359,938</u>	<u>\$ 175,915,840</u>	<u>\$ 1,476,959,881</u>	<u>\$ 1,195,231,950</u>

* Restated beginning net position due to the adoption of GASB Statement No. 101, Compensated Absences and error correction. See Note 20 for more detailed information.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

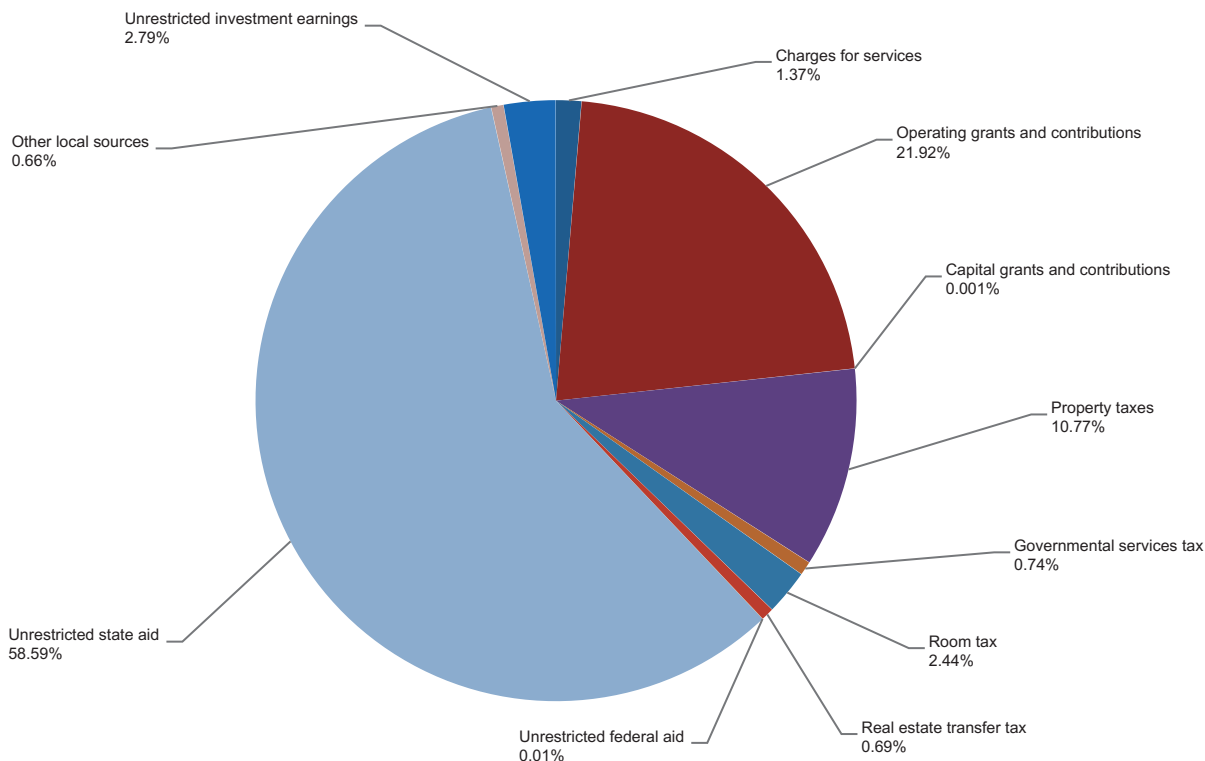
Governmental Activities

Revenues

- The largest general revenues received by the District is from the unrestricted state aid in the amount of \$3,134,270,173. This revenue represents 58.59% of total governmental revenues for the current fiscal year. This year's unrestricted state aid in the General Fund increased by \$475,172,395 or 17.87%, due to the per pupil base funding amount increasing from \$7,361 to \$9,045 per student.
- As the Federal Open Market Committee (FOMC) continued to raise the federal fund rate in order to tame inflation, it caused a decrease in the number of homes sold in the past year primarily due to higher mortgage rates. This resulted in the District experiencing an unfavorable decrease in real estate transfer tax, a tax collected on transfers of real property, of \$1,318,852 or 3.44%.
- The room tax associated with hotel lodging increased \$9,683,488 or 8.01% over the previous year due to an increase on the average daily room rate, number of visitors, and room inventory.
- Home assessments for fiscal year 2024 were performed during calendar year 2023 when home values were strong, resulting in property taxes increasing by \$60,158,767 or 11.66%. The real estate transfer tax, property tax and room tax are the main components of repaying outstanding bond obligations.
- Other local sources increased by \$10,750,881 or 43.33%. This rise is attributed to additional indirect costs revenue generated from State grant rebates and a JUUL vape settlement. The District received \$9,375,000 in State Grants from the Environmental Protection Agency (EPA) for a school bus rebate program. Additionally, the District received \$6,500,000 for the JUUL lawsuit settlement. This reflects the broader legal context where school districts across the country are receiving funds as part of settlements related to JUUL's role in the youth vaping epidemic.
- Investment earnings increased \$103,405,116 or 224.43% primarily due to the FOMC raising the federal fund rate drastically in the last two years. The District benefited from reinvesting in higher-yield securities as their previous investments matured. This strategy allowed the district to capitalize on the higher interest rates in the market. For details on the investment earnings, see **Note 3** on pages 62-66.
- Revenue from charges for services increased by \$2,451,205 or 3.45%, predominately in the Risk Management Fund. The Direct Assessment, which was previously set at \$18,000,000, was raised to \$30,000,000. This increase is due to a substantial rise in claims, as the district operates on a self-funded model. In a self-funded system, the district directly pays for claims, rather than purchasing insurance, which can lead to higher costs if there are more claims than expected. Additionally, the district received a \$1,600,000 property claim reimbursement, which provided further financial support.
- Operating grants and contributions revenues increased by \$168,068,982 or 16.73% primarily due to the enhancement of the Pupil-Centered Funding Plan (PCFP), which provides additional support for our English Language Learner (ELL), At-Risk, and Gifted and Talented (GATE) programs.
- Capital grant and contribution revenues decreased by \$24,118,768 or 99.87% due to the completion of an Epidemiology and Laboratory Capacity (ELC) Reopening Schools grant, which included funding for disinfecting devices and portable units. Additionally, there was a decline in funding for storage containers, which had been purchased with a grant in the prior year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Governmental Activities – Revenue Sources**



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

Governmental Activities - Change in Revenues

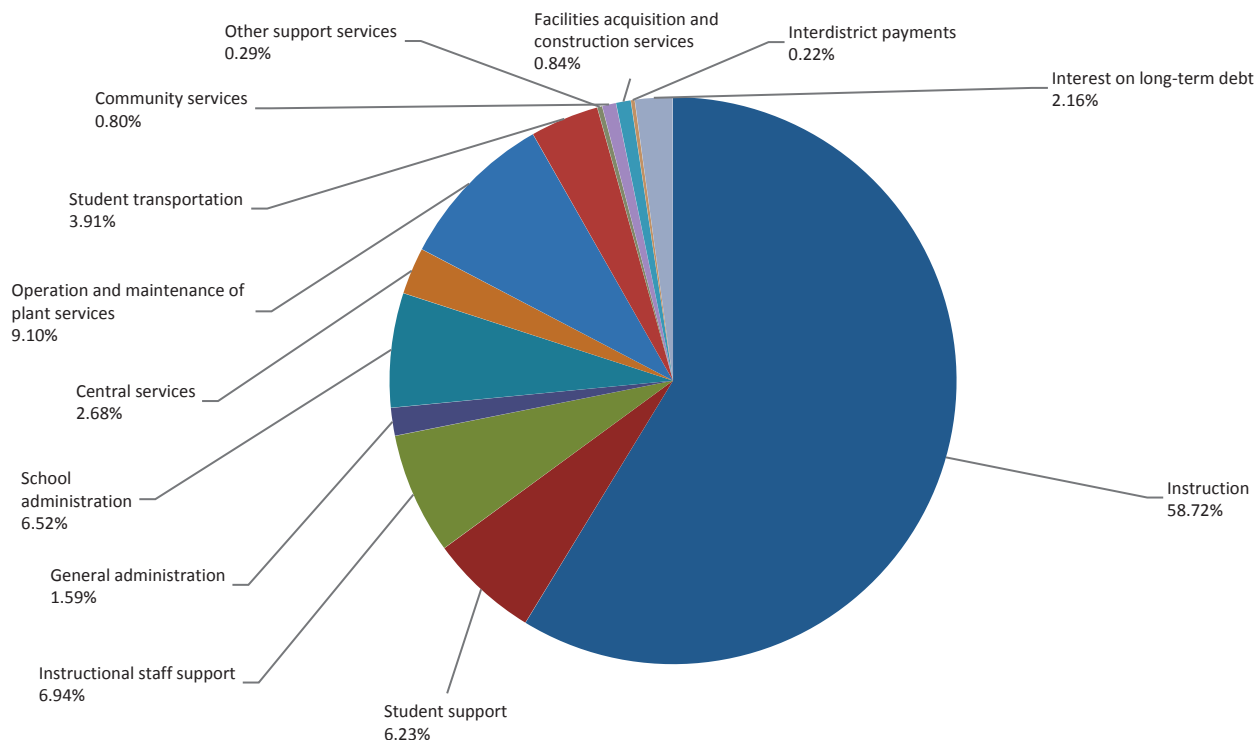
Revenues	2024	2023	Inc / (Dec) from 2023	% Inc / (Dec) from 2023
Charges for services	\$ 73,482,135	\$ 71,030,930	\$ 2,451,205	3.45 %
Operating grants and contributions	1,172,484,887	1,004,415,905	168,068,982	16.73 %
Capital grants and contributions	32,034	24,150,802	(24,118,768)	(99.87)%
Property taxes	576,160,493	516,001,726	60,158,767	11.66 %
Governmental services tax	39,764,410	38,224,724	1,539,686	4.03 %
Room tax	130,598,262	120,914,774	9,683,488	8.01 %
Real estate transfer tax	36,996,805	38,315,657	(1,318,852)	(3.44)%
Unrestricted federal aid	399,299	121,816	277,483	227.79 %
Unrestricted state aid	3,134,270,173	2,659,097,778	475,172,395	17.87 %
Other local sources	35,560,696	24,809,815	10,750,881	43.33 %
Unrestricted investment earnings	149,479,804	46,074,688	103,405,116	224.43 %
Special Item - sale of broadband spectrum	-	43,000,000	(43,000,000)	(100.00)%
Total revenues	\$ 5,349,228,998	\$ 4,586,158,615	\$ 763,070,383	16.64 %

Expenses

- Instruction related expenses account for 58.72% of total governmental expenses. They consist of regular, special, GATE, vocational, other instruction, and adult education. Notably, 87.30% of these expenses are allocated to regular and special education. Instruction related expenses increased by \$263,240,325 or 10.22% primarily due to negotiated salary rate and step increases in addition to higher fringe rates and pay rates for licensed extra-duty. Beyond personnel costs, there was an increase in expenses for textbooks, general supplies, education services (such as software licensing and tutoring), and professional technical services for the provision of speech and drop-out recovery program.
- Student support related expenses increased \$50,062,609 or 19.95% which can be attributed to several key factors. Firstly, negotiated salary rate increase, step increases and higher fringe rates have played a significant role. Another notable factor is the increase in extra duty and activity pay. This type of compensation is typically provided for additional responsibilities taken on by licensed staff, such as coaching sports teams and/or leading extracurricular activities. Moreover, there has been an increase in full-time equivalent (FTE) positions for critical support roles such as counselors, school nurses, school health assistants, and social workers.
- General administration expenses increased by \$31,925,330 or 70.75% primarily due to a significant rise in insurance costs for claims settlements within the Risk Management Fund. Additionally, negotiated salary and fringe benefit increased for administrative employees and support professionals as well as more FTE positions for school associate superintendents.
- Operation and maintenance of plant services account for approximately 9.10% of total expenses. These expenses include utility and maintenance costs aimed at maintaining the District's schools and administrative facilities. The increase of \$75,827,595 or 20.84% is predominantly due to negotiated salary and fringe benefit increases for administrative and support professionals. Additionally, there was a significant rise in FTE positions for custodians and campus security monitors. Costs for natural gas, electricity, and general supplies have risen due to inflation.
- Central services expenses increased by \$5,542,906 or 4.47% primarily due to negotiated salary and fringe benefit increases for administrative and support professionals as well as higher settlement claims paid out. These expenses were offset by decreased in administrative performance-based pay and professional/technical services, both influenced by additional funds and grants from the prior year.
- School administration expenses increased by \$47,747,934 or 17.87% primarily due to negotiated salary and fringe benefit increases and an increase in FTE positions, particularly Assistant Principals and school clerical staff.
- Instructional staff support expenses, which include staff training, library services, instructional technology, and network systems increased by \$11,583,763 or 3.58% This rise is primarily due to negotiated salary and fringe benefit increases and extra duty pay for licensed, administrative, and support employees. Additionally, there was an increase in employee training and technology-related supplies, software, and licenses.
- Student transportation expenses increased by \$20,413,268 or 12.10% primarily due to negotiated salary and fringe benefit increases and an expansion in full-time equivalent (FTE) positions, particularly bus drivers.
- Other support services decreased by \$2,210,461 or 13.70% due to indirect costs from federal grant expenditures. Indirect costs are associated with administrative expenses that are not identified to a direct service, program or grant. The State allows to charge grant programs an approved rate of 2.44% based on these expenditures.
- Facilities acquisition and construction services increased by \$11,488,472 or 39.18% due to various construction projects, including parking modification, renovations, and improvements to athletic fields.
- Community services increased by \$22,997,530 or 146.80% as programs expanded for wrap around family services paid for by ESSER III and general supplies and books paid for by Early Childhood Innovative Literacy Program (ECILP) grant.
- Interdistrict payments increased by \$746,497 or 7.42% for charter school meal reimbursements paid by grants.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Governmental Activities – Expenses by Function



Governmental Activities - Change in Expenses by Function

Expenses	2024	2023	Inc / (Dec) from 2023	% Inc / (Dec) from 2023
Instruction	\$ 2,838,008,391	\$ 2,574,768,066	\$ 263,240,325	10.22 %
Student support	301,033,633	250,971,024	50,062,609	19.95 %
Instructional staff support	335,556,559	323,972,796	11,583,763	3.58 %
General administration	77,049,427	45,124,097	31,925,330	70.75 %
School administration	314,953,968	267,206,034	47,747,934	17.87 %
Central services	129,613,527	124,070,621	5,542,906	4.47 %
Operation and maintenance of plant services	439,634,257	363,806,662	75,827,595	20.84 %
Student transportation	189,071,092	168,657,824	20,413,268	12.10 %
Other support services	13,921,560	16,132,021	(2,210,461)	(13.70)%
Community services	38,663,744	15,666,214	22,997,530	146.80 %
Facilities acquisition and construction services	40,813,225	29,324,753	11,488,472	39.18 %
Interdistrict payments	10,806,641	10,060,144	746,497	7.42 %
Interest on long-term debt	104,247,107	108,950,892	(4,703,785)	(4.32)%
Total expenses	\$ 4,833,373,131	\$ 4,298,711,148	\$ 534,661,983	12.44 %

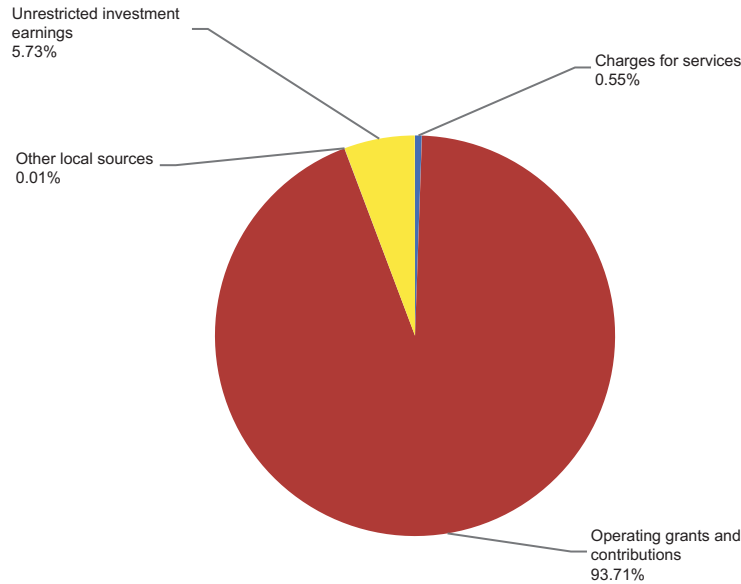
Business-type Activities

Business-type activities consist solely of the District's Food Service Enterprise Fund. In the current fiscal year, this activity increased net position by 13.90% to \$200,359,938 as non-operating revenues exceed operating expenses.

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Food service federal subsidies, account for almost 100% of the revenues received by business-type activities. In fiscal year 2024, federal subsidies account for 93.71%. The majority of the expenses in business-type activities are for food purchases and personnel expenses, including salary and benefits, to maintain the District’s food service program.

Business-type Activities – Revenue Sources



Business-type Activities - Change in Revenues

Revenues	2024	2023	Increase / (Decrease) from 2023	% Increase / (Decrease) from 2023
Charges for services	\$ 1,073,755	\$ 1,135,011	\$ (61,256)	(5.40)%
Operating grants and contributions	183,938,722	180,018,216	3,920,506	2.18 %
State aid not restricted to specific purposes	-	364,022	(364,022)	(100.00)%
Other local sources	28,645	39,655	(11,010)	(27.76)%
Unrestricted investment earnings	11,253,522	(1,713,945)	12,967,467	756.59 %
Total Revenues	\$ 196,294,644	\$ 179,842,959	\$ 16,451,685	9.15 %

Revenues generated from charges for services decreased \$61,256 and operating grants and contributions increased \$3,920,506 from the prior year. For fiscal year 2024, the District experienced an increase in investment income of \$12,967,467 or 756.59% from the prior year due to a rise in the federal fund rate.

ANALYSIS OF GOVERNMENTAL FUND BALANCES AND TRANSACTIONS

Governmental funds use fund accounting and follow the modified accrual basis of accounting which focuses on short-term sources and uses of spendable resources. The following is an analysis of individual fund balances and material transactions.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

At the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$2.497 billion, an increase of \$399 million from last year. Of the total governmental fund balance, \$61,418,867 is classified as nonspendable and \$2,249,913,823 as restricted. Committed fund balance totaled \$28,152,208, which included amounts for Vegas PBS programming fees and Medicaid programs. The assigned fund balance totaling \$62,294,488 is for various initiatives throughout the District including categorical indirect costs, instructional supply appropriations, potential litigation, future initiatives, and an NV Energy incentive. Unassigned fund balance for all governmental funds serves as a useful measure of the District's net resources as a whole. The available balance for spending is \$94,819,877.

The main operating fund of the District is the General Fund. At the end of the current fiscal year, the total fund balance in the General Fund was \$661,835,001; the nonspendable portion totaled \$61,360,797 and the restricted portion was \$387,072,279. The unassigned portion, which represents spendable resources, was \$151,107,437, representing 23% of the total fund balance or 4.50% of the general operating budget resources. See **Note 15** on page 84.

Although reported separately, the Special Education Fund is budgeted for in combination with the General Fund and together they represent the general operating budget of the District. Any deficiencies of revenues under expenditures in the Special Education Fund are compensated for through a transfer from the General Fund. The transfer from the General Fund to cover special education expenditures in fiscal year 2024 was \$455,367,901. This is an increase of 16.43% over fiscal year 2023 largely due to an increase in negotiated salaries and benefits.

The District's Debt Service Fund reported an increase in fund balance of approximately \$251 million, from \$662 million in fiscal year 2023 to \$913 million in fiscal year 2024. This is a result of an excess of revenue over expenditures primarily from higher property tax revenue and investment income.

The District's Bond Fund reported a decrease in fund balance of approximately \$16 million due to deficiency of revenues under expenditures in fiscal year 2024 as capital project expenditures increased for various building modernization and construction. The District received approximately \$168 million in combined revenues from the room tax and real estate transfer tax. These taxes are pledged to reduce specific general obligation debt as it comes due. Most of these pledged revenues are reported as a transfer out of the Bond Fund for \$71.9 million and are shown as a transfer into the Debt Service Fund.

The Federal Projects and State Grants Funds reported a deficit fund balance of \$31 million and \$26 million, respectively at June 30, 2024. This is caused by the timing of receipt of outstanding receivables in accordance with the 60-day availability period under the modified accrual basis of accounting.

Towards the end of the current fiscal year, the Grant Fiscal Services department request draws to cover several expenditures mainly in its Title-1, ESSER III, and Educate Students with Disabilities (IDEA), but did not receive the funding until after the end of the current fiscal year. As of June 30, 2024, the Federal Projects Fund and State Grants Fund are reporting \$103 million and \$48 million receivables, respectively. Since these funds did not receive grant monies in time to cover the current expenditures, the General Fund provided funding. Liabilities were recorded in the Federal Projects Fund in the amount of \$72,766,127, and \$1,924,519 in the State Grants Fund to recognize the payable; corresponding receivables are recorded in the General Fund.

Additional information on the District's interfund balances and transfers can be found in **Note 4** on page 67 of this report.

BUDGETARY HIGHLIGHTS

The Original Budget (Final Budget) was approved on May 18, 2023. Budgeted appropriations were developed with certain assumptions remaining unknown or not finalized, namely average daily enrollment (ADE), beginning fund balance, and PCFP information. The Original Budget was approved and submitted according to NRS 354.598 on or before June 8 to commence District operations for the fiscal year beginning July 1, 2023.

An amendment to the 2023-2024 Final Budget was approved on December 14, 2023, following recognition of the first quarter ADE, providing more precise second, third, and fourth quarter enrollment projections, audited fiscal year 2023 financial reports, and updated PCFP information. This amendment increased appropriations by \$164 million from the Final Budget. Below is a list of major events (see following page) :

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

1. Fall Strategic Budget Adjustments: Addition of \$123.5 million to support schools' fall strategic budget adjustments, which includes the increase of \$36.8 million in carryover funds. In addition, schools elected to convert numerous vacant positions to fund additional supplies and materials.
2. Direct Assessment to Risk Management Fund: As a result of several years of increasing risk management liabilities, the District is obligated to increase funding by \$13 million to ensure the solvency of the Risk Management Fund.
3. Substitute Teacher Benefits: Additional \$9 million for Senate Bill 434 estimated impact.
4. Potential Litigation: Additional \$6.3 million for potential litigation expenditures.
5. Additional \$3.3 million for Student Athletics and Activities to support trainers, officials, travel, and increased pay for campus security monitors and police overtime.

The amendment to the Final Budget reflects the District's best estimates and includes all transfers, additions, and deletions that have been approved through June 30, 2024, and more accurately denote total appropriation activity throughout the year.

NRS and District regulations require that school districts legally adopt budgets for all funds. Budgets are prepared in accordance with Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP). Budgeted amounts reflected in the accompanying financial statements recognize amendments and transfers made during the year. The budget is prepared by fund, program, and function. All appropriations lapse at year-end and certain allowable encumbrances will carry over and be appropriated in 2024-2025.

Revenues

The total revenues of General Operating Fund (includes General Fund and Special Education Fund) came in under budget by \$14.5 million. In fiscal year 2024, investment income yielded a revenue gain of \$38.1 million. In addition, State Education Funding was lower than budgeted by \$17.5 million due to average enrollment (weighted) being 288,527, which is a decline of 1,891 from Amended Final Budget's enrollment (weighted) of 290,418.

Expenditures

Expenditures of General Operating Fund were \$445.3 million below budget, primarily resulted from the following events: approximately \$375.1 million of unutilized school level appropriations, which per NRS 388G, must be carried forward and placed as a restricted fund balance. The District experienced a decrease in utilities of approximately \$7.1 million under budget. The Special Education Fund came in under budget by \$702,038, because of lower transportation expenditures and cost savings related to vacant special education positions. Additionally, there was \$15 million of unutilized litigation expenditures, NV Energy incentives of \$787,500, and other general savings.

Ending Fund Balance

The Board adopted an amendment to the fiscal year 2024 Final Budget for the General Operating Fund in December 2023 that reflected total appropriations of \$3.7 billion and a projected ending fund balance of \$228.0 million. The actual fiscal year 2024 ending fund balance is \$661.8 million, a positive variance of \$433.8 million to the plan, the majority being school carry forward.

CCSD's regulation 3110 requires an unassigned ending fund balance of not less than 2% of total General Fund's revenues for each fiscal year shall be included in the General Fund budget. The District did achieve a 4.50%, or \$151.1 million unassigned ending fund balance for fiscal year 2024. This is a \$29.6 million improvement over fiscal year 2023.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

At June 30, 2024, the District held approximately \$5.67 billion invested in a broad range of capital and leased capital assets, net of depreciation and amortization, including land and improvements, buildings and improvements, and equipment. This

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

amount represents a net increase (including additions, disposals, depreciation, and amortization) of \$348 million or 6.54% from last year. The following tables reflect additions and disposals of capital and leased capital assets for governmental and business-type activities.

Governmental Activities Capital Assets:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Land	\$ 267,746,547	\$ 3,932,151	\$ (3,052,554)	\$ 268,626,144
Lease assets, Land	122,716	-	-	122,716
Land Improvements	1,797,647,864	90,541,493	(1,504,545)	1,886,684,812
Buildings	5,943,931,134	211,001,888	(2,673,656)	6,152,259,366
Lease assets, Buildings	284,246	-	-	284,246
Building Improvements	997,815,191	4,209,860	(7,158,301)	994,866,750
Equipment	651,260,738	55,032,173	(10,256,210)	696,036,701
Lease assets, Equipment & Fixtures	195,374	-	(34,802)	160,572
Subscription-Based Information Technology Arrangements	24,505,889	13,652,340	(16,684,672)	21,473,557
Construction in Progress	320,462,304	627,455,352	(352,398,023)	595,519,633
Less: Accumulated Depreciation and Amortization	(4,695,041,259)	(296,246,961)	32,040,798	(4,959,247,422)
Total Capital Assets, Net	\$ 5,308,930,744	\$ 709,578,296	\$ (361,721,965)	\$ 5,656,787,075

The majority of the increase in capital assets is due to the increase in buildings, which represent the capitalized construction costs. In fiscal year 2024, the District opened one new school. Additions to land improvements and equipment, include construction, expansions and renovations to new and existing District facilities. Construction in progress includes school renovations, improvements, expansions to existing schools, and work performed to fully replace some older existing schools.

Business-type Activities Capital Assets:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Land Improvements	\$ 968,279	\$ -	\$ -	\$ 968,279
Buildings	1,760,913	-	-	1,760,913
Building Improvements	9,688,935	-	-	9,688,935
Equipment	28,261,626	2,259,699	(223,514)	30,297,811
Less: Accumulated Depreciation	(24,316,032)	(1,870,578)	219,153	(25,967,457)
Total Capital Assets, Net	\$ 16,363,721	\$ 389,121	\$ (4,361)	\$ 16,748,481

Additional information on the District's capital and leased capital assets can be found in **Note 5** on pages 68-69 of this report.

Long-term Debt

The District finalized one of the largest school construction programs in the United States, funded through the issuance of municipal bonds. Before bonds can be sold, the District provides information to various bond raters to obtain bond ratings for the proposed issue. Much of this information is focused on the financial stability of the District and how it responds to various financial situations. The District has the following ratings with Standard and Poor's (AA-) and Moody's Investor Services (A1) both with a stable outlook rating at year end.

As of June 30, 2024, the District carried approximately \$3.9 billion in debt. The District has recently issued general obligation bonds to finance various projects including, but not limited to, constructing or purchasing new buildings, enlarging, remodeling or repairing existing buildings or grounds, acquiring sites for new buildings, and purchasing necessary furniture and

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

equipment for schools including equipment used for student transportation. The following table summarizes long-term debt activity over the past fiscal year:

Total Long-term Debt Obligations:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
General Obligation Debt	\$ 2,937,335,000	\$ 400,000,000	\$ (302,624,000)	\$ 3,034,711,000
Less: Discounts	(624,775)	-	624,775	-
Plus: Premiums	361,905,438	36,269,969	(37,541,520)	360,633,887
Total bonds payable	<u>3,298,615,663</u>	<u>436,269,969</u>	<u>(339,540,745)</u>	<u>3,395,344,887</u>
Leases	482,283	-	(47,968)	434,315
Subscription-based information technology agreements	11,826,014	11,906,451	(14,335,212)	9,397,253
Compensated absences payable *	334,866,349	28,274,784	-	363,141,133
Other long term liabilities	90,115,310	59,485,309	(20,845,281)	128,755,338
Total long-term liabilities	<u>\$ 3,735,905,619</u>	<u>\$ 535,936,513</u>	<u>\$ (374,769,206)</u>	<u>\$ 3,897,072,926</u>

* The change in the compensated absences liability is presented as a net change. The beginning balance of the compensated absences liabilities are restated as described in Note 20.

Per NRS 387.400, the debt limitation for the District is equal to 15% of the assessed valuation of property, excluding motor vehicles. The debt limitation currently applicable at June 30, 2024, is \$20,631,709,319. It is expected that future increases in assessed valuation and the retirement of bonds will result, at all times, in a statutory debt limitation in excess of outstanding debt, subject to changes in assumptions, costs and revenues.

The District’s liability for compensated absences increased this year with combined governmental and business-type activities reporting \$363,141,133 in compensated absences payable at June 30, 2024. This represents a \$28,274,784 or 8.44% increase over the compensated absences payable of \$334,866,349 as of June 30, 2023, which has been restated due to the implementation of GASB Statement No. 101, *Compensated Absences*. The increase is primarily attributed to pay raises in accordance with the 2023-2025 negotiated agreements.

Additional information on the District’s long-term debt can be found in **Notes 8 and 10** on pages 71-73 and page 75, respectively, of this report.

REQUESTS FOR INFORMATION

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

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

