

Financial Section

District Funds - Summary

The presentation of all District funds gives a unique perspective into the cumulative financial position of the school district. The All District Funds Final Budget Summary illustrates the Districtwide budgeted revenues, appropriations, and changes in fund balance for the fiscal year 2016-17. Barring restricted components of the ending fund balance, the District's budgeted change in fund balance for all funds represents a 11.4% decrease due to necessary draw downs of fund balance designations in the General Operating, Debt Service, and Capital Projects Funds. The percentage decrease illustration details the change from estimated ending fund balances for 2015-16 and budgeted ending fund balances for fiscal 2016-17.



All District Funds - Final Budget Summary

Statement of Revenues, Expenditures, and Changes in Fund Balance

Fiscal Year 2016-17

Description	General Operating Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Proprietary Funds ¹	Total All Funds
Revenues:						
Local sources	\$1,466,683,000	\$9,682,624	\$323,025,000	\$142,112,000	\$37,030,000	\$1,978,532,624
State sources	838,717,600	204,218,470			450,000	1,043,386,070
Federal sources	300,000	196,242,407		5,656,000	115,400,000	317,598,407
Total revenues	2,305,700,600	410,143,501	323,025,000	147,768,000	152,880,000	3,339,517,101
Expenditures:						
Salaries	1,448,101,454	220,680,923		8,185,000	30,946,529	1,707,913,906
Employee fringe benefits	620,780,598	89,488,826		2,895,000	11,852,014	725,016,438
Purchased services	88,577,209	40,607,801		454,207,500	12,436,058	595,828,568
Supplies	149,324,678	46,923,260		14,270,000	78,844,731	289,362,669
Property and equipment	36,639,122	4,114,000		32,000,000	90,000	72,843,122
Other expenditures	3,609,296	9,867,790		232,500	15,072,727	28,782,313
Depreciation					1,795,000	1,795,000
Debt service			453,675,376			453,675,376
Total expenditures	2,347,032,357	411,682,600	453,675,376	511,790,000	151,037,059	3,875,217,392
Excess (deficiency) of revenues over expenditures	(41,331,757)	(1,539,099)	(130,650,376)	(364,022,000)	1,842,941	(535,700,291)
Other sources (uses):						
Gain on disposal of assets	50,000					50,000
Sale of bonds	34,500,000			160,000,000		194,500,000
Proceeds of refunding bonds			895,325,934			895,325,934
Payment to escrow agent			(891,201,001)			(891,201,001)
Loan proceeds						
Transfers from other funds	302,052,032		111,133,074			413,185,106
Transfers to other funds	(302,052,032)			(111,133,074)		(413,185,106)
Total other sources (uses)	34,550,000		115,258,007	48,866,926		198,674,933
Fund balances, July 1	59,267,757	18,797,803	41,127,086	640,310,434	48,900,650	808,403,730
Fund balances, June 30	\$52,486,000	\$17,258,704	\$25,734,717	\$325,155,360	\$50,743,591	\$471,378,372
Percent increase (decrease)	(11.4%)	(8.2%)	(37.4%)	(49.2%)	3.8%	(41.7%)

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

Source: CCSD Budget Department

All District Funds - Final Budget Analysis

For Fiscal Years 2014-15 Through 2016-17

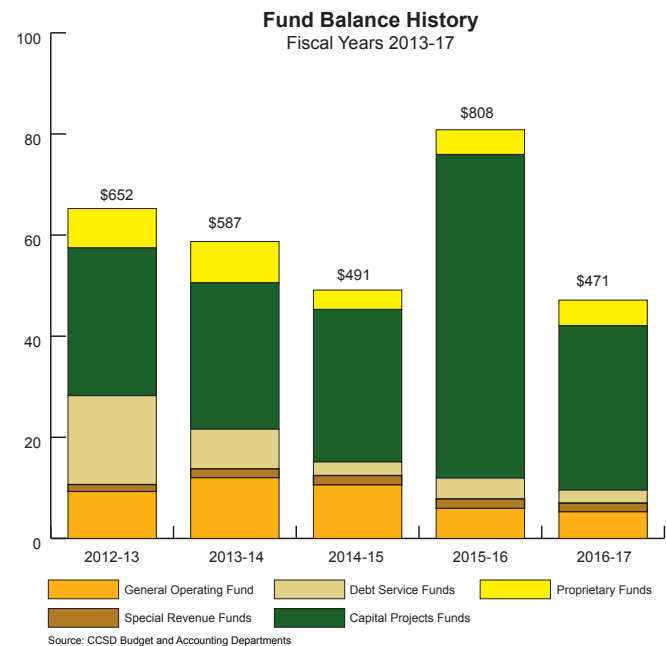
Description	Actual 2014-15	Estimated 2015-16	Final Budget 2016-17	FY 2015-16 vs. FY 2016-17	
				\$ Change	% Change
Revenues:					
Local sources	\$1,861,259,302	\$1,962,507,397	\$1,978,532,624	16,025,227	0.8%
State sources	961,240,524	\$973,070,435	\$1,043,386,070	70,315,635	7.2%
Federal sources	288,237,492	\$314,535,752	\$317,598,407	3,062,655	1.0%
Total revenues	3,110,737,318	3,250,113,584	3,339,517,101	89,403,517	2.8%
Expenditures:					
Salaries	1,592,498,378	1,691,160,483	1,707,913,906	16,753,423	1.0%
Employee fringe benefits	624,461,400	702,417,680	725,016,438	22,598,758	3.2%
Purchased services	142,603,987	183,666,088	595,828,568	412,162,480	224.4%
Supplies	285,933,370	276,464,790	289,362,669	12,897,879	4.7%
Property and equipment	38,772,852	52,419,250	72,843,122	20,423,872	39.0%
Other expenditures	27,033,053	30,449,315	28,782,313	(1,667,002)	(5.5%)
Depreciation	1,662,155	1,698,167	1,795,000	96,833	5.7%
Debt service	444,887,499	411,571,748	453,675,376	42,103,628	10.2%
Total expenditures	3,157,852,694	3,349,847,521	3,875,217,392	525,369,871	15.7%
Excess (deficiency) of revenues over expenditures	(47,115,376)	(99,733,937)	(535,700,291)	(435,966,354)	(437.1%)
Other financing sources (uses):					
Gain on disposal of assets	-	50,000	50,000	-	-
Sale of bonds	-	413,948,000	194,500,000	(219,448,000)	100%
Proceeds of refunding bonds	434,397,084	579,797,101	895,325,934	315,528,833	54.4%
Payment to escrow agent	(435,123,869)	(576,900,203)	(891,201,001)	(314,300,798)	54.5%
Loan proceeds	-	-	-	-	-
Prior period restatement (GASB 68)	(48,153,722)	-	-	-	-
Interfund transfers in	432,464,551	424,747,445	413,185,106	(11,562,339)	(2.7%)
Interfund transfers (out)	(432,464,551)	(424,747,270)	(413,185,106)	11,562,164	(2.7%)
Total other financing sources	(48,880,507)	416,895,073	198,674,933	(218,220,140)	(52.3%)
Fund balances - July 1	587,238,477	491,242,594	808,403,730	317,161,136	64.6%
Fund balances - June 30	\$491,242,594	\$808,403,730	\$471,378,372	\$(337,025,358)	(41.7%)

Source: CCSD Budget and Accounting Departments

District Funds - Ending Fund Balances

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

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



All District Funds - Summary of Fund Balances

For Fiscal Years 2012-13 Through 2016-17

Funds	Actual 2012-13	Actual 2013-14	Actual 2014-15	Estimated 2015-16	Final Budget 2016-17	FY 2015-16 vs. 2016-17	
						\$ Change	% Change
General Operating Fund	\$92,596,487	\$119,902,569	\$105,624,469	\$59,267,757	\$52,486,000	\$(6,781,757)	(11.4%)
Special Revenue Funds	13,909,573	17,675,087	18,708,087	18,797,803	17,258,704	(1,539,099)	(8.2%)
Debt Service Funds	175,795,693	78,420,424	26,838,866	41,127,086	25,734,717	(15,392,369)	(37.4%)
Capital Projects Funds	292,361,871	289,792,502	301,822,562	640,310,434 ³	325,155,360	(315,155,074)	(49.2%)
Proprietary Funds ¹	77,816,903	81,447,895	38,248,610 ²	48,900,650	50,743,591	1,842,941	3.8%
Total	\$652,480,527	\$587,238,477	\$491,242,594	\$808,403,730	\$471,378,372	\$(337,025,358)	(41.7%)

(1) Proprietary Funds ending fund balances are reflected as cumulative unrestricted net position.
(2) Proprietary funds 2014-15 ending balances reflect impact of GASB 68 (pension costs)
(3) Capital Project Funds 2015-16 estimated ending balances reflect bond issuance of approximately \$350 million

Source: CCSD Budget and Accounting Departments

The decline in the General Operating Fund balance of over 11.4% follows a total liquidation of existing fund balance components for future revenue shortfalls along with substantial programmatic reductions to arrive at a "balanced budget" position. For future years, it is obvious that essential State funding resources must increase to avoid continued deterioration of financial resources.

For the fiscal year 2017 Final Budget, the General Operating Fund comprises 11.1% of the total ending fund balances. This represents a slight decrease from the 7.3% of total fund balances reflected in the 2015-16 estimated fund balance. Following a 15-year capital improvement program, the Capital Projects Funds ending fund balances comprises over 69%.

Bonds issued to fund program facilities created a need for adequate reserves in the Debt Service Fund, which totals 5.5% of all ending fund balances. Facility construction and its related debt service represent a substantial portion of the District's ending fund. The reasons detailing the decreases in the ending fund balances of the General Operating Fund and the Special Revenue Funds are described in the General Operating Fund and the Federal Projects Funds sections.

District Funds - Projected Revenues Summary

The District's sources of revenue for all funds originate from a wide range of categories. The District Funds - Summary of Revenues and Other Sources illustrates the five-year history of total revenues. This history shows a slight one year increase in Debt Service Funds revenues following a welcome turnaround in the trending of taxable assessed valuation of Clark County. The General Operating Fund revenue has increased by 11.3% between fiscal years 2012-13 and 2016-17.

Of the \$3.3 billion in anticipated revenues, the General Operating Fund will represent 69%, Special Revenues 12.3%, Debt Service 9.7%, Capital Projects 4.4%, and Proprietary Funds 4.6%. Total projected resources for the

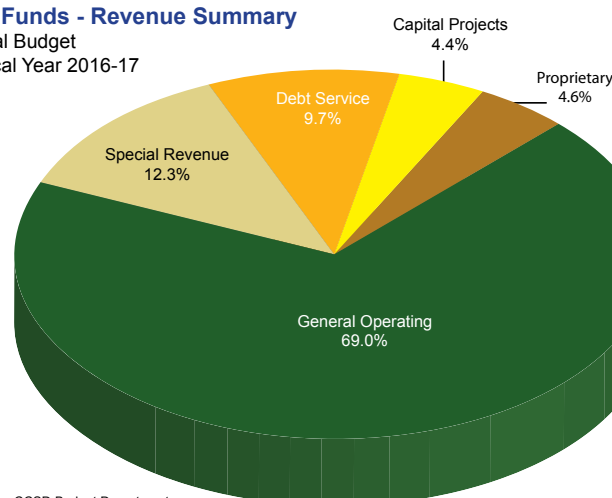


2016-17 fiscal year for all funds will be over \$4.3 billion with the inclusion of beginning fund balances and other financing sources.

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

All Funds - Revenue Summary

Final Budget
Fiscal Year 2016-17



Source: CCSD Budget Department

All District Funds - Summary of Revenues

For Fiscal Years 2012-13 Through 2016-17

Funds	Actual 2012-13	Actual 2013-14	Actual 2014-15	Estimated 2015-16	Final Budget 2016-17	FY 2015-16 vs. 2016-17	
						\$ Change	% Change
General Operating Fund	\$2,071,034,580	\$2,190,006,646	\$2,241,685,956	\$2,250,390,793	\$2,305,700,600	\$55,309,807	2.5%
Special Revenue Funds	247,548,886	267,179,369	284,936,978	382,280,575	410,143,501	27,862,926	7.3%
Debt Service Funds	298,150,491	298,922,729	308,792,309	323,035,625	323,025,000	(10,625)	(0.0%)
Capital Projects Funds	115,470,478	127,653,867	136,410,368	145,850,420	147,768,000	1,917,580	1.3%
Proprietary Funds	128,631,623	131,639,561	138,911,707	148,556,171	152,880,000	4,323,829	2.9%
Total	\$2,860,836,058	\$3,015,402,172	\$3,110,737,318	\$3,250,113,584	\$3,339,517,101	\$89,403,517	2.8%

Source: CCSD Budget and Accounting Departments

District Funds - Projected Expenditures Summary

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

As in previous years, the District continues to face many challenges in serving the diverse needs of the students in Clark County. Projected enrollment should increase by more than 2,100 (.07%) students while expenditures are expected to increase by more than .07% in the General Operating Fund. The following summary highlights the District's major challenges for appropriating budgets for fiscal 2017 and beyond.

Of the 2016-17 Final Budget total appropriated expenditures, the General Operating Fund represents 60.6% of the total. Capital Projects and Debt Service Funds combine to represent 24.9% of total appropriations. Total expenditures will be \$3.9 billion in 2016-17, or an increase of 15.7% versus the estimated expenditures for 2015-16.

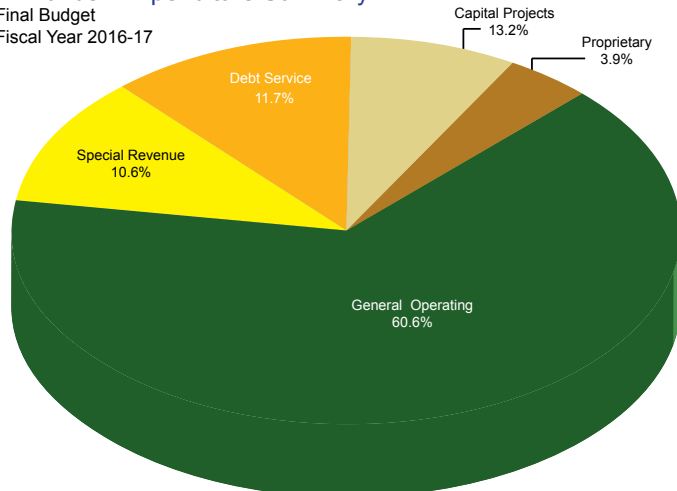


2016-17 Appropriation Challenges:

- Revenue projections continue to be volatile and subject to uncertainty due to the continuing impacts of the economic downturn experienced at both the State and local levels
- Finding sufficient resources to implement the necessary instructional initiative changes that will provide the structure to improve student achievement and focus on "every student in every classroom, without exceptions, without excuses."
- Student enrollment will increase by over 2,136 students with additional classroom space scheduled for construction in fiscal year 2017 to house this increase in enrollment. Further unpleasant measures such as expanding year-round school schedules, rezoning attendance boundaries, adding more portable classrooms, or eliminating and/or relocating select programs will be considered.
- Audited ending fund balances – Actual beginning balances are unknown and not available until the issuance of the Comprehensive Annual Financial Report in October of each year
- Recruiting and retaining qualified personnel and maintaining competitive employee compensation salaries and benefits in spite of inevitable program and staffing reductions within a financial resource structure that continues to be unpredictable and unstable
- Satisfying the requirement of Regulation 3110 to maintain "an unassigned ending fund balance of not less than 2% of total General Fund revenue for each fiscal year" which has not occurred since 2009

All Funds - Expenditure Summary

Final Budget
Fiscal Year 2016-17



Source: CCSD Budget Department



All District Funds - Summary of Expenditures For Fiscal Years 2012-13 Through 2016-17

Funds	Actual 2012-13	Actual 2013-14	Actual 2014-15	Estimated 2015-16	Final Budget 2016-17	FY 2015-16 vs. 2016-17	
						\$ Change	% Change
General Operating Fund	\$2,070,611,150	\$2,192,222,729	\$2,253,912,031	\$2,331,297,505	\$2,347,032,357	\$15,734,852	0.7 %
Special Revenue Funds	250,099,921	262,938,555	283,903,978	382,190,859	411,682,600	29,491,741	7.7 %
Debt Service Funds	500,965,771	492,217,158	444,887,499	411,571,748	453,675,376	42,103,628	10.2 %
Capital Projects Funds	104,260,637	39,859,654	41,191,916	86,883,278	511,790,000	424,906,722	489.1 %
Proprietary Funds ¹	126,099,101	128,008,569	133,957,270	137,904,131	151,037,059	13,132,928	9.5 %
Total	\$3,052,036,580	\$3,115,246,665	\$3,157,852,694	\$3,349,847,521	\$3,875,217,392	\$525,369,871	15.7 %

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

Source: CCSD Budget and Accounting Departments

POST EMPLOYMENT HEALTHCARE PLAN

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

Funding Policy. NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired district employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. Retirees qualify for a subsidy of \$114 at five years of service and \$627 at 20 years of service with incremental increases for each year of service between. The contribution requirements of plan members and the District are established and amended by the PEBP board of trustees. As a participating employer, the District is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it.

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