

PRELIMINARY OFFICIAL STATEMENT DATED JULY 10, 2017

\$18,240,000*
LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
REFUNDING BONDS
(PSF GUARANTEED), SERIES 2017A

BOND SALE DATE: WEDNESDAY, JULY 19, 2017



* Subject to change.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 10, 2017

**NEW ISSUE
BOOK-ENTRY ONLY**

**PSF RATING: S&P: AAA
UNDERLYING RATING: S&P: A+
See "RATINGS"**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described herein. See "TAX MATTERS."

**\$18,240,000*
LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
REFUNDING BONDS
(PSF GUARANTEED), SERIES 2017A**

Dated: Date of Delivery

Due: June 1, as shown herein

The Bonds are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS--Book-Entry Only System." The Bonds bear interest at the rates set forth on the inside cover hereof, payable on December 1, 2017, and semiannually thereafter on June 1 and December 1 of each year, to and including the maturity dates shown on the inside cover hereof (unless the Bonds are redeemed earlier), to the registered owners of the Bonds (initially Cede & Co.). The principal of the Bonds will be payable upon presentation and surrender at the corporate trust offices of Wells Fargo Bank, N.A., Los Angeles, California, or its successor as the paying agent for the Bonds. See "THE BONDS--Payment Provisions."

The maturity schedule for the Bonds appears on the inside cover page of this Official Statement.

The Bonds are subject to redemption prior to maturity at the option of the District as described in "THE BONDS--Redemption Provisions." At the option of the winning bidder, certain of the Bonds maturing on and after June 1, 2028 may also be subject to mandatory sinking fund redemption.

Proceeds of the Bonds will be used to: (i) refund certain outstanding general obligation bonds of the District, as more particularly described herein; and (ii) pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds constitute direct and general obligations of the District. The full faith and credit of the District is pledged for the payment of principal and interest on the Bonds, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See "SECURITY FOR THE BONDS--General Obligations." The payment of the principal and interest on the Bonds, when due, is guaranteed by the State of Nevada Permanent School Fund. See "SECURITY FOR THE BONDS--State Guarantee of Debt Service Payments."

This cover page contains certain information for quick reference only. It is *not* a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds are offered when, as, and if issued by the District, subject to the approval of legality of the Bonds by Sherman & Howard L.L.C., Reno, Nevada, and the satisfaction of certain other conditions. Sherman & Howard L.L.C., has also acted as special counsel to the District in connection with this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. JNA Consulting Group, LLC, Boulder City, Nevada, is acting as the Financial Advisor to the District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about August 8, 2017.*

*Subject to change.

MATURITY SCHEDULE*
(CUSIP® 6-digit issuer number: 552002)

\$18,240,000*
LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
REFUNDING BONDS
(PSF GUARANTEED), SERIES 2017A

Maturing (<u>June 1</u>)	Principal <u>Amount*</u>	Interest <u>Rate</u>	Price or <u>Yield</u>	CUSIP® Issue <u>Number</u>
2020	\$ 905,000			
2021	995,000			
2022	2,690,000			
2023	3,100,000			
2024	1,420,000			
2025	1,490,000			
2026	1,565,000			
2027	1,855,000			
2028	1,940,000			
2029	2,040,000			
2030	240,000			

* Subject to change.

CUSIP® is a registered trademark of the American Bankers Association (the “ABA”). The CUSIP numbers set forth herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Capital IQ, a part of McGraw Hill Financial, Inc. The CUSIP numbers are provided for convenience of reference only. The District does not take any responsibility for the selection or accuracy of the CUSIP numbers.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds (defined herein) in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by District. The District maintains an internet website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

The information set forth in this Official Statement has been obtained from the District and from the sources referenced throughout this Official Statement, which the District believe to be reliable. No representation is made by the District, however, as to the accuracy or completeness of information provided from sources other than the District. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the District, or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

LYON COUNTY SCHOOL DISTRICT, NEVADA

BOARD OF TRUSTEES

Bridget Peterson, President
Holly Villines, Clerk
Kimber LA Crabtree
Sherry Parsons
Neal E. McIntyre
Charles Shirley
John Stevens

ADMINISTRATIVE OFFICIALS

Wayne Workman, Superintendent
Alan Reeder, Deputy Superintendent
Shawn Heusser, Director of Finance and Facilities

FINANCIAL ADVISOR

JNA Consulting Group, LLC
Boulder City, Nevada

BOND AND SPECIAL COUNSEL

Sherman & Howard L.L.C.
Reno, Nevada

REGISTRAR AND PAYING AGENT

Wells Fargo Bank, N.A.
Los Angeles, California

ESCROW BANK

U.S. Bank National Association
Phoenix, Arizona

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
General.....	1
The Issuer.....	1
The Bonds; Prior Redemption	1
Authority for Issuance.....	2
Purpose.....	2
Security	2
Professionals	3
Tax Matters	3
Continuing Disclosure Undertaking	3
Certain Bondholder Risks	4
Forward-Looking Statements.....	5
Secondary Market	5
Additional Information	6
SOURCES AND USES OF FUNDS	7
Sources and Uses of Funds	7
The Refunding Project	7
THE BONDS	8
General.....	8
Payment Provisions.....	8
Redemption Provisions	9
Tax Covenant.....	10
Defeasance	11
Replacement of Registrar and Paying Agent.....	11
Amendment of the Bond Resolution.....	12
Book-Entry Only System.....	12
Debt Service Requirements.....	12
SECURITY FOR THE BONDS	14
General Obligations	14
State Guarantee of Debt Service Payments on Bonds	14
Debt Service Tax Levy	15
Reserve Account	15
Additional Bonds	16
Bond Resolution Irrepealable	16
Other Security Matters.....	16
Limitations on Remedies	17
PROPERTY TAX INFORMATION	18
Property Tax Base.....	18
History of Assessed Value	18
Property Tax Collections	19
Largest Taxpayers in the District.....	20

	<u>Page</u>
Property Tax Limitations	21
Required Property Tax Abatements.....	23
Overlapping Tax Rates and General Obligation Indebtedness	23
Selected Debt Ratios	25
 LYON COUNTY SCHOOL DISTRICT.....	 27
General.....	27
Board of Trustees	27
Administration.....	27
Facilities	28
Enrollment	28
Employee Relations and Pension Benefits.....	28
Compliance with Federal Laws; Federal Budget Sequestration	34
 DISTRICT FINANCIAL INFORMATION	 35
Budgeting	35
Accounting	35
Annual Reports.....	35
Achievement Charter School Legislation	36
General Fund	36
General Fund History of Revenues, Expenditures and Changes in Fund Balance.....	38
Debt Service Fund.....	40
Management’s Discussion and Analysis	41
Analysis of Recent Financial Developments	41
Risk Management	42
 DEBT STRUCTURE.....	 43
Debt Limitation	43
Outstanding Debt and Other Obligations	43
Total Debt Service Requirements - General Obligation Bonds.....	44
 TAX MATTERS.....	 46
Federal Tax Matters	46
State Tax Exemption.....	47
 LEGAL MATTERS.....	 48
Litigation.....	48
Approval of Certain Legal Proceedings.....	48
Police Power	48
Sovereign Immunity.....	48
 FINANCIAL ADVISOR	 49
 INDEPENDENT AUDITORS.....	 49
 RATINGS	 49
 PUBLIC SALE	 49

	<u>Page</u>
OFFICIAL STATEMENT CERTIFICATION.....	50
APPENDIX A - Audited Basic Financial Statements of Lyon County School District, Nevada, for the Fiscal Year Ended June 30, 2016.....	A-1
APPENDIX B - Book-Entry Only System.....	B-1
APPENDIX C - Form of Continuing Disclosure Certificate.....	C-1
APPENDIX D - Form of Approving Opinion of Bond Counsel	D-1
APPENDIX E - List of PSF Participants and Form of State Permanent School Fund Guarantee Agreement	E-1
APPENDIX F - Economic and Demographic Information.....	F-1
APPENDIX G - Official Notice of Bond Sale.....	G-1

INDEX OF TABLES

NOTE: Tables marked with an (*) indicate Annual Financial Information to be updated by the District pursuant to SEC Rule 15c2-12, as amended. See Appendix C - Form of Continuing Disclosure Certificate. *Only historical and not budgeted or estimated information is required to be updated in the marked tables.*

	<u>Page</u>
Sources and Uses of Funds	7
Bond Debt Service Requirements	13
*History of Assessed Valuation	19
*Property Tax Levies, Collections and Delinquencies	19
*Ten Largest Taxpayers in the District	21
*History of Statewide Average and Sample Overlapping Property Tax Rates	24
Estimated Overlapping Net General Obligation Indebtedness	25
Net Direct & Overlapping General Obligation Indebtedness	25
Selected Debt Ratios for the District	26
*Enrollment History	28
*General Fund History of Revenues, Expenditures and Changes in Fund Balance	39
*Debt Service Fund History of Revenues, Expenses and Changes in Fund Balance	40
*Statutory Debt Limitation	43
*Outstanding Debt and Other Obligations	44
*Outstanding Debt Service Requirements	45
Population	F-1
Age Distribution	F-2
Median Household Effective Buying Income Estimates	F-2
Percent of Households by Effective Buying Income Groups – 2016 Estimates	F-3
Per Capita Personal Income	F-3
Average Annual Labor Force Summary	F-4
Establishment Based Industrial Employment	F-4
Largest Employers - Lyon County, Nevada	F-5
Size Class of Industries	F-5
Taxable Sales in the County	F-6
Building Permits - Lyon County, Nevada	F-7

OFFICIAL STATEMENT

\$18,240,000*

**LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
REFUNDING BONDS
(PSF GUARANTEED), SERIES 2017A**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, provides information concerning Lyon County School District, Nevada (the “District”) and its \$18,240,000* General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed), Series 2017A (the “Bonds”). The Bonds will be issued pursuant to a resolution (the “Bond Resolution”) adopted by the District’s Board of Trustees (the “Board”) on June 27, 2017.

The offering of the Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized.

The Issuer

The District is a political subdivision of the State organized pursuant to legislation enacted in 1956. The District’s boundaries are coterminous with those of Lyon County (the “County”). The District covers an area of approximately 1,994 square miles in the northwest central portion of the State of Nevada (the “State”). The District serves the residents of the County, including the communities of Yerington, Fernley, Dayton, Silver Springs and Stagecoach. See “LYON COUNTY SCHOOL DISTRICT.”

The Bonds; Prior Redemption

The Bonds are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See “THE BONDS--Book-Entry Only System.” The Bonds are dated as of the date of their delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the Bonds is described in “THE BONDS--Payment Provisions.”

* Subject to change.

The Bonds are subject to redemption prior to maturity at the option of the District as described in “THE BONDS--Redemption Provisions.” At the option of the winning bidder, the Bonds maturing on and after June 1, 2028, may also be subject to mandatory sinking fund redemption. See Appendix G -- Official Notice of Bond Sale.

Authority for Issuance

The Bonds are being issued pursuant to the constitution and laws of the State, particularly Nevada Revised Statutes (“NRS”) 350.500 through 350.720, as amended, designated as the “Local Government Securities Law” (the “Bond Act”), NRS 387.335 (the “Project Act”), NRS Chapter 348, NRS 387.513 through 387.528, inclusive (the “Guarantee Act”), and the Bond Resolution.

Purpose

The Bonds are being issued to: (i) refund: (a) on an advance refunding basis, \$15,690,000* aggregate principal amount of the District’s Taxable/Tax-Exempt General Obligation (Limited Tax) Refunding Bonds, (PSF Guaranteed), Series 2013, maturing June 1, 2020* to June 1, 2029*, inclusive (the “Refunded 2013B Bonds”); on an advance refunding basis, \$900,000* aggregate principal amount of the District’s General Obligation (Limited Tax) Improvement and Refunding Bonds, Series 2010B (Tax-Exempt), maturing June 1, 2030* (the “Refunded 2010B Bonds”); and, on a current refunding basis, \$3,636,000* aggregate principal amount of the District’s General Obligation (Limited Tax) Refunding Bonds, Series 2017B, maturing by installment on April 1, 2018*, April 1, 2019*, April 1, 2022*, and April 1, 2023* (the “Refunded 2017B Bonds”, and together with the Refunded 2013B Bonds and the Refunded 2010B Bonds, the “Refunded Bonds”); and (ii) pay the costs of issuing the Bonds. See “SOURCES AND USES OF FUNDS.” The refunding of the Refunded Bonds is sometimes referred to herein as the “Refunding Project.” The refunding of the Refunded Bonds is being undertaken for net present value savings.

Security

General. The Bonds constitute direct and general obligations of the District. The full faith and credit of the District is pledged for the payment of the principal of, any redemption premiums and interest on the Bonds (the “Bond Requirements”), subject to State constitutional and statutory limitations on the aggregate amount of ad valorem property taxes. See “SECURITY FOR THE BONDS--General Obligations.”

Excluding the issuance of the Bonds and the effect of the Refunding Project, the District has \$63,811,000 aggregate principal amount of general obligation bonds outstanding as of July 1, 2017. See “DEBT STRUCTURE--Outstanding Debt and Other Obligations.”

State Guarantee of Debt Service Payments on Bonds. The payment of the principal of and interest on the Bonds, when due, is guaranteed by the State of Nevada Permanent School Fund (the “PSF”). See “SECURITY FOR THE BONDS--State Guarantee of Debt Service Payments.”

* Subject to change.

Professionals

Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel in connection with the Bonds and has also acted as special counsel to the District in connection with this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. JNA Consulting Group, LLC, Boulder City, Nevada, is providing financial advisory services to the District. See “FINANCIAL ADVISOR.” The fees being paid to the Financial Advisor are contingent upon the execution and delivery of the Bonds. The audited basic financial statements of the District, attached to this Official Statement as Appendix A, include the report of Silva & Co., LLC, certified public accountants, Reno, Nevada. See “INDEPENDENT AUDITORS.” Wells Fargo Bank, N.A., Los Angeles, California, will act as Registrar and Paying Agent for the Bonds. U.S. Bank National Association will act as the Escrow Bank in connection with the Refunding Project. Certain mathematical computations regarding the Escrow Account will be verified by Causey Demgen & Moore P.C., independent certified public accountants, Denver, Colorado. See “SOURCES AND USES OF FUNDS--The Project--Verification of Mathematical Computations.”

Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 for the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS--Federal Tax Matters.”

Under the laws of the State in effect as of the date of delivery of the Bonds, the Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See “TAX MATTERS--State Tax Exemption.”

Continuing Disclosure Undertaking

The District will execute a continuing disclosure certificate (the “District Certificate”) at the time of the closing for the Bonds. The District Certificate will be executed for the benefit of the beneficial owners of the Bonds and the District will covenant in the Bond Resolution to comply with its terms. The District Certificate will provide that so long as the Bonds remain outstanding, the District will provide the following information to the Municipal Securities Rulemaking Board (“MSRB”), through its Electronic Municipal Market Access System (“EMMA”): (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; all as more particularly described in the District Certificate.

The District has entered into similar continuing disclosure undertakings with respect to certain of its outstanding bonds (the “Prior Undertakings”). The various Prior Undertakings required the District to file its financial statements within 270 days or 9 months of

each fiscal year end. For fiscal years 2012 and 2013, the District failed to file its annual financial statements until April 6, 2016. The Prior Undertakings also required the District to file updates to certain operating data of the District within 270 days or 9 months of each fiscal year end. For fiscal years 2012 and 2013, the District failed to file such information until May 20, 2016.

In calendar years 2012 and 2013, the District refunded certain of its outstanding bonds. The District, acting as its own registrar/paying agent for the refunded bonds, failed to file notices of defeasance as required by the Prior Undertakings.

On May 19, 2016, the District filed a Notice of Failure to File Annual Report describing its failures to file the above-mentioned financial statements and operating data. On May 20, 2016, the District made remedial filings on EMMA to bring such information current.

Except as set forth in the immediately preceding paragraphs under this heading, the District has not failed to materially comply with any prior continuing disclosure undertakings previously entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the “Rule”) in the last five years.

The District has engaged JNA Consulting Group, LLC as its Financial Advisor through June 24, 2019. During the duration of that contract, the District has also engaged the Financial Advisor to serve as its dissemination agent for secondary market disclosure. The contract requires the Financial Advisor to prepare the secondary market reports on behalf of the District and file them once they have been reviewed and approved by the District.

Certain Bondholder Risks

General. The purchase of the Bonds involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision.

Certain Risks Related to Property Taxes. Numerous factors over which the District has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include the valuation of property within the District, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner.

The District’s ability to retire the indebtedness created by the issuance of the Bonds is dependent, in part, upon the maintenance of an adequate tax base against which the District may levy and collect property tax revenues. The amount of ad valorem property taxes (sometimes referred to herein as “General Taxes”) collected will be dependent upon the assessed valuation of land within the District. As illustrated in “PROPERTY TAX INFORMATION,” the assessed valuation of the property in the District increased 7.3% and 2.7%, respectively, in fiscal years 2016 and 2017. In fiscal year 2018, the assessed value of property in the District will increase 7.5% from the fiscal year 2017 figure (preliminary valuation; subject to change until July 2017).

However, it is not possible to predict whether property values in the District will continue to increase in the future, whether foreclosure rates will rise or fall or whether any

increase in foreclosures will cause significant delinquencies in property tax payments or the realization of property tax revenues by the District.

For more information, see “PROPERTY TAX INFORMATION--Property Tax Limitations” and “PROPERTY TAX INFORMATION--Required Property Tax Abatements.”

Changes in Law. Various State laws apply to the imposition, collection, and expenditure of General Taxes as well as to the operation and finances of the District, including State funding of education.

The Nevada Legislature (the “Legislature”) determines the amount of State funds that will be distributed to school districts in each year pursuant to statutory funding formulas. Economic indicators have stabilized and the State has made a push to diversify or bring in new businesses which is improving the economic outlook in Nevada. However, the State continues to face budgetary pressures in light of the recovering economy, and it is not possible to predict what actions the Legislature will take in future years. Future actions taken by the Legislature will impact the District’s operations and finances to an extent that cannot be determined at this time.

There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the District and the imposition, collection, and expenditure of its revenues, including General Taxes.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the sections entitled “DISTRICT FINANCIAL INFORMATION--General Fund History of Revenues, Expenditures and Changes in Fund Balance,” “DISTRICT FINANCIAL INFORMATION--Debt Service Fund History of Revenues, Expenditures and Changes in Fund Balance,” and “DISTRICT FINANCIAL INFORMATION--Analysis of Recent Financial Developments,” and any statements throughout this Official Statement referring to estimated, budgeted, unaudited or interim results for fiscal year 2017, fiscal year 2018 or future years, contain statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not occur as assumed or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be materially adverse to the owners of the Bonds.

Secondary Market

No guarantee can be made that a secondary market for the Bonds will develop or be maintained by the initial purchaser of the Bonds (the “Initial Purchaser”) or others. Thus, prospective investors should be prepared to hold their Bonds to maturity.

Additional Information

This introduction is only a brief summary of the provisions of the Bonds and the Bond Resolution; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the Bonds, the Bond Resolution, the Refunding Project, and the District are included in this Official Statement. All references herein to the Bonds, the Bond Resolution and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the District and the Financial Advisor at the addresses set forth as follows:

Lyon County School District
Attn: Director of Finance
and Facilities
25 East Goldfield Avenue
Yerington, Nevada 89447
Telephone: 775-463-6800

JNA Consulting Group, LLC
410 Nevada Way, Suite 200
Boulder City, Nevada 89005
Telephone: 702-294-5100.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds of the Bonds, together with contributions from certain debt service funds of the District, are expected to be applied in the manner set forth in the following table.

Sources and Uses of Funds

	<u>Amount</u>
SOURCES:	
Principal amount	
Plus original issue premium.....	
Total	
USES:	
The Refunding Project	
Costs of issuance (including underwriting discount)	
Total	

Source: The Financial Advisor.

The Refunding Project

The net proceeds of the Bonds will be used to accomplish the Refunding Project. The District will deposit the net proceeds of the Bonds into the Escrow Account created pursuant to the Bond Resolution. Pursuant to an Escrow Agreement between the District and the Escrow Bank, the amounts deposited into the Escrow Account will, except for an initial cash balance, be invested in Federal Securities (defined herein) maturing at such times and in such amounts as are required to pay the principal of the Refunded Bonds upon prior redemption on August 8, 2017 (relating to the Refunded 2017B Bonds), June 1, 2019 (relating to the Refunded 2013B Bonds), and June 1, 2020 (relating to the Refunded 2010B Bonds), and pay interest, as applicable, on the Refunded Bonds as it becomes due through June 1, 2020.

The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the federal securities and cash deposited in the Escrow Account to provide for the payment of the principal, prior redemption premium and interest with respect to the Refunded Bonds when due or upon prior redemption, which computations support the conclusion of Bond Counsel that the Bonds are not “arbitrage bonds” under Section 148 of the Tax Code will be verified by Causey Demgen & Moore Inc., certified public accountants, Denver, Colorado.

THE BONDS

General

The Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The Bonds will be dated as of their date of delivery and will mature and bear interest (calculated on the basis of a 360-day year of twelve 30-day months) as set forth on the inside cover page of this Official Statement. The Bonds initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the Bonds. See “Book-Entry Only System” below.

Payment Provisions

Interest on the Bonds is payable on June 1 and December 1 (each an interest payment date), commencing December 1, 2017, by check or draft mailed by the Paying Agent on each interest payment date (or, if the interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof (i.e., Cede & Co.) at the address shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month preceding such interest payment date (the “Regular Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a “Special Record Date”). The Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten days prior thereto by first class mail to each such registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent (provided, however, that the District shall not be required to make funds available to the Paying Agent prior to the due dates of interest and principal, respectively). Principal on the Bonds will be payable at maturity and upon presentation and surrender at the corporate trust office of the Paying Agent (or at such other office designated by the Paying Agent). Any Bond not paid upon presentation and surrender at or after maturity shall continue to draw interest at the rate stated in the Bond until the principal is paid in full. All such payments of principal and interest shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of and interest on the Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to DTC’s Participants (defined in Appendix B) is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners (defined in Appendix B) is the responsibility of DTC’s Participants and the Indirect Participants (defined in Appendix B), as more fully described herein. See “Book-Entry Only System” below.

Additional Provisions for Bonds. As provided in the State Permanent School Fund Guarantee Agreement (the “Guarantee Agreement”) to be entered into between the District and the Treasurer of the State of Nevada (the “State Treasurer”) with respect to the Bonds, the Paying Agent shall immediately notify the State Treasurer if the Paying Agent has not received the scheduled debt service payment on the Bonds at least 5 business days prior to the scheduled debt service payment date. See “Appendix E--List of PSF Participants and Form of State Permanent School Fund Guarantee Agreement.”

Redemption Provisions

Optional Redemption. The Bonds maturing on and after June 1, 2028, are subject to redemption before their respective maturities, at the option of the District, on or after June 1, 2027, in whole or in part, at any time, from any maturity selected by the District, and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 20__ (the “Term Bonds”) are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest thereon to the redemption date. As and for a sinking fund for the redemption of the Term Bonds, there shall be deposited into the Bond Fund, a sum which, together with other moneys available therein is sufficient to redeem the Term Bonds on the dates and in the principal amounts set forth below:

Redemption Date (<u>June 1</u>)	Principal <u>Amount</u>
--------------------------------------	----------------------------

* Stated maturity.

Not more than 60 days nor less than 30 days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of Bonds redeemable with the required sinking fund payments, and shall call such Term Bonds or portions thereof for redemption from the sinking fund on the next principal payment date, and give notice of such call as provided in the Bond Resolution.

At the option of the Board to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the Board or, (ii) specify a principal amount of Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portion thereof so delivered or previously

redeemed which is a part of the maturity which would be subject to mandatory redemption on the following principal payment date shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Board on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the Board determines. In the event the Board shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled, or in the event the Term Bonds are registered in the name of Cede & Co., the certificate required by the first sentence of this paragraph shall be accompanied by such direction and evidence of ownership as is satisfactory to The Depository Trust Company.

Notice of Redemption. Unless waived by any registered owner of a Bond to be redeemed, notice of prior redemption shall be given by the Registrar, by electronic mail as long as Cede & Co. or a nominee or successor depository is registered owner of the Bonds, and otherwise by first-class mail, at least 30 days but not more than 60 days prior to the Redemption Date to the registered owner of any Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar and to the State Treasurer, and by electronic mail to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access system ("MSRB"). The notice shall identify the Bonds and state that on such date the principal amount thereof will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in this Resolution), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said Bonds, the Bonds called for redemption will be paid. Actual receipt of notice by the MSRB, or any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the MSRB, the State Treasurer or the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in this Section shall be conclusive as against all parties; and the State Treasurer, no owner whose Bond is called for redemption or any other owner of any Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

Notwithstanding the foregoing, a notice of redemption may contain a statement that the redemption is conditional upon receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenant

In the Bond Resolution, the District covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the District or any facilities refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income from federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum

taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The covenant described above shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

Defeasance

When all Bond Requirements of any Bond have been duly paid, the pledge and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of this Resolution. There shall be deemed to be such due payment when the District has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond or upon any redemption date as of which the District shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond for payment. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and the Bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the owners thereof to assure availability as so needed to meet the schedule.

For the purposes described in the prior paragraph, the term "Federal Securities" shall be as defined in NRS 350.522, and shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the holder thereof.

Replacement of Registrar and Paying Agent

If the Registrar and Paying Agent hereunder shall resign, or if the Director of Finance and Facilities shall reasonably determine, with the consent of the State Treasurer, to replace said Registrar or Paying Agent or that it would be in the best interests of the District to appoint a new Registrar or Paying Agent hereunder, the Director of Finance and Facilities may, upon notice to the State Treasurer and to each registered owner of any Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal may take effect until a successor is appointed. Every such successor Registrar or Paying Agent shall be an officer or employee of the District or a commercial bank or trust company authorized to exercise trust powers. It shall not be required that the same person or institution serve as both a Registrar and Paying Agent hereunder, but the District shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder. Any corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this Resolution, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Resolution to the contrary notwithstanding.

Amendment of the Bond Resolution

The Bond Resolution may be amended by the Board: (i) without the consent of or notice to the holders of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein; and (ii) with the consent of the holders of the Bonds and the State Treasurer in connection with any other amendment.

Notwithstanding the foregoing, no such amendment, unless consented to by the Bondholders adversely affected thereby, shall permit: (i) a change in the maturity or in the terms of redemption of the principal of any outstanding Bond or any installment of interest thereon; (ii) a reduction in the principal amount of any Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or (iii) the establishment of priorities as between Bonds issued and outstanding under the provisions of the Bond Resolution.

Book-Entry Only System

The Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity, as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix B -- Book-Entry Only System.

SO LONG AS CEDE & CO, AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the District, the Registrar or the Paying Agent will have any responsibility or obligation to DTC's Direct Participants or Indirect Participants (each as defined in Appendix B), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Bonds as further described in Appendix B to this Official Statement.

Debt Service Requirements

The following table sets forth the debt service requirements for the Bonds in each fiscal year. See "DEBT STRUCTURE--Total Debt Service Requirement--General Obligation Bonds" for information on the debt service due on all of the District's outstanding general obligation bonds (excluding the Bonds and the effect of the Refunding Project).

Bond Debt Service Requirements⁽¹⁾

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u> ⁽¹⁾	<u>Total</u>
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
Total			

⁽¹⁾ Totals may not add due to rounding.

Source: The Financial Advisor.

SECURITY FOR THE BONDS

General Obligations

General. The Bonds are direct and general obligations of the District, and the full faith and credit of the District is pledged for the payment of the principal of, any prior redemption premiums and the interest on the Bonds, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “PROPERTY TAX INFORMATION--Property Tax Limitations.” The Bonds are payable by the District from any source legally available therefor at the times such payments are due, including the General Fund of the District. In the event, however, that such legally available sources of funds are insufficient, the District is obligated to levy a general (ad valorem) tax on all taxable property within the District for payment of the Bonds, subject to the limitations provided in the constitution and laws of the State.

Limitations on Property Tax Revenues. The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county (including the State, the District, the County, the cities within the County or any special taxing district) in each year. Those limitations are described in “PROPERTY TAX INFORMATION--Property Tax Limitations.” In any year in which the total property taxes levied within the County by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness. See “PROPERTY TAX INFORMATION--Property Tax Limitations.”

State Guarantee of Debt Service Payments on Bonds

General. Payment of the principal of and interest on the Bonds, when due, will be guaranteed by the State pursuant to the provisions of the Guarantee Act. If the District fails to make a timely payment on the debt service of the Bonds no later than five business days prior to each scheduled debt service payment date, the Paying Agent shall immediately notify the State Treasurer and the State Treasurer shall (i) withdraw from the PSF the amount of money due for the payment on the debt service; (ii) transfer to the Paying Agent, no later than one business day prior to the scheduled debt service payment date, a sufficient amount of money to make the payment on the debt service when due; and (iii) report the payment to the Executive Director of the State Department of Taxation.

The amount of money withdrawn by the State Treasurer to make the payment shall be deemed a loan to the District. If the District is not able to repay fully the loan, including any accrued interest, in a timely manner, the State Treasurer shall withhold the payments of money that would otherwise be distributed to the District from: (i) the interest earned on the PSF; (ii) distributions of the local school support tax (described in “DISTRICT FINANCIAL INFORMATION”); and (iii) distributions from the State Distributive School Account (described in “DISTRICT FINANCIAL INFORMATION”) until the loan is repaid. Upon receipt of notice that such a loan has been made to the District by the State Treasurer, the Executive Director of the State Department of Taxation shall proceed pursuant to the provisions of NRS 354.685 relating to severe financial emergencies.

The form of the State Permanent School Fund Guarantee Agreement between the District and the State is attached hereto as Appendix E.

Information About the Permanent School Fund. The Permanent School Fund is funded primarily by escheated estates, gifts and proceeds from the sale of federal lands. Interest on the fund is used to support education in the State. As of December 31, 2016, the State Controller reported that the value of the total assets of the PSF, including all investments reported at fair value, was \$350,990,745.

Presently, the PSF is invested primarily in U.S. Treasury and Agency fixed income securities with maturities no longer than 10 years but as of May 31, 2017, the fund has made \$38.04 million in private equity investments, received \$4.26 million in distributions and has committed \$50 million to private equity investments. In addition, as of May 31, 2017, the State Treasurer made investments totaling \$46.26 million in domestic public equities (institutional mutual funds). The market value of these investments as of May 31, 2017 was \$49,650,206.75. As of May 31, 2017, the distributions received from public equity investment dividends was \$482,925.54.

Pursuant to NRS 387.516.1 the maximum amount of principal that can be guaranteed by the State for any school district is limited to \$40,000,000. Further, pursuant to NRS 387.522.1(a), the total amount of bonds that can be guaranteed by the State is limited to 250% of the lower of the cost or fair market value of the assets in the PSF. Based on the current balance of the PSF, the maximum principal that can be guaranteed is more than \$750 million. As of July 1, 2017 \$274,364,900 in bonds has been guaranteed, or authorized by the State Board of Finance to be guaranteed, by the PSF. See “Appendix E--List of PSF Participants and Form of State Permanent School Fund Guarantee Agreement.”

Debt Service Tax Levy

At an election held on November 7, 2006 (the “Election”), District voters approved a proposal that allowed the District to issue general obligation bonds for school construction purposes until November 7, 2016; provided that the Board made a finding that the proposed bonds could be paid within a \$0.5867 property tax rate for debt service. Those findings require approval of the Lyon County Debt Management Commission. In 2015, the Legislature adopted Senate Bill 119 (“SB 119”) and Senate Bill 207 (“SB 207”), which authorize school districts with prior voter approval (such as that from the Election) to issue general obligation bonds in certain circumstances for an additional ten year period so long as existing tax rates are not increased to pay such bonds. For the District, such additional authorization will expire on November 7, 2026. The District currently expects to repay all outstanding bonds issued pursuant to the Election and such authorization without increasing its debt rate of \$0.5867. However, if necessary, the District may increase that rate to pay debt service on such bonds, subject to the State constitutional and statutory limitations discussed throughout this Official Statement.

Reserve Account

Pursuant to NRS 350.020(5) the Board established a reserve account (the “Reserve Account”) within its Debt Service Fund for payment of the outstanding general obligation bonds of the District payable from the tax rate for debt described above (excluding medium-term bonds). The Reserve Account must be established and maintained in an amount at

least equal to the lesser of: 50% of the amount of principal and interest payments due on all of the outstanding bonds of the District in the next fiscal year, or 10% of the outstanding principal amount of the District's bonds (the "Reserve Requirement"). The amounts on deposit in the Reserve Account are not directly pledged to pay debt service on the Bonds or the other general obligation bonds of the District, and if then permitted by statutes of the State, amounts in the reserve account may be withdrawn and used for purposes other than payment of debt service on outstanding District bonds.

As of the date of issuance of the Bonds, the amount in the Reserve Account will be at least equal to \$_____,*, which is equal to 50% of the amount of principal and interest payments, net of any subsidies, due on all of the outstanding bonds of the District in the next fiscal year. If the amount in the Reserve Account falls below the required amount, NRS 350.020(5) provides that: (i) the Board shall not issue additional bonds pursuant to NRS 350.020(4) until the reserve account is restored to the level set forth above; and (ii) the Board shall apply all of the taxes levied by the District for payment of bonds of the District that are not needed for payment of the principal and interest on bonds of the District in the current fiscal year to restore the reserve account to the Reserve Requirement.

Additional Bonds

Pursuant to NRS 350.020(4), the District received voter approval at the Election to issue general obligation bonds until November 7, 2016, provided that certain findings are made by the District Board (with approval of the Lyon County Debt Management Commission), that such bonds can be paid within the existing property tax for the District's bond debt service. At the time of issuance of such bonds, the District must fund the Reserve Account as described above. Additionally, in 2015, the Legislature enacted legislation that extended the District's authority to issue bonds pursuant to NRS 350.020(4) for the next 10 years, and such authorization expires November 7, 2026.

The District currently anticipates seeking authorization to issue \$15,000,000 in additional bonds in the next six months for the purpose of financing additional capital projects for the District, and currently anticipates issuing such bonds in calendar years 2018 and 2019. The District reserves the right to issue additional bonds at any time legal requirements are met.

Bond Resolution Irrepealable

After any of the Bonds are issued, the Bond Resolution shall constitute an irrevocable contract between the District and the registered owner or owners of the Bonds; and the Bond Resolution, if any Bonds are in fact issued, shall be and shall remain irrepealable until the Bonds, as to all Bond Requirements, shall be fully paid, canceled and discharged, as provided in the Bond Resolution.

Other Security Matters

No Repealer. State statutes provide that no act concerning the Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the

* Subject to change.

Bonds or their security until all of the Bonds have been discharged in full or provision for their payment and redemption has been fully made.

No Pledge of Property. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District, except the proceeds of the General Taxes and any other monies pledged under the Bond Resolution for the payment of the Bonds. No property of the District, subject to that exception, shall be liable to be forfeited or taken in payment of the Bonds.

No Recourse. No recourse shall be had for the payment of the Bond Requirements of the Bonds or for any claim based thereon or otherwise upon the Bond Resolution or any other instrument relating thereto, against any individual member of the Board or any officer or other agent of the Board or District, past, present or future, either directly or indirectly through the Board or the District, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise.

Limitations on Remedies

No Acceleration. There is no provision for acceleration of maturity of the principal of the Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the District in issuing the Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government (including the imposition of tax liens by the federal government), if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

PROPERTY TAX INFORMATION

Property Tax Base

The State Department of Taxation reports the total assessed valuation of property within the District for the fiscal year ending June 30, 2018, to be \$1,682,761,005, which represents a 7.5% increase from the assessed valuation for fiscal year 2017.

State law requires that the County Assessor reappraise at least once every five years all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). State law provides that in years in which the property is not reappraised, the County Assessor is to apply a factor representing typical changes in value in the area since the preceding year. State law requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the State Legislature. Based upon the assessed valuation of the District for its fiscal year 2018, the taxable value of all taxable property within the District is \$4,807,888,586.

“Taxable value” is defined in the statutes as the full cash value in the case of land and as the replacement cost less straight-line depreciation in the case of improvements to land and in the case of taxable personal property, less depreciation in accordance with the regulations of the Nevada Tax Commission but in no case an amount in excess of the full cash value. Depreciation of improvements to real property must be calculated at 1.5% of the cost of replacement for each year of adjusted actual age up to a maximum of 50 years. Adjusted actual age is actual age adjusted for any addition or replacement. The maximum depreciation allowed is 75% of the cost of replacement. When a substantial addition or replacement is made to depreciable property, its “actual age” is adjusted, *i.e.*, reduced to reflect the increased useful term of the structure. The adjusted actual age has been used on appraisals for taxes since 1986-87.

In Nevada, county assessors are responsible for assessments in the counties except for certain properties centrally assessed by the State, which include property owned by railroads, airlines and utility companies.

History of Assessed Value

The following table illustrates a history of the assessed valuation in the District. Due to property tax abatement laws enacted in 2005 (described in “Required Property Tax Abatements” below) the taxes collected by taxing entities within the District are capped and there is no longer a direct correlation between changes in assessed value and property tax revenue.

History of Assessed Valuation

Fiscal Year	Assessed Valuation	Net Proceeds of Mines	Total Assessed Valuation	Percent Change
2014	\$1,192,776,765	\$ 861,630	\$1,193,638,395	--
2015	1,420,138,197	1,594,105	1,421,732,302	19.1%
2016	1,524,382,122	492,173	1,524,874,295	7.3
2017	1,560,300,781	5,754,129 ⁽¹⁾	1,566,054,910	2.7
2018	1,678,550,218	4,210,787	1,682,761,005	7.5

⁽¹⁾ Increase between fiscal years 2016 and 2017 due in part to additional mining activities stemming from Nevada Copper Corp.'s Pumpkin Hollow Project.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2013-14 through 2016-17 and Final Local Government Revenue Projections – Fiscal Year 2017-2018.

Property Tax Collections

In Nevada, county treasurers are responsible for the collection of property taxes, and forwarding the allocable portions thereof to the overlapping taxing units within the counties.

A history of the County's tax roll collection record appears in the following table. *This table reflects all amounts collected by the County, including amounts levied by the District, the County, the cities within the County and certain special taxing districts. The figures in the following table include property taxes that are not available to pay debt service on the Bonds.* The table below provides information with respect to the historic collection rates for the District, but may not be relied upon to depict the amounts of ad valorem property taxes available to the District in each year. There is no assurance that collection rates will be similar to the historic collection rates depicted below.

Property Tax Levies, Collections and Delinquencies⁽¹⁾

Fiscal Year			% of Net	Collections in		Total Tax
Ending	Net Secured	Current Tax	Levy	Subsequent	Total Tax	Collections as %
June 30	Roll Tax Levy	Collections	Collected	Years ⁽³⁾	Collections ⁽³⁾	of Current Levy ⁽²⁾⁽³⁾
2012	\$33,956,440	\$33,111,928	97.51%	\$833,441	\$33,945,386	99.97%
2013	32,011,119	31,337,407	97.90	624,788	31,962,195	99.85
2014	31,491,714	30,791,695	97.78	619,481	31,411,176	99.74
2015	32,516,862	31,980,541	98.35	331,836	32,312,377	98.37
2016	33,617,196	33,083,492	98.41	n/a	33,083,492	98.41
2017 ⁽⁴⁾	34,233,063	33,742,492	98.57	n/a	33,742,492	98.57

⁽¹⁾ Represents the real and personal property tax roll levies and collections; levy does not include centrally assessed property.

⁽²⁾ Figured on collections to net levy (actual levy less stricken taxes).

⁽³⁾ Information for fiscal years 2012 through 2016 is current as of June 30, 2016. Updates to the designated columns (including updated collection information for fiscal year 2017 collections) will not be available until the County publishes its 2017 CAFR. Such updates, if any, will only increase the collections and collections percentages for the fiscal years shown.

⁽⁴⁾ Does not reflect a full year's collections; collections as of May 31, 2017 (unaudited).

Source: County Comptroller's Office.

Taxes on real property are due on the third Monday in August unless the taxpayer elects to pay in installments on or before the third Monday in August and the first Mondays in October, January, and March of each fiscal year. Penalties are assessed if any taxes are not paid within 10 days of the due date as follows: 4% of the delinquent amount if one installment is delinquent, 5% of the delinquent amount plus accumulated penalties if two installments are delinquent, 6% of the delinquent amount plus accumulated penalties if three installments are delinquent and 7% of the delinquent amount plus accumulated penalties if 4 installments are delinquent. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property.

Largest Taxpayers in the District

The following table represents the ten largest property-owning taxpayers in the District based on fiscal year 2016-17 assessed valuations. The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (generally personal property). No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the District. It is possible that one or more of the major taxpayers in the District may be experiencing, or could in the future experience, varying degrees of financial difficulty; those or other entities may encounter future difficulties that could negatively impact the timely payment of property taxes.

Ten Largest Taxpayers in the District
Fiscal Year 2016-17

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value⁽¹⁾</u>
NV Energy	Utility	\$62,751,824	4.01%
Southwest Gas Corporation	Utility	17,967,535	1.15
Patua Project LLC ⁽²⁾	Geothermal power	11,300,305	0.72
Union Pacific Railroad	Railroad	11,096,544	0.71
Nevada Cement Company	Manufacturing	8,802,851	0.56
McCabe Way Irving LLC et al	Internet retail	8,402,098	0.54
Southern California Edison Company	Utility	8,223,772	0.53
Peri & Peri LLC	Onion growers	7,809,865	0.50
Sonterra Development Co. LLC	Developer	7,699,320	0.49
QG Printing LLC	Commercial printing	<u>6,789,848</u>	<u>0.43</u>
Total		<u>\$150,843,962</u>	<u>9.63%</u>

⁽¹⁾ Based on the total 2016-2017 assessed valuation for the District of \$1,566,054,910, exclusive of the net proceeds of mines.

⁽²⁾ Gradient Resources Inc. ("Gradient") protested its assessed value for 2015-2016, and as a result, Gradient's assessed value for 2016-2017 is substantially less. Additionally, Gradient's property is located in both Lyon County and Churchill County. Due to a calculation error with respect to amounts owed to Churchill County, Lyon County will receive no tax revenue from Gradient during fiscal year 2018. Due to that same calculation error, the District owed Churchill County \$72,000. The District paid this entire amount in fiscal 2016. The District believes that Patua Project LLC is the corporate successor-in-interest to Gradient.

Source: Nevada Department of Taxation, Division of Assessment Standards.

Property Tax Limitations

Overlapping Property Tax Caps. Article X, Section 2, of the State constitution limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county (*i.e.*, the State, and any county, city, town, school district or special district) to an amount not to exceed five cents per dollar of assessed valuation (\$5 per \$100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation in all counties of the State with certain exceptions that (a) permit a combined overlapping tax rate of up to \$4.50 per \$100 of assessed valuation in the case of certain entities that are in financial difficulties; and (b) require that \$0.02 of the statewide property tax rate of \$0.17 per \$100 of assessed valuation is not included in computing compliance with this \$3.64 cap. (This \$0.02 is, however, counted against the \$5.00 cap.) State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness (including the District's debt levy of \$0.5867) in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation; a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues school districts may receive from ad valorem property taxes for operating purposes. Pursuant to NRS 387.195, each board of county commissioners levies a tax of \$0.75 per \$100 of

assessed valuation for school district operating purposes. School districts also are allowed additional levies for voter-approved debt service and voter-approved tax overrides for capital projects.

State statutes also limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. These revenue limitations do not apply to ad valorem taxes levied to repay the Bonds, which are exempt from such ad valorem revenue limits. This rate is generally limited as follows. The assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

A local government, other than a school district, may exceed the property tax revenue limitation if the proposal is approved by its electorate at a general or special election. In addition, the Executive Director of the Department of Taxation will add to the allowed revenue from ad valorem taxes, the amount approved by the Legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. In the event sales tax estimates from the Nevada Department of Taxation exceed actual revenues available to local governments, the State local governments receiving such sales tax may levy a property tax to make up the revenue shortfall.

The County and the cities within the County are levying various tax overrides as allowed or required by State statutes.

The Nevada Tax Commission monitors the impact of tax legislation on local government services.

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship. At the November 5, 2002 election, the State's voters approved an amendment to the State constitution authorizing the State Legislature to enact a law providing for an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence.

The legislation implementing that amendment provides that the owner of a single-family residence may file a claim with the County Treasurer to postpone the payment of all or part of the property tax due against the residence if (among other requirements): the residence has an assessed value of not more than \$175,000; the property owner does not own any other real property in the State with an assessed value of more than \$30,000; the residence has been occupied by the owner for at least six months; the owner is not in bankruptcy; the owner owes no delinquent property taxes on the residence; the owner has suffered severe economic hardship caused by circumstances beyond his control (such as illness or disability expected to last for at least 12 continuous months); and the total annual income of the owner's household is at or below the federally designated poverty level. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal

years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the County Treasurer. To date, the County Treasurer has not received material requests to postpone the payment of any property tax as described above.

Required Property Tax Abatements

General. In 2005, the Legislature approved the Abatement Act (NRS 361.471 to 361.4735), which established formulas to determine whether tax abatements are required for property owners in each year. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues owed by taxpayers to a maximum of 3% per year for primary owner-occupied residential properties (and low-income housing properties) and, for all other properties, an annual percentage equal to the lesser of (a) 8% or (b) the greater of the average annual change in taxable values over the last ten years, as determined by a formula or twice the percentage of increase in the consumer price index for the immediately preceding calendar year. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year.

Generally, reductions in the amount of ad valorem property tax revenues levied in the County are required to be allocated among all of the taxing entities in the County in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. However, abatements caused by tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly. Revenues realized from new or increased ad valorem taxes that are required by any legislative act that was effective after April 6, 2005, generally are exempt from the abatement formulas. The Abatement Act provides for the recapture of previously abated property tax revenues in certain limited situations.

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. Ad valorem tax rate increases to pay debt service on the Bonds may not be exempt from the Abatement Act formulas.

General Effects of Abatement. Limitations on property tax revenues could negatively impact the finances and operations of the taxing entities in the State, including the District, to an extent that cannot be determined at this time.

Overlapping Tax Rates and General Obligation Indebtedness

Overlapping Tax Rates. The following table presents a history of statewide average tax rates and a representative overlapping tax rate for taxing districts located in Yerington, the County seat and the city in which the District's administrative offices are located.

The overlapping rates for various areas within the County vary depending on the rates imposed by applicable taxing entities. Currently, the overlapping rates in the County range from \$2.7366 to \$3.6600.

History of Statewide Average and Sample Overlapping Property Tax Rates⁽¹⁾

<u>Fiscal Year Ended June 30.</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Average Statewide rate	<u>\$3.1304</u>	<u>\$3.1212</u>	<u>\$3.1232</u>	<u>\$3.1360</u>	<u>\$3.1500</u>
Lyon County School District	\$1.3367	\$1.3367	\$1.3367	\$1.3367	\$1.3367
Lyon County	0.8644	0.9287	0.9287	0.9287	0.9287
City of Yerington	0.4044	0.4044	0.4044	0.4044	0.4044
Combined Special Districts	0.8202	0.8202	0.8202	0.8202	0.8202
State of Nevada (2)	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
TOTAL	\$3.5957	\$3.6600	\$3.6600	\$3.6600	\$3.6600

⁽¹⁾ Per \$100 of assessed valuation.

⁽²⁾ \$0.0200 of the State rate is exempt from the \$3.64 cap. See "Property Tax Limitations" above.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2012-13 through 2016-17.

Estimated Overlapping General Obligation Indebtedness. In addition to the general obligation indebtedness of the District, other taxing entities are authorized to incur general obligation debt within boundaries that overlap or partially overlap the boundaries of the District. In addition to the entities listed below, other governmental entities may overlap the District but have no general obligation debt outstanding. The following chart sets forth the estimated overlapping general obligation debt (including general obligation medium-term bonds) chargeable to property owners within the District as of July 1, 2017.

Estimated Overlapping Net General Obligation Indebtedness

<u>Entity</u> ⁽¹⁾	Total General Obligation <u>Indebtedness</u>	Presently Self-Supporting General Obligation <u>Indebtedness</u>	Net Direct General Obligation <u>Indebtedness</u>	Percent Applicable ⁽²⁾	Overlapping Net General Obligation <u>Indebtedness</u> ⁽³⁾
Lyon County	\$ 11,179,046	\$ 11,179,046	\$ --	100.00%	\$ --
Fernley	70,161,792	70,161,792	--	100.00	--
Yerington	--	--	--	100.00	--
Central Lyon Fire District	113,155	--	113,155	100.00	113,155
Silver Springs GID	--	--	--	100.00	--
Fernley Swimming Pool Dist.	--	--	--	100.00	--
State of Nevada	<u>1,379,760,000</u>	<u>295,593,000</u>	<u>1,084,167,000</u>	1.48	<u>16,043,039</u>
Total	\$1,461,213,993	\$376,933,838	\$1,084,280,155		\$16,156,194

⁽¹⁾ Other taxing entities overlap the District and may issue general obligation debt in the future.

⁽²⁾ Based on fiscal year 2017 assessed valuation in the respective jurisdiction. The percent applicable is derived by dividing the assessed valuation of the governmental entity into the assessed valuation of the District.

⁽³⁾ Overlapping Net General Obligation Indebtedness equals total existing general obligation indebtedness less presently self-supporting general obligation indebtedness times the percent applicable.

Source: Debt information compiled by the Financial Advisor; percentages calculated using information from Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2016-17; and the State Treasurer's office.

The following table sets forth the total direct and overlapping general obligation indebtedness attributable to the District as of July 1, 2017 (without taking the issuance of the Bonds and the Refunding Project into account).

Net Direct & Overlapping General Obligation Indebtedness

Total Direct General Obligation Indebtedness ⁽¹⁾	\$63,811,000
Plus: Overlapping Net General Obligation Indebtedness	<u>16,156,194</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$79,967,194

⁽¹⁾ Excluding the issuance of the Bonds and the effect of the Refunding Project. See "DEBT STRUCTURE-- Outstanding Debt and Other Obligations."

Selected Debt Ratios

The following table illustrates selected ratios for the District.

Selected Debt Ratios for the District*

Population ⁽¹⁾	53,884
Net Direct Debt ⁽²⁾	\$63,811,000
Overlapping Debt ^{(2) (3)}	<u>16,156,194</u>
Total Direct Debt & Overlapping Debt.....	\$79,967,194
Per Capita Net Direct Debt	\$1,184.23
Per Capita Net Total Direct Debt & Overlapping Debt	\$1,484.06
2018 Assessed Valuation ⁽⁴⁾	\$1,682,761,005
% Net Direct Debt to Assessed Valuation	3.79%
% Net Total Direct Debt & Overlapping Debt to Assessed Valuation	4.75%
2018 Taxable Value ⁽⁴⁾	\$4,807,888,585
% Net Direct Debt to Taxable Value	1.33%
% Net Total Direct Debt & Overlapping Debt to Taxable Value	1.60%

⁽¹⁾ 2017 estimate as of March 1, 2017. See “APPENDIX F--ECONOMIC AND DEMOGRAPHIC INFORMATION--Population and Age Distribution.”

⁽²⁾ Outstanding debt as of July 1, 2017. Does not take into account the issuance of the Bonds and the effect of the Refunding Project. See “DEBT STRUCTURE--Outstanding Debt and Other Obligations.”

⁽³⁾ Figure is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt. See the table “Estimated Overlapping Net General Obligation Indebtedness” on the preceding page.

⁽⁴⁾ Preliminary; subject to change until July 2017.

LYON COUNTY SCHOOL DISTRICT

General

All school districts in Nevada are organized under the terms of legislation enacted in 1956. There is one school district in each county with responsibility for all public education from preschool through the twelfth grade. The District's boundaries are coterminous with those of the County. According to the Nevada Department of Taxation, the estimated population of the County (and therefor the District) was 53,884 as of March 1, 2017. See "APPENDIX F--ECONOMIC AND DEMOGRAPHIC INFORMATION--Population and Age Distribution."

Board of Trustees

The District has a seven-member board of trustees. The Board meets on the fourth Tuesday of each month, except in December when the meeting is held on the second Tuesday. Trustees are elected at large to represent designated districts and serve staggered four-year terms. The Board elects a President and a Clerk from its members. Board members are limited to 12 years in office pursuant to State constitutional term limitations. The current members of the Board and their terms of office are as follows:

<u>Board Member and Title</u>	<u>District Represented</u>	<u>Expiration of Term</u>
Bridget Peterson, President	VI	2018
Holly Villines, Clerk	V	2020
Kimber LA Crabtree, Member	VII	2020
Sherry Parsons, Member	I	2020
Neal McIntyre, Member	II	2018
Charles Shirley, Member	IV	2018
John Stevens, Member	III	2020

Administration

General. The Board establishes District policy and oversees its operations. The Board appoints the Superintendent as its chief executive officer to administer the day-to-day operations of the District. The Superintendent is the chief executive officer responsible for the administration of the District in accordance with policy set by the Board. As the chief executive officer and educational leader of the District, the Superintendent oversees the administration of all curriculum, instruction, support services, personnel, fiscal operations, and facilities. In fulfilling this responsibility, the Superintendent operates through members of the administrative team who are each assigned specific functions in designated areas.

Brief biographies for the Superintendent and other District administrative personnel are set forth below.

Superintendent – Wayne Workman. Wayne Workman has been the Superintendent since July 2015. He has been employed by the District since August 2006, most recently serving as the District's Deputy Superintendent since March 2012. Mr. Workman has held the post of Director of Human Resources. He has also been a Principal and Vice Principal. Mr. Workman holds a Bachelor of Science from Utah State University and a Master of Arts from the University of Phoenix.

Director of Finance and Facilities – Shawn Heusser Shawn Heusser joined the District as its Director of Finance and Facilities on January 1, 2016. Prior to joining the District, Mr. Heusser was a Deputy Legislative Auditor for the Nevada Legislature since 1998. Mr. Heusser is licensed as a Certified Internal Auditor. Mr. Heusser has a Masters of Public Administration from Brigham Young University.

Facilities

The District operates eight elementary schools, five middle schools, four high schools and one K-12 school, which are distributed among five communities. It also provides educational services to Eagle Ridge High School, a detention center for troubled middle school and high school age children.

Enrollment

The following table shows an enrollment history for the District.

Enrollment History

Academic Year	2012-13	2013-14	2014-15	2015-16	2016-17
Pre-Kindergarten	78	67	67	111	434 ⁽¹⁾
Kindergarten	634	651	604	575	627
1st - 4th Grade	2,441	2,511	2,544	2,582	2,651
5th - 8th Grade	2,486	2,506	2,559	2,574	2,609
9th - 12th Grade	2,836	2,373	2,308	2,328	2,359
Total	8,025	8,108	8,082	8,170	8,680

Source: The District.

- ⁽¹⁾ Pre-K was made available at all the Elementary schools in the district with the exception of Smith Valley, leading to a big jump in the number of pre-kindergarten students and in enrollment overall.

Employee Relations and Pension Benefits

Employee Relations. As of July 1, 2017, the District had 1,087 permanent employees. The District is an equal opportunity/affirmative action employer with three employee bargaining units that cover licensed teachers, most classified personnel, and administrators. The Lyon County Education Association represents non-administrative licensed employees, the Nevada Classified School Employees Association Local 6181 AFT, AFL-CIO, Lyon Chapter 7 represents all non-supervisory or confidential classified employees, and the Lyon County Administrator Association represents administrators. Due to the Nevada Legislature not completing the 2017 Legislative Session until June 2017, negotiations on new contracts for all bargaining units will be held from July 31, 2017 through August 10, 2017, for contracts from July 1, 2017, through June 30, 2019, except that each contract provides for the reopening of pay considerations if economic conditions warrant. The District considers its relations with its employees to be satisfactory.

Benefits. The District offers employees working 25 or more hours per week health care, dental, vision and life insurance; the District pays the cost for the employee and the

employee pays for any dependents. The District also offers supplemental insurance policies (i.e., disability) at full cost to the employees.

Pension Matters. The State Public Employees' Retirement System ("PERS") covers substantially all public employees of the State, its agencies and its political subdivisions, including the District. PERS, established by the Legislature effective July 1, 1948, is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor. Retirement Board members serve for a term of four years. **Except for certain District specific information set forth below, the information in this section has been obtained from publicly-available documents provided by PERS. The District has not independently verified the information obtained from the publicly available documents provided by PERS and is not responsible for its accuracy.**

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits, and death benefits. PERS has several tiers based on legislative changes effective with membership dates. The following table illustrates the PERS service credit multiplier.

PERS Benefit Multiplier

Membership Date	<u>Service Credit Multiplier</u>				Highest Contiguous Average Over
	Before 07/01/01	After 07/01/01	After 01/01/10	After 07/01/15	
Before July 1, 2001	2.50%	2.67%	2.67%	2.67%	36 months
After July 1, 2001, before January 1, 2010	--	2.67%	2.67%	2.67%	36 months
After January 1, 2010, before July 1, 2015	--	--	2.50%	2.50%	36 months
After July 1, 2015	--	--	--	2.25%	36 months

Similarly, legislative changes have created several tiers of retirement eligibility thresholds. The following table illustrates the PERS retirement eligibility thresholds.

Nevada PERS Retirement Eligibility

Membership Date	Regular		Police/Fire	
	Age	Years of Service	Age	Years of Service
Before January 1, 2010	65	5	65	5
	60	10	55	10
	Any	30	50	20
			Any	25
After January 1, 2010, before July 1, 2015	65	5	65	5
	62	10	60	10
	Any	30	50	20
			Any	30
After July 1, 2015	65	5	65	5
	62	10	60	10
	55	30	50	20
	Any	33 1/3	Any	33 1/3

Nevada law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability (“UAAL”) and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer and employee contribution rates are established in cycle with the State’s biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system actually performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2016. The following table reflects some of the key valuation results from the last three PERS’ actuary studies:

PERS Actuarial Report

Key Valuation Results	June 30, 2016	June 30, 2015	June 30, 2014
UAAL	\$12.56 billion	\$12.35 billion	\$12.53 billion
Market Value Funding Ratio	72.2%	75.1%	76.3%
Actuarial Value Funding Ratio	74.1%	73.2%	71.5%
Assets Market Value	\$35.00 billion	\$34.61 billion	\$33.58 billion
Assets Actuarial Value	\$35.90 billion	\$33.72 billion	\$31.47 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses.

For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board Statement (“GASB”) No. 67, Financial Reporting for Pension Plans-an amendment of GASB Statement No. 25 (“GASB 67”). GASB 67 replaces the requirements of GASB Statement Nos. 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB 67 is to

improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans.

Prior to these new standards, the accounting and reporting requirements of the pension related liabilities followed a long-term funding policy perspective. The new standards separate the accounting and reporting requirements from the funding decisions and require the unfunded portion of the pension liability to be apportioned among the participating employers. These standards apply for financial reporting purposes only and do not apply to contribution amounts for pension funding purposes.

With the implementation of GASB 67, PERS reported its total pension liability, fiduciary net position, and net pension liability in its Comprehensive Annual Financial Report for the fiscal years ended June 30, 2014 and 2015. The total pension liability for financial reporting was determined on the same basis as the Actuarial Accrued Liability measure for funding. The fiduciary net position is equal to the market value of assets.

Effective with fiscal year 2015, the District was required to apply the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27* (“GASB 68”), to its audited financial statements. Among other requirements, the District was required to report its proportionate share of the total PERS net pension liability in its financial statements.

The following presents the net pension liability of PERS as of June 30, 2015 and the District’s proportionate share of the net pension liability of PERS as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage-point lower (7.00%) or one percentage point higher (9.00%) than the current discount rate:

Net Pension Liability

	<u>1% Decrease in Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
PERS Net Pension Liability	\$17,461,886,995	\$11,459,436,845	\$6,467,980,371
District Share of PERS Net Pension Liability	\$129,384,875	\$84,909,369 ¹	\$47,924,880

The following represents the net pension liability of PERS as of June 30, 2016. The District’s proportionate share has not yet been determined.

Net Pension Liability

	<u>1% Decrease in Discount Rate (7%)</u>	<u>Discount Rate (8%)</u>	<u>1% Increase in Discount Rate (9%)</u>
PERS Net Pension Liability	\$19,725,527,478	\$13,457,132,664	\$8,241,905,366

Contribution rates to PERS are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The State Legislature can increase the contribution rate for members by any amount it determines

necessary. Pursuant to statute, there is no obligation on the part of the employers to pay for their proportionate share of the unfunded liability. The District is obligated to contribute all amounts due under PERS. A history of contribution rates, as a percentage of payroll, is shown below.

Contribution Rates

	<u>Fiscal Years 2008 and 2009</u>	<u>Fiscal Years 2010 and 2011</u>	<u>Fiscal Years 2012 and 2013</u>	<u>Fiscal Years 2014 and 2015</u>	<u>Fiscal Years 2016 and 2017</u>
Regular members					
Employer-pay plan	20.50%	21.50%	23.75%	25.75%	28.00%

The District's contributions to PERS for the years ended June 30, 2016 through 2012, inclusive, were \$11,410,032, \$11,237,444, \$10,046,379, \$9,211,845, and \$9,176,286 respectively; those amounts equaled the contributions required by law. The District estimates contributing \$11,644,938 to PERS for the fiscal year ending June 30, 2017, and has budgeted to contribute \$11,877,837 to PERS for the fiscal year ending June 30, 2018.

See Note 9 in the audited financial statements attached hereto as Appendix A for a summary description of PERS. In addition, copies of the most recent audited financial statements for PERS are available from the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, 775-687-4200.

Other Post-Employment Benefits ("OPEB"). The District contributes to the Nevada Public Employees' Benefits Plan (PEBP), an agent multiple-employer defined benefit plan, which provides medical benefits to eligible retired District employees and their beneficiaries. PEBP is administered by the Board of the Public Employee's Benefits Program, consisting of nine appointed members. Before November 30, 2008, NRS 287.023 allowed retirees of local governments meeting established criteria to enroll in the PEBP and required local governments to subsidize the cost of their retirees' premiums. Although retirees may no longer enroll in the PEBP, retirees enrolled as of November 30, 2008 may remain in the plan with continued premium subsidies paid by the District. The PEBP issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Benefit Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701. The information is also available on their website at www.pebp.state.nv.us or by calling (800) 326-5496.

The contribution requirements of plan members and the District are established and maybe amended by the Board of Public Employees' Benefits Program. The amount of subsidy an individual retiree is entitled is predicated on the years of service and a legislatively determined base amount. The District is billed monthly for the subsidies for District retirees.

The District also administers a single-employer defined benefit Healthcare Plan (LCHCP). This plan provides postemployment healthcare and life insurance benefits to retirees of the District. Any retiree that participates in the Nevada Public Employees' Retirement System (PERS) may purchase coverage for themselves and dependents at the same premium charged active employees. Because retirees pay the same premium as active employees rather than a higher rate that would result from rating retirees as a separate insured group, the District incurs the cost of an implicit premium subsidy. A separate report was not issued for the plan.

Membership of the LCHCP consisted of 965 active plan members and 51 retirees as of June 30, 2016, the date of the latest actuarial valuation, which is the most recent data available.

Retirees electing to continue coverage under the LCHCP must pay the full cost of premiums. The District pays the full cost of the premiums for active employees and, therefore, pays the implicit cost of retirees' coverage. The District has elected to pay the implicit cost of postemployment benefits on the pay-as-you-go basis.

The annual required contribution rate was 0.951% of payroll for the last actuarial valuation dated June 30, 2016. The District obtains healthcare and life insurance coverage through private insurers. NRS 288.150 specifies insurance benefits are subject to mandatory bargaining. The current agreements with employee associations provide for a committee to review and make recommendations to plan design and the selection of insurers to the Board of Trustees.

The District's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. Information regarding the District's OPEB cost for the current year, the components of that cost and any offsetting amounts (i.e. contributions) was not available at the time these financial statements were prepared; therefore, there is not sufficient information to report what the change in the net OPEB obligation would be had that information been available.

The District's net OPEB obligation as of June 30, 2015 was a surplus of \$445 for the PEBP plan and \$8,358,622 for the LCHCP plan, for total of \$8,358,177.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2013 – 2016 were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	1,322,119	46.2%	7,002,829
2014	1,013,807	49.4%	7,494,642
2015	1,050,831	47.7%	8,044,644
2016	798,464	60.7%	8,358,177

As of June 30, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability was \$2,110,015 for the LCHCP plan and \$5,864,992 for the PEBP plan. The covered payroll was approximately \$43,919,400 and the ratio of unfunded actuarial accrued liability to payroll was 4.8 percent for LCHCP. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of

plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

See Note 10 and the Required Supplemental Information in the audited financial statements attached to this Official Statement as Appendix A for a further description of the funding progress, actuarial methods and assumptions and other information related to the District's OPEB obligations.

Compliance with Federal Laws; Federal Budget Sequestration

As a public entity, the District is subject to various federal laws, including those relating to environmental matters, accommodation of those with disabilities and compliance with federal affordable healthcare requirements. The District also is subject to federal laws and regulations related to certain of its educational programs and is subject, to various degrees, to legislation reducing grants or payments associated with those programs. The laws described above and other federal laws presently in effect or enacted in the future may require the expenditure of funds on programs without necessarily providing sufficient resources (in the form of federal grants or otherwise) to pay for the mandates of those requirements. The District cannot predict the ultimate effect of current or future federal legislation on the District.

The District is subject to developments at the federal level with respect to the Budget Control Act of 2011. Included in that amount are cuts to education spending, including Title I, Individuals with Disabilities Education Act ("IDEA"), Title II, and numerous grant programs available to school districts. The various federal programs are subject to varying degrees of reduction due to sequestration. The District has previously budgeted for known federal cuts. Additional budgetary revisions may be necessary in the future if additional cuts are made at the federal level.

DISTRICT FINANCIAL INFORMATION

Budgeting

Prior to April 15 of each year, the District is required to submit to the State Department of Taxation the tentative budget for the next fiscal year which commences on July 1. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, the State Department of Taxation is required to notify the District upon its acceptance of the budget.

Following acceptance of the proposed budget by the State Department of Taxation, the Board is required to conduct public hearings not sooner than the third Monday in May and not later than the last day in May. The Board normally is required to adopt the final budget on or before June 8. On or before January 1, the Board may adopt an amended final budget reflecting any adjustments necessary as a result of the complete count of students.

The District is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the Board. Increases to a fund's budget other than by transfers are accomplished through formal action of the Board. With the exception of monies appropriated for specific capital projects or Federal and State grant expenditures, all unencumbered appropriations lapse at the end of the fiscal year.

Accounting

All governmental funds are accounted for using the modified accrual basis of accounting in which revenues are recognized when they become measurable and available as net current assets. Sales and use taxes, hotel room taxes, real property transfer taxes and governmental services taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue for the period in which the underlying transaction occurs. Ad valorem taxes are recognized as revenue when due and collected from the taxpayer within 60 days of the fiscal year end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is principal and interest on general long term debt which are recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting in which revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Annual Reports

The District prepares a Comprehensive Annual Financial Report (the "CAFR") setting forth the financial condition of the District as of June 30 of each fiscal year. The CAFR, which includes the District's audited basic financial statements, constitutes the official financial report of the District. It is prepared using generally accepted accounting principles ("GAAP"). The latest completed CAFR is for the year ended June 30, 2016. See Note 1 in the audited basic financial statements attached hereto as Appendix A for a summary of the District's significant accounting policies.

The audited basic financial statements for the year ended June 30, 2016, which are attached hereto as Appendix A, are excerpted from the CAFR and represent the most recent audited financial statements of the District. Financial statements for prior years may be obtained from the sources listed in “INTRODUCTION--Additional Information.”

Achievement Charter School Legislation

During the 2015 legislative session, the Nevada legislature adopted, and the Governor signed, Assembly Bill 448, codified at Chapter 539, Statutes of Nevada 2015 (“Chapter 539”) with an effective date of July 1, 2016. Chapter 539 establishes the Achievement School District within the State Department of Education and authorizes certain underperforming schools to be converted to achievement charter schools sponsored by the Achievement School District. Pursuant to Chapter 539, the State Department of Education is authorized to select annually up to six schools in the State for conversion to achievement charter schools. Chapter 539 provides in part that an achievement charter school must continue to operate in the same building in which the school operated before being converted to an achievement charter school. The costs of achievement charter schools are generally funded from the sources that otherwise have been used by the county school district to fund the costs of the school, including through an apportionment of funds from the State Distributive School Fund based on the students in the achievement charter school. The board of trustees of the school district in which the achievement charter school is located must provide the use of the school building without compensation. In addition, while the school is operated as an achievement charter school, the governing body of the achievement charter school is to required pay all costs related to the maintenance and operation of the building and the board of trustees of the school district is required to pay all capital expenses. It is not possible to predict at this time what impact Chapter 539 will have on the District’s finances, except that it will not impact the District’s \$0.5867 per \$100 assessed valuation property tax imposed for debt repayment purposes.

General Fund

General. The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. Included are all transactions related to the approved current operating budget, its accompanying revenue, expenditures and encumbrances, and its related asset, liability, and fund equity accounts.

Sources of Funding. The operating revenues of school districts in Nevada are derived primarily from local and State sources. The districts also receive other miscellaneous and federal revenues.

Local Sources. The District’s local operating revenue sources are comprised largely of a countywide \$0.75 ad valorem property tax and the Local School Support sales and use taxes (the “LSST”), a sales and use tax currently equal 2.60% of taxable sales.

The District received \$8,905,508 (13.9% of General Fund revenues) from the property tax and \$9,405,364 (14.7% of General Fund revenues) from the LSST in fiscal year 2015, and received \$9,184,092 (14.7% of General Fund revenues) from the property tax and \$9,265,802 (14.2% of General Fund revenues) from the LSST in 2016. The District estimates receiving \$9,179,158 from the property tax and \$10,075,027 from the LSST for fiscal year 2017.

The District has budgeted to receive \$9,510,035 from the property tax and \$9,933,512 from the LSST for fiscal year 2018.

Other local operating sources to the General Fund include governmental services taxes (taxes imposed on licensing of motor vehicles), earnings on investments, utility franchise fees and other local revenues.

State Sources. State revenue sources consist primarily of payments from the State Distributive School Account (the “DSA”) received pursuant to the Nevada Plan for School Finance (the “School Finance Plan” or the “Nevada Plan”). The revenue for the DSA is received from the following five sources: (a) appropriation from the State General Fund; (b) a portion of the annual excise tax of \$250 for each slot machine operated in the State; (c) revenue from mineral leases on federal land; (d) interest earned on the Permanent School Fund established by the State Constitution; and (e) sales tax currently at a rate of 2.60% on out-of-state sales that cannot be attributed to a particular county.

Each school district’s share of State aid is set by the Legislature for the biennium in accordance with a formula set forth in the School Finance Plan. The School Finance Plan was adopted by the State Legislature in 1967 to compensate for wide local variations in resources and in cost per pupil. It is designed to provide reasonable equal educational opportunity and can be expressed in a formula partially on a per-pupil basis and partially on a per-program basis. The formula in the School Finance Plan contains four basic calculations: equalized basic support ratios, wealth adjustment factors, transportation allotments, and guaranteed basic support. To protect districts during times of declining enrollment, State law contains a “hold-harmless” provision which provides that the guaranteed level of funding is based on the higher of the current or the previous year’s enrollment (unless the decline in enrollment is more than 5%, in which case the funding is based on the higher of the current or the previous two years’ enrollment). The State has experienced substantial budget shortfalls between 2009 to 2013 and had previously been unable to fulfill the guarantee and had previously reduced overall school funding in special and regular sessions of the Legislature.

The amounts of per-pupil State guaranteed support for the District for fiscal years 2012, 2013, 2014, 2015, 2016 and 2017 were \$6,376, \$6,715, \$7,082, \$7,186, \$7,246, and \$7,316 respectively. The District received \$43,558,821, \$43,368,113, and \$44,370,827 from DSA revenue in fiscal years 2014 through 2016, respectively, accounting for approximately 69.8%, 67.8%, and 68.1% of General Fund revenues. The District estimates receiving \$45,363,586 in DSA revenue for fiscal year 2017. The District has budgeted to receive \$47,446,427 in DSA revenue for fiscal year 2018 based on an estimated per-pupil State guaranteed support amount of \$7,250. The State Legislature approved a per-pupil State guaranteed support amount of \$7,400.

The School Finance Plan provides a substantial guarantee of revenue support for the District’s General Fund budget. Under the School Finance Plan, the District is generally protected from fluctuations in receipts of the LSST (see “Local Sources” above) and from fluctuations in receipts with respect to one-third of the revenues generated by the \$0.75 (*i.e.*, as to \$0.25) property tax levy for operating purposes (see “Local Sources” above) by virtue of the State’s guarantee of such receipts from those tax sources to the District. The effect of this guarantee is that over 75% of the District’s budgeted General Fund revenue is statutorily fixed as a State obligation and is therefore not generally subject to revenue fluctuations during the course

of the school year. See “PROPERTY TAX INFORMATION--Required Property Tax Abatements.”

The Legislature may amend the provisions of the School Finance Plan at any time, including the various funding formulas embedded within it, and has done so on numerous occasions in the past. It is likely that the School Finance Plan will be amended in the future; there is no assurance that such amendments will not result in reduced funding to the District.

General Fund History of Revenues, Expenditures and Changes in Fund Balance

General. The following table provides a history of the financial operations for the District’s General Fund for fiscal years 2013 to 2016, derived from the District’s audited Financial Statements for those years. The table also provides estimated fiscal year 2017 information (contained within the District’s fiscal year 2018 budget) and 2018 budget information. The information in this table should be read together with the District’s audited financial statements for the year ended June 30, 2016, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in “INTRODUCTION--Additional Information.”

GASB 54. Effective for fiscal year 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (“GASB 54”). GASB 54 changed the way the District reports fund balance classifications and restrictions. As prescribed by GASB 54, the governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

The District’s General Fund balance is categorized as “Nonspendable” and “Assigned” and “Unassigned.” GASB 54 also allows fund balance to be categorized as “Restricted” and “Committed.” Generally, “Nonspendable” fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable. “Assigned” fund balance includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the District Board of Trustees or (b) the Director of Finance and Facilities. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed. “Unassigned” fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the other four categories.

General Fund History of Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ending June 30,	2013 Audited	2014 Audited	2015 Audited	2016 Audited	2017 Estimated	2018 Budgeted
Revenues						
Property taxes	\$ 8,868,076	\$8,130,287	\$8,905,508	\$9,265,802	\$9,179,158	\$9,510,935
Sales taxes	6,489,811	8,774,339	9,405,364	9,184,092	10,075,027	9,933,512
Other local sources	2,862,460	1,709,896	1,901,786	2,077,340	2,028,546	2,037,330
State sources	42,849,751	43,558,821	43,368,113	44,499,368	45,492,127	47,574,427
Federal sources	<u>161,350</u>	<u>193,202</u>	<u>303,369</u>	<u>132,665</u>	<u>475,000</u>	<u>325,000</u>
Total revenues	<u>61,231,448</u>	<u>62,366,545</u>	<u>63,884,140</u>	<u>65,159,267</u>	<u>67,248,858</u>	<u>69,381,745</u>
Expenditures						
Instruction:						
Regular instruction	24,332,419	25,062,558	25,631,018	26,448,832	27,263,576	28,734,783
Special instruction	160,038	158,336	168,793	227,485	230,034	241,682
Vocational instruction	1,445,117	1,355,268	1,409,608	1,436,643	1,510,235	1,508,861
Other instruction	1,740,771	1,618,832	1,620,806	1,628,609	1,647,260	1,720,009
Extra-curricular activities	1,081,770	1,088,098	1,530,905	1,540,213	1,606,619	1,605,234
Support Services:						
Student support	2,604,173	2,565,838	2,633,437	2,624,128	2,792,638	2,722,030
Instructional staff support	2,225,301	1,944,594	2,043,661	1,815,127	1,906,348	1,820,523
General administration	1,395,683	1,316,298	1,767,876	1,535,103	1,503,394	1,442,303
School administration	5,909,661	6,145,713	6,330,826	6,573,294	6,707,825	6,960,637
Central services	2,867,807	2,975,791	3,272,511	3,690,822	3,632,816	3,671,737
Operation and maintenance	7,510,711	7,568,850	7,453,301	7,465,448	7,965,545	7,600,806
Student transportation	2,958,083	3,120,558	2,862,604	3,090,106	3,929,672	4,007,722
Other support services	--	--	--	--	--	--
Noninstructional services:	--	--	--	--	--	--
Parent and community service	--	--	--	--	--	--
Facilities acquisition and construction	--	--	--	--	49,000	27,700
Contingency (budget item only)	--	--	--	--	<u>500,000</u>	<u>500,000</u>
Total expenditures	<u>54,231,534</u>	<u>54,920,734</u>	<u>56,725,346</u>	<u>58,085,769</u>	<u>60,229,000</u>	<u>61,564,027</u>
Excess of revenues over expenditures	<u>6,999,914</u>	<u>7,445,811</u>	<u>7,158,794</u>	<u>7,073,498</u>	<u>7,019,858</u>	<u>7,817,718</u>
Other Financing Sources (Uses) ⁽¹⁾						
Proceeds from sale of fixed assets	--	--	--	--	--	--
Transfers in	--	429,244	--	--	--	--
Transfers out ⁽¹⁾	<u>(7,700,000)</u>	<u>(8,140,000)</u>	<u>(8,000,000)</u>	(6,070,812)	(7,800,000)	(8,100,000)
Total other financing sources (uses)	<u>(7,700,000)</u>	<u>(7,710,756)</u>	<u>(8,000,000)</u>	(6,070,812)	(7,800,000)	(8,100,000)
Net change in fund balances	(700,086)	(264,945)	(841,206)	1,002,686	(1,725,141)	(1,282,282)
Fund balance as of July 1 ⁽²⁾	<u>6,496,701</u>	<u>5,796,615</u>	<u>5,531,670</u>	<u>4,690,464</u>	<u>5,693,150</u>	<u>3,914,009⁽²⁾</u>
Fund balance as of June 30	<u>\$5,796,615</u>	<u>\$5,531,670</u>	<u>\$4,690,464</u>	<u>5,693,150</u>	<u>3,914,009⁽²⁾</u>	<u>2,631,727⁽²⁾</u>
Nonspendable in form	\$ 89,397	\$ 18,443	\$ 35,365	26,920	--	--
Assigned	2,573,667	2,573,667	--	989,867	871,840	--
Unassigned	3,133,551	2,939,560	4,655,099	4,676,363	5,672,828	2,631,727

⁽¹⁾ Comprised primarily of transfers to the Special Education Fund for special education programs.

⁽²⁾ Estimated ending fund balance for fiscal year 2017, and budgeted beginning fund balance and ending fund balance for fiscal year 2018 taken directly from the fiscal year 2018 Final Budget; such balances may not correspond with rest of table including, without limitation, net change in fund balances for fiscal years 2017 and 2018.

Source: Derived from the District's audited Financial Statements for fiscal years 2013 through 2016 and the District's 2018 Final Budget for the estimated fiscal year 2017 information and the budgeted 2018 information.

Debt Service Fund

The Debt Service Fund is used to accumulate funds for payment of principal and interest on general obligation bonds and other District obligations. The Reserve Account required by NRS 350.020 (described under "SECURITY FOR THE BONDS--Reserve Account") is accounted for as part of the fund balance in the Debt Service Fund.

The following table provides a history of the financial operations for the District's Debt Service Fund for fiscal years 2013 to 2016. The information for fiscal years 2013 through 2016 was derived from the District's audited Financial Statements for those years. The table also provides estimated fiscal year 2017 information (contained within the District's fiscal year 2018 budget) and 2018 budget information. The information in this table should be read together with the District's audited financial statements for the year ended June 30, 2016, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

Debt Service Fund History of Revenues, Expenses and Changes in Fund Balance

Fiscal Year Ending June 30,	2013 Audited	2014 Audited	2015 Audited	2016 ⁽¹⁾ Audited	2017 ⁽¹⁾ Estimated	2018 Budgeted
Revenues						
Property taxes	\$6,937,235	\$6,389,563	6,828,970	7,305,327	7,180,550	7,440,076
Investment earnings	94	67,973	34,310	63,910	40,000	15,000
Other local sources	--	--	--	--	--	--
Federal sources	<u>442,838</u>	<u>203,130</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Revenues	<u>7,380,167</u>	<u>6,660,666</u>	<u>6,863,280</u>	<u>7,369,237</u>	<u>7,220,550</u>	<u>7,455,076</u>
Expenditures						
Principal ⁽¹⁾	3,705,000	4,075,000	4,430,000	4,560,000	6,370,000	5,414,000
Interest ⁽¹⁾	3,510,226	3,038,914	1,943,298	2,068,018	2,083,501	1,941,656
Other (purchased services)	<u>22,643</u>	<u>60,961</u>	<u>50,786</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>7,237,869</u>	<u>7,174,875</u>	<u>6,424,084</u>	<u>6,634,218</u>	<u>8,453,501</u>	<u>7,355,656</u>
Excess/(Deficiency) of Revenues Over (Under) Expenditures	<u>142,298</u>	<u>(514,209)</u>	<u>439,196</u>	<u>735,019</u>	<u>1,232,951</u>	<u>99,420</u>
Other Financing Sources/Uses						
Proceeds from bond sales	--	21,705,000	15,035,000	--	--	--
Bond premium	--	--	--	--	--	--
Payment to bond escrow agent	<u>--</u>	<u>(21,120,000)</u>	<u>14,944,879</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>--</u>	<u>585,000</u>	<u>90,121</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	142,298	70,791	529,317	735,019	1,232,951	99,420
Fund balance, July 1 ⁽¹⁾	<u>4,222,628</u>	<u>4,364,926</u>	<u>4,435,717</u>	<u>4,965,034</u>	<u>5,700,053</u>	<u>4,467,102</u>
Fund balance, June 30	<u>4,364,926</u>	<u>4,435,717</u>	<u>4,965,034</u>	<u>5,700,053</u>	<u>4,467,522</u>	<u>4,566,522</u>

⁽¹⁾ Beginning on November 7, 2016 and until November 7, 2026, excess moneys in the Debt Service Fund may be transferred to the capital projects fund and used for capital projects of the District on a pay-as-you go basis.

Source: Derived from the District's audited Financial Statements for fiscal years 2013 through 2016 and the District's 2018 Final Budget for the estimated fiscal year 2017 information and the budgeted 2018 information.

Management's Discussion and Analysis

An overview of the financial activity and overall financial condition of the District for the fiscal year ended June 30, 2016, is presented in the "Management's Discussion and Analysis" section of the audited financial statements attached to this Official Statement as Appendix A. The Management's Discussion and Analysis includes a general description of the District's funds and pertinent results in those funds, a government-wide financial analysis, a brief discussion of economic and budget factors impacting the 2015 fiscal year and other information, including information about State financial difficulties and declining enrollment in the District. Unless discussed in "Analysis of Recent Financial Developments" or elsewhere in this Official Statement, the District is not aware of any material adverse change in its financial condition since June 30, 2016.

Analysis of Recent Financial Developments

Fiscal Year 2018 Budget. The fiscal year 2018 budget was developed prior to the adoption of the State budget with a per-pupil State guaranteed support amount of \$7,250. Based on this estimate, revenue is expected to increase by \$2.1 million from fiscal year 2017 due in part to an anticipated enrollment increase of approximately 100 students. The District approved its final budget on May 23, 2017. When the State budget was adopted in June 2017 the per-pupil State guaranteed support amount was set at \$7,400 for fiscal year 2018. This increased level of funding is estimated to result in approximately \$1,200,000 of additional revenue. The District intends to augment its budget in December 2017 after the conclusion of the fiscal year 2017 audit. District management continues to be proactive in looking for ways to decrease spending through added efficiencies.

Discussion of Recent Developments. State budgets are affected by national and state economic conditions and other factors over which the District has no control. The State's economy has shown modest recovery from the depths of the 2007-09 recession. The District cannot predict what actions will be taken in the future by the Legislature and the Governor to address future budget deficits and there can be no assurance that the State's financial difficulties will not materially adversely affect the financial condition of the District. The Nevada school funding formula guarantees the majority of operating revenues by making up any shortfall in property tax and local school support tax (sales tax) collections. Therefore, the State's economy and political climate is of greater importance than the local economy when projecting future operating revenues.

On a positive side, economic indicators for Lyon County have been favorable with regional economic activity leading to increased employment opportunities. The County's unemployment rate has dropped from 14.8% in 2012 to 6.5% through April, 2017. See "APPENDIX F--ECONOMIC AND DEMOGRAPHIC INFORMATION--Income--Average Annual Labor Force Summary." Further, after 5 consecutive years of decreasing property values, Lyon County experienced an increase of 19.1% during fiscal year 2015, an increase of 7.3% during fiscal year 2016, an increase of 2.7% for fiscal year 2017, and an increase of 7.5% for fiscal year 2018 (preliminary; subject to change until July 2018). In addition, while the District experienced decreases in student enrollment from 2008 through 2015, the enrollment is expected to experience modest growth over the next 10 years.

Risk Management

The District, like all governmental entities, is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance coverages to protect itself against these losses.

Property and Liability. The District's property and liability insurance policy includes a self-insured retention provision whereby the District is responsible for claims up to \$25,000 per occurrence. Claims are paid from the insurance loss fund, which had a fund balance of \$122,197 as of June 30, 2017. If needed, the insurance loss fund is supplemented by transfers from the General Fund; the amount of an annual operating transfer, if any, is based on historical claims information and the insurance loss fund's current balance. No General Fund transfers were required in 2017 and none are budgeted for 2018. Settlement amounts have not exceeded insurance coverage for the current or the three prior years. See Note 8 in the audited financial statements attached hereto as Appendix A.

Self-Insured Workers Compensation and Unemployment Plans. The District maintains self-insurance plans for unemployment benefits and workers compensation benefits paid due to work related injuries. The program is accounted for in the employee compensation protection fund along with transactions related to unemployment benefits. Under the self-insured program, the District contracts with a third party administrator to process claims and purchased reinsurance to cover individual claims that exceed \$250,000. As of June 30, 2017, the Employees' Unemployment Insurance Fund and Workers Compensation Insurance Fund had reserves of \$355,127 and \$1,287,682, respectively. The current liability for incurred but unreported claims is \$1,044,000 as determined by an independent actuary. Interfund premiums are based on rates expected to meet current expenditures and fund the liability for incurred but unreported claims. See Note 8 in the audited financial statements attached hereto as Appendix A.

In the opinion of the District's Director of Finance and Facilities, the District's insurance coverages provide adequate insurance protection for the District.

DEBT STRUCTURE

Debt Limitation

State statutes limit the aggregate principal amount of the District's general obligation debt to 15% of the District's total assessed valuation. The following table presents a record of the District's outstanding general obligation indebtedness with respect to its statutory debt limitation.

Statutory Debt Limitation

Fiscal Year Ended June 30	Assessed Valuation ⁽¹⁾	Debt Limit	Outstanding and Proposed Obligation Debt General	Additional Statutory Debt Capacity
2013	1,220,795,178	183,119,277	73,660,000	109,459,277
2014	1,193,638,395	179,045,759	70,170,000	108,875,759
2015	1,421,732,302	213,259,845	66,670,000	146,589,845
2016	1,524,874,295	228,731,144	70,110,000	158,621,144
2017 ⁽¹⁾	1,560,300,781	234,045,117	63,811,000 ⁽²⁾	170,234,117 ⁽²⁾
2018 ⁽¹⁾	1,678,550,218	251,782,533	63,811,000 ⁽²⁾	187,971,533 ⁽²⁾

(1) As of July 1, 2017.

(2) Does not take into account the issuance of the Bonds and the effect of the Refunding Project.

Source: State Department of Taxation, Property Tax Rates for Nevada Local Governments, fiscal years 2013-18, and the District.

Outstanding Debt and Other Obligations

Outstanding General Obligation Bonds. The following table presents the outstanding general obligation indebtedness of the District as of July 1, 2017. This table does not take into account the issuance of the Bonds and the effect of the Refunding Project. This table will be updated in the final Official Statement to reflect the issuance of the Bonds and the effect of the Refunding Project, which Refunding Project is being undertaken for net present value savings.

Outstanding Debt and Other Obligations⁽¹⁾

<u>GENERAL OBLIGATION BONDS⁽²⁾</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Building Bonds, Series 2005	09/20/05	04/01/25	\$ 13,000,000	\$ 4,595,000
Improvement & Refunding Bonds, Series 2010B	08/10/10	06/01/30	5,050,000	2,460,000
School Improvement Bonds, Series 2011	06/21/11	06/01/26	5,000,000	4,105,000
Improvement & Refunding Bonds, Series 2012A	04/11/12	06/01/24	7,955,000	6,800,000
Refunding Bonds, Series 2013A	03/13/13	04/01/25	9,765,000	8,375,000
Refunding Bonds, Series 2013B	10/15/13	06/01/29	21,705,000	18,120,000
School Improvement Bonds, Series 2015	12/10/15	06/01/23	1,600,000	1,505,000
Improvement & Refunding Bonds, Series 2016A	06/20/16	04/01/36	6,400,000	6,400,000
Refunding Bonds, Series 2017B	04/03/17	04/01/38	11,451,000	<u>11,451,000</u>
<u>TOTAL</u>				<u>\$63,811,000</u>

⁽¹⁾ As of July 1, 2017. Does not take into account the issuance of the Bonds and the effect of the Refunding Project.

⁽²⁾ General obligation bonds secured by the full faith, credit and taxing power of the District. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit.

Source: The District.

Additional Bonds. The District may issue general obligation bonds by means of authority granted to it by its electorate or the Legislature or, under certain circumstances, without an election as provided in existing statutes. During the 2015 Nevada Legislative Session, SB 119 and SB 207 were passed that extended the District's authority, granted in 2006, to issue bonds against the local property tax debt rate for the next ten years (i.e., through November 7, 2026). The District does not currently plan to issue additional general obligation bonds within the next six months; however, it reserves the right to do so at any time.

Other Obligations. From time to time, the District enters into capital and operating leases for items such as office equipment. The District also records liabilities for its OPEB costs, accrued vacation payable and estimated incentive plan leave accumulation. See Note 7 in the audited financial statements attached hereto as Appendix A for more information.

Total Debt Service Requirements - General Obligation Bonds

The following table illustrates the estimated debt service requirements for the District's outstanding general obligation bonds repaid by the debt service property tax levy as of July 1, 2017. This table does not take the issuance of the Bonds into account, nor does it account for the effect of the Refunding Project. This table will be updated in the final Official Statement to reflect the issuance of the Bonds and the effect of the Refunding Project, which Refunding Project is being undertaken for net present value savings.

Outstanding Debt Service Requirements

Fiscal Year Ended June 30	General Obligation Bonds ⁽¹⁾		
	Principal	Interest	Total
2018	5,414,000	1,941,601	7,355,601
2019	5,616,000	1,795,136	7,411,136
2020	5,821,000	1,633,840	7,454,840
2021	6,224,000	1,466,164	7,690,164
2022	6,513,000	1,283,699	7,796,699
2023	5,918,000	1,082,852	7,000,852
2024	5,247,000	904,024	6,151,024
2025	5,417,000	742,040	6,159,040
2026	3,791,000	573,865	4,364,865
2027	3,365,000	447,326	3,812,326
2028	3,475,000	339,683	3,814,683
2029	2,655,000	228,445	2,883,445
2030	855,000	136,713	991,713
2031	745,000	108,138	853,138
2032	755,000	84,563	839,563
2033	500,000	60,000	560,000
2034	500,000	45,000	545,000
2035	500,000	30,000	530,000
2036	500,000	15,000	515,000
Total	\$63,811,000	\$12,918,086 ⁽²⁾	\$76,729,086 ⁽²⁾

⁽¹⁾ Includes total principal and interest payments due on the District's outstanding bonds in each fiscal year. Does not take into account the issuance of the Bonds and the effect of the Refunding Project.

⁽²⁾ Total may not add due to rounding.

Source: The District and the Financial Advisor.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below.

The Tax Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on the extent to which proceeds of the Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Bonds above the yield on the Bonds to be paid to the United States Treasury. The District covenants and represents in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the District to comply with these requirements could cause the interest on the Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the District and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” includes interest on the Bonds.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain

“subchapter S” corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports “reportable payments” (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Bonds may be sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner’s acquisition cost. Bond Counsel’s opinion relates only to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Bonds or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the Bonds. Owners of the Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures the Service will treat the District as the taxpayer and the Bond owners may have no right to participate in such procedures. The District has covenanted in the Bond Resolution not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the District, the Financial Advisor, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2017 Bond holder with respect to any audit or litigation costs relating to the Bonds.

State Tax Exemption

In the opinion of Bond Counsel, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for

the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

LEGAL MATTERS

Litigation

From time to time, there are suits and administrative actions pending in courts and governmental agencies within and outside the State to which the District is a party. In the opinion of the District's general counsel, however, there is no litigation, action, or investigation of any nature now pending, or to the knowledge of the District's general counsel threatened, (i) restraining or enjoining the issuance, sale, execution or delivery of the Bonds or (ii) in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds. Further, the District's general counsel is of the opinion that any currently pending litigation facing the District will not materially affect the District's ability to perform its obligations to the owners of the Bonds.

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the Bonds. A form of the bond counsel opinion is attached to this Official Statement as Appendix D. The opinion will include a statement that the obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Sherman & Howard L.L.C. has also acted as Special Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by its general counsel.

Police Power

The obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the federal constitution (including bankruptcy).

Sovereign Immunity

Pursuant to State statute (NRS 41.035), an award for damages in an action sounding in tort against the District may not include any amount as exemplary or punitive damages and is limited to \$100,000 per cause of action. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

FINANCIAL ADVISOR

JNA Consulting Group, LLC is serving as financial advisor to the District in connection with the Bonds. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the District, with respect to the accuracy and completeness of disclosure of such information and no guaranty, warranty or other representation is made by JNA Consulting Group, LLC respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

INDEPENDENT AUDITORS

The audited basic financial statements of the District as of and for the year ended June 30, 2016, included hereto as Appendix A, have been audited by Silva & Co., LLC, certified public accountants, Reno, Nevada, to the extent and for the period stated in their report appearing herein.

Pursuant to State law, the audited financial statements of the District are public documents and no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. Accordingly, the District has not requested consent. Silva & Co., LLC has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Silva & Co., LLC has also not performed any procedures relating to this Official Statement.

RATINGS

S&P Global Ratings (“S&P”) has assigned the Bonds the rating of “AAA” based on the guaranty by the State PSF. S&P has also assigned the Bonds an underlying rating of “A+.” An explanation of the significance of any rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

Such rating reflects only the views of the rating agency and there is no assurance that any rating, once received, will continue for any given period of time or that any rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except for its responsibilities under the Disclosure Certificate, the District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

PUBLIC SALE

The District currently expects to offer the Bonds at public sale on July 19, 2017. See Appendix G - Official Notice of Bond Sale.

OFFICIAL STATEMENT CERTIFICATION

The undersigned official of the District hereby confirms and certifies that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the Bonds have been duly authorized by the Board.

LYON COUNTY SCHOOL DISTRICT, NEVADA

By: _____
Director of Finance and Facilities

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS OF LYON COUNTY SCHOOL
DISTRICT, NEVADA FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

LYON COUNTY SCHOOL DISTRICT

*FINANCIAL STATEMENTS &
SUPPLEMENTARY INFORMATION*

Fiscal Year Ended

June 30, 2016

LYON COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS JUNE 30, 2016

	<u>PAGE</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i-iv
Organization Chart	v
Elected and Principal Officials	vi
FINANCIAL SECTION	
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position (Deficit)	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position (Deficit)	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	20
Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	22
Special Education Fund	27
Proprietary Funds:	
Statement of Net Position	29
Statement of Revenues, Expenses, and Changes in Fund Net Position	30
Statement of Cash Flows	31
Fiduciary Funds:	
Statement of Fiduciary Net Position	32
Statement of Changes in Fiduciary Net Position	33
Notes to Financial Statements	34

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS JUNE 30, 2016

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION	
Required Supplementary Information:	
Schedule of Funding Progress – Other Postemployment Benefits	63
Schedule of District's Proportionate Share of Net Pension Liability	64
Schedule of District's Contributions to Nevada PERS	65
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	69
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Debt Service Fund	72
Bonds Projects Fund	73
Federal Grants Fund	75
Insurance Loss Fund	78
Federal School Lunch Fund	79
Adult Diploma Fund	80
Class Size Reduction Fund	81
Private Donations and Grants Fund	82
State Grants Fund	84
Medicaid Fund	86
Capital Projects Fund	87
Building and Sites Fund	88
Residential Construction Tax Fund	89
Proprietary Funds – Internal Service Funds:	
Combining Statement of Net Position	90
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	91
Combining Statement of Cash Flows	92
Workers Compensation Insurance Fund:	
Schedule of Revenues, Expenses and Changes in Fund Net Position – Budget and Actual	93
Schedule of Cash Flows – Budget and Actual	94

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS JUNE 30, 2016

	<u>PAGE</u>
Unemployment Insurance Fund:	
Schedule of Revenues, Expenses and Changes in Fund Net Position – Budget and Actual	95
Schedule of Cash Flows – Budget and Actual	96
Group Insurance Fund:	
Schedule of Revenues, Expenses and Changes in Fund Net Position – Budget and Actual	97
Schedule of Cash Flows – Budget and Actual	98
Fund Detail Information:	
Schedule of Student Activity Accounts	99
 STATISTICAL SECTION	
Financial Trends:	
Summary of Net Position, Last Ten Years	103
Changes in Net Position, Last Ten Years	104
Fund Balances - Governmental Funds, Last Ten Years	106
Schedule of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, Last Ten Years	107
General Fund - Revenues, Expenditures and Changes in Fund Balance, Last Ten Years	109
Schedules of Revenue Capacity Information:	
Assessed Valuation, Last Ten Years	111
Tax Levies, Collections and Delinquencies, Last Ten Years	112
Statewide Average and Overlapping Tax Rates, Last Ten Years	113
Principal Property Tax Payers	114
Schedules of Debt Capacity Information:	
Statutory Debt Limitation, Last Ten Years	115
Direct General Obligation Debt Ratios, Last Ten Years	116
Debt Service Fund - Revenues, Expenditures and Changes in Fund Balance, Last Ten Years	117
Schedules of Demographic and Economic Information:	
Student Enrollment, Last Ten Years	118

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

TABLE OF CONTENTS JUNE 30, 2016

	<u>PAGE</u>
COMPLIANCE SECTION	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	119
Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance In Accordance with the Uniform Guidance	121
Schedule of Expenditures of Federal Awards	123
Notes to Schedule of Expenditures of Federal Awards	125
Schedule of Findings and Questioned Costs	126
Summary Schedule of Prior Audit Findings	128
Independent Auditors' Comments	129



Wayne Workman
Superintendent

Alan Reeder
Deputy Superintendent

Board of Trustees

President
Jason Sanderson
Clerk
Bridget Peterson
Members
Neal E. McIntyre
Donald Parsons
John Stevens
Charles Shirley
Maureen Williss

Lyon County School District

25 E. Goldfield Ave.
Yerington, NV 89447

Ph. (775) 463-6800
Fax (775) 463-6808

www.lyoncsd.org

November 28, 2016

To the Citizens and the Honorable Board of Trustees of the Lyon County School District:

The Comprehensive Annual Financial Report of the Lyon County School District for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of Lyon County School District. A section entitled "management's discussion and analysis" is required supplementary information and provides an overview of the District's financial condition. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Lyon County School District's Financial Report is prepared in accordance with the Governmental Accounting Standards Board's Statement No. 34. The objective of this statement is to enhance the understandability and usefulness of the general purpose external financial report. The focus of the financial statements is on the financial condition of the District as a whole and government-wide financial statements present financial information much in the same manner as business-type entities. The reporting model also includes the fund concept, with financial information presented in this format with a focus on major funds.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, the government's organizational chart and a list of principal officials. The financial section includes management's discussion and analysis, the basic financial statements, and supplementary information including combining and individual fund financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis and includes continuing disclosures required by the Securities and Exchange Commission.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of federal awards, findings and questioned costs, and auditors' reports on compliance and

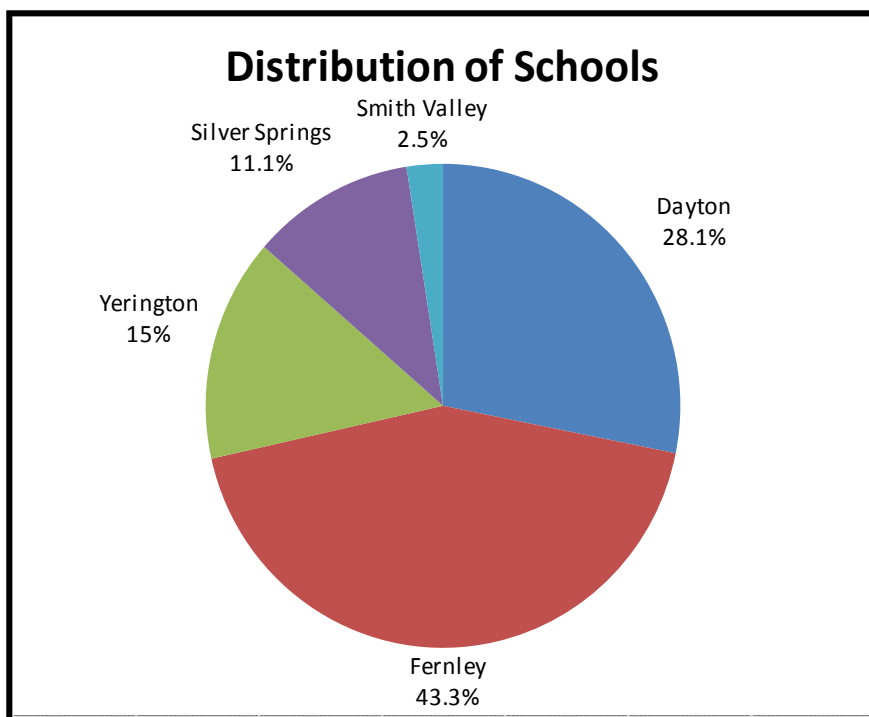
internal control with applicable laws and regulations, are included in the compliance section of this report.

The District provides a full range of educational services for students enrolled in grades K-12 as well as students enrolled in adult and early childhood programs. These services include regular, special, vocational, extra-curricular, adult, and other education programs.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

The District's boundaries are the same as Lyon County. Lyon County encompasses 2,016 square miles in northwest central Nevada and has an estimated population of 53,277. The District is comprised of eight elementary schools, four middle schools, four high schools, and one K-12 school, all located in five communities. The chart below reflects the distribution of the District's 8,093 students by area of attendance.

The District experienced rapid growth in enrollment for many years. Within the last ten years, the enrollment grew from 9,157 students to a high of 9,275 in 2008 before falling to 8,059 in 2013. Economic indicators for Lyon County have been favorable over the last year. Tesla Motors Company and Nevada Copper are both moving forward with plans for increased employment opportunities within Lyon County. The unemployment rate in Lyon County fell from 9.7% to ending the year at 8.6%. The State of Nevada's unemployment rate decreased from 6.8% to 6.4%. After 5 consecutive years of decreasing property values, Lyon County experienced an increase of 19.11% during 2015 and 7.25% during 2016.



Each of the five communities has its own demographic characteristics. The City of Fernley is located in the most northern part of the District and is approximately thirty miles east of the Reno-Sparks metropolitan area and has an economy based on manufacturing, warehousing, and agriculture.

Running east and west in the north central part of the District is the Highway 50 corridor. The communities in the corridor are within commuting distance to Carson City, Reno, Fernley, Fallon and Yerington. Dayton, at the west end of the corridor, is the second largest attendance area in the District. Silver Springs and Stagecoach are at the east end of the corridor. Besides providing housing for individuals working in other communities, Dayton has some agriculture and local industry. The Silver Springs and Stagecoach area has a limited economic base. Because Silver Springs is the gateway to Lahontan State Park and located at the junction of U.S. Highways 50 and 95A, visitors enjoying the local recreational opportunities help support retail business.

Yerington and Smith Valley have economies based principally on agriculture, raising alfalfa hay, row crops, and cattle. Yerington, the county seat, has a limited amount of manufacturing. Unlike the

northern parts of the county, these communities have had relatively stable student enrollment but have also seen recent declines.

The District's student population was comprised of 3.7% American Indian, 25.1% Hispanic, 63.8% White and 7.4% other, compared to 3.4%, 24.8%, 64.2% and 7.6%, respectively, in 2015. The number of students that applied for and met the federal criteria for free or reduced lunches increased from 49.7% last year to 54.4% this year. The percent of students enrolled in special education programs increased from 12.6% of total student population in 2015 to 13.6 % in 2016.

LONG-TERM CAPITAL ASSET REQUIREMENTS

A recent report by the state demographer projects Lyon County will see annual increases in population through 2032. The Tesla announcement projected that an additional 9,300 people would move into the county for an estimated population of 73,415 in 2032. The Board of Trustees adopted a Master Facilities Plan in April 2016 to address the facility needs of the district over the next 10 years. The plan proposes the replacement of three schools and renovations or additions to six schools. In addition, the plan recommends safety and security upgrades for each school, as well as technology upgrades. These projects are divided into three phases to be carried out over the next 10 years at an estimated cost of \$91.8 million.

Lyon County voters approved a ballot question authorizing the District to issue general obligation bonds for up to 10 years in November 2006. The District has used this authority to issue bonds to improve its infrastructure, purchase buses and other student transportation vehicles, and build a new middle school in Fernley. Through Senate Bill 207, the 2015 Nevada Legislature authorized the Nevada school district boards of trustees to issue general obligation bonds for an additional 10 years, without further approval from voters. This item has been presented at several school board meetings during 2016. As current debt is paid down and additional bonding capacity is identified, the district will access general obligation bonds to implement the adopted Master Facilities Plan.

INVESTMENTS

Lyon County School District invests its excess cash with the Nevada State Treasurer's Local Government Investment Pool. The pool allows funds to remain liquid while providing good security and a positive yield. The yield was 0.37% for the entire year ending at 0.54% on June 30, 2016. The average was 0.19% for the past three fiscal years. The District also invests funds available for longer-term investments in the NVEST program administered by the Nevada State Treasurer. This program provides an intermediate term investment alternative and consists of separately managed accounts for each participant. The rate increased from 1.11% in 2015, to 1.46% this year, slightly outperforming the Local Government Investment Pool.

PROPERTY TAXES

Nevada statutes permit local school districts to incur debt up to 15% of their assessed valuation. Lyon County School District's unused bonding capacity was \$158,621,000 at June 30, 2016. However, the District is unable to issue that amount of additional debt because the combined ad valorem tax rate is statutorily limited to \$3.64 for all overlapping tax entities. The highest overlapping tax rate within the District is \$3.5957 and has remained the same since 2004-2005.

RISK MANAGEMENT

The District elected to assume some risk of loss that may result from property damage or liability claims. It elected to participate in a self-insured retention program whereby the District assumes all financial responsibility up to \$25,000 per claim. Any claims that may arise are paid from the Insurance Loss Fund, which had a fund balance at June 30, 2016 of \$127,197.

The District maintains self-insurance plans for unemployment benefits and compensation to workers with industrial related injuries. The workers compensation plan has reinsurance for individual claims that exceed \$250,000. At June 30, 2016, the Employees' Unemployment Insurance Fund and Workers Compensation Insurance Fund had reserves of \$ 462,092 and \$ 1,291,841 respectively. In addition, the Workers Compensation Insurance Fund had a recorded liability of \$ 1,052,000 for incurred but unreported claims.

LABOR RELATIONS

Employees are represented by one of three associations. The Lyon County Education Association represents non-administrative licensed employees, the Lyon Chapter of the Nevada Classified School Employees Association represents all non-supervisory or confidential classified employees, and the Lyon County Administrators Association represents site administrative personnel. Two-year agreements covering 2016 and 2017 were negotiated with all groups. Included in the agreements was a 1.625% increase in the salary schedule for fiscal year 2016 and 2% increase in the salary schedules for fiscal year 2017.

OTHER INFORMATION

State statutes require an annual audit by independent certified public accountants be completed within four months of the school district's year end. The Board of Lyon County School Trustees selected the accounting firm of Rife Silva & Co., LLC to perform the current audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act of 1984 and related OMB Circular A-133. The auditors' report on the basic financial statements and combining and individual fund statements is included in the financial section of this report. The auditors' reports related specifically to the single audit and state laws are included in the Compliance Section.

In closing, I thank the staff of the business office and all other Lyon County School District employees whose dedicated efforts made the preparation of this report possible.

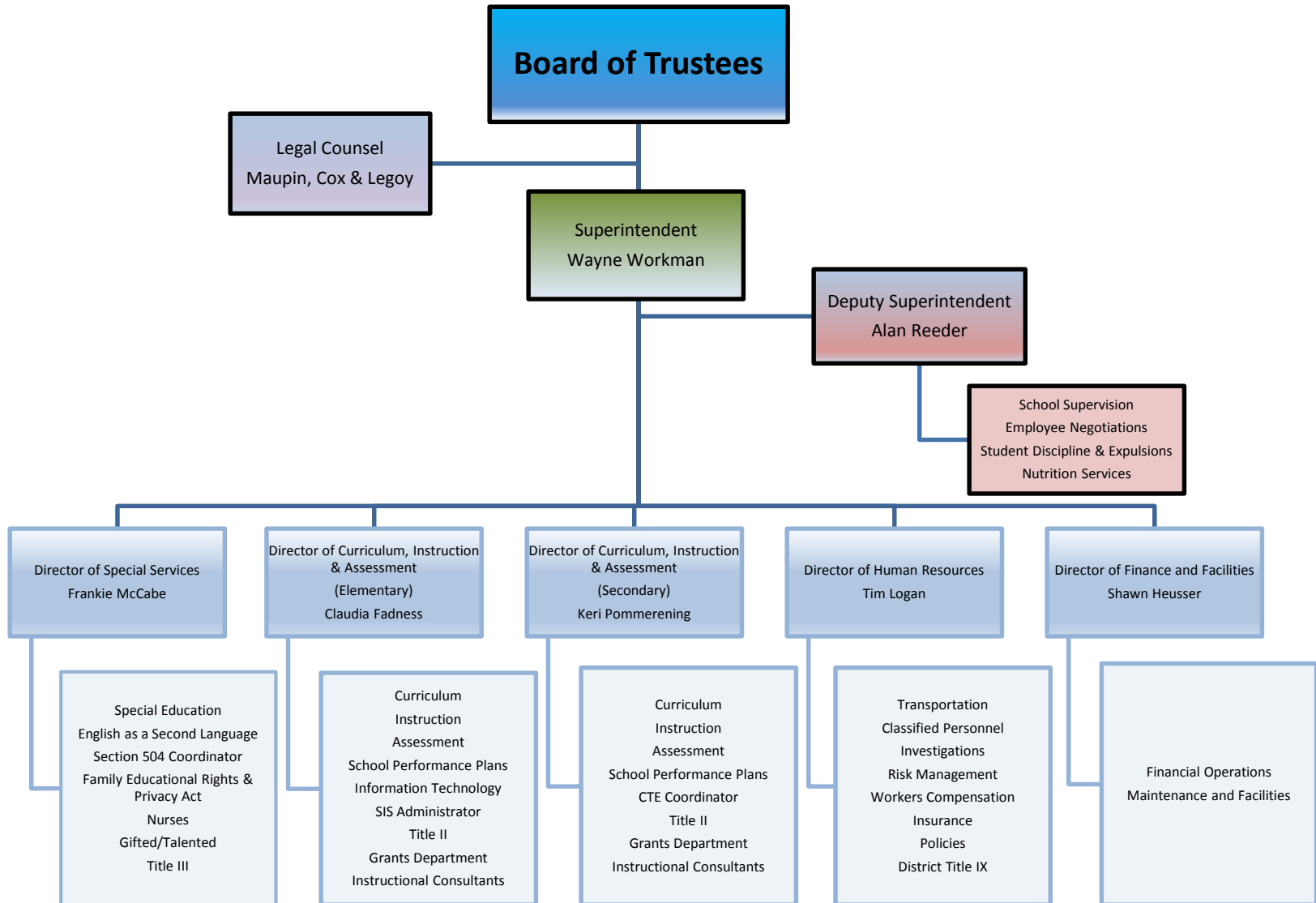
Respectfully Submitted,



Shawn P. Heusser
Director of Finance and Facilities

LYON COUNTY SCHOOL DISTRICT

Organizational Structure 2015-2016



**LYON COUNTY SCHOOL DISTRICT
PRINCIPAL OFFICERS
2015-2016**

BOARD OF TRUSTEES

Jason Sanderson, President
Bridget Peterson, Clerk
Neal McIntyre, Member
Donald Parsons, Member
Charles Shirley, Member
John Stevens, Member
Maureen Williss, Member

SUPERINTENDENT

Wayne Workman

DEPUTY SUPERINTENDENT

Alan Reeder

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of the
Lyon County School District
Yerington, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyon County School District, Yerington, Nevada (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyon County School District as of June 30, 2016, and the respective changes in its financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the Schedule of Funding Progress related to the District's other postemployment benefits; and the schedules related to pension information be presented to supplement the basic financial statements. Such information, 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, 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.

Other 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

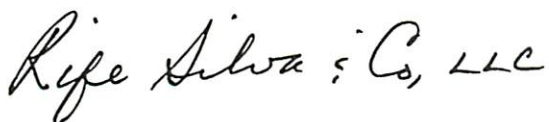
Prior-Year Comparative Information

The financial statements of the Lyon County School District as of and for the year ended June 30, 2015, were audited by Silva & Co., LLC, who joined with Jeff J. Rife & Associates on August 1, 2016 to form Rife Silva & Co, LLC, and whose report dated March 1, 2016, expressed an unmodified audit opinion on the financial statements of the governmental activities; a qualified opinion on each major fund; and a qualified opinion on the aggregate remaining fund information. The summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it was derived.

The nonmajor combining and individual fund financial statements and schedules related to the 2015 financial statements are presented for purposes of additional analysis and were derived from and relate directly to the underlying accounting and other records used to prepare the 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 basic financial statements and certain other 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. The individual fund financial statements and schedules are consistent in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, 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 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 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.

A handwritten signature in cursive script that reads "Rife Silva & Co, LLC".

Reno, Nevada
November 28, 2016

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

This section of the Lyon County School District's annual financial report presents a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2016. We encourage readers to read it in conjunction with the letter of transmittal and the financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Lyon County School District's basic financial statements. The basic financial statements are comprised of the district-wide (sometimes referred to as "government-wide") financial statements, fund financial statements and schedules, and notes to the financial statements.

District-Wide Financial Statements

The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

In many government entities, the government-wide financial statements distinguish functions that are supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges by reporting them as business-type activities. Because the District has no functions in this category, the entire statement represents governmental activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements described above. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. To provide a better understanding of the relationship between the fund statements and district-wide statements, both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations between the two statement types.

The focus of the governmental fund statements is on major funds. The District has fifteen individual governmental funds of which the General, Special Education, Debt Service and Bonds Projects funds are considered major. These funds are disclosed separately in the fund balance sheet and fund statement of revenues, expenditures and changes in fund balances. The remaining eleven funds are reported in combining statements in the supplementary information section of this report.

The District adopts an annual budget for all its governmental funds. Budgetary comparison statements for the General and Special Education funds have been included in the basic financial statements to demonstrate compliance with the adopted budgets.

Proprietary Funds – Proprietary funds are comprised of enterprise funds and internal service funds. As reported previously, the District has no business-type activities to be accounted for in enterprise funds. Internal service funds are used to accumulate and allocate costs internally among the District's various programs and functions. The District uses three internal service funds to account for the cost of employees' health care, industrial injuries, and unemployment benefits. Because these services benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide statements.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the combining statements in the supplementary information section of this report.

Fiduciary Funds – Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others and are not reflected in the district-wide financial statements. The District's two fiduciary funds are the Student Scholarship Fund, a private-purpose trust fund, and the Student Activity Accounts, an agency fund.

Notes to Financial Statements

The notes provide additional information that is necessary for a full understanding of the data provided in the district-wide and fund financial statements.

Supplementary Information

Supplementary information includes *required supplementary information* pertaining to the District's participation in Nevada PERS and information related to postemployment benefits. In addition, the District provides combining and individual fund statements and schedules, and budget to actual comparisons.

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

DISTRICT-WIDE FINANCIAL ANALYSIS

As required by the Governmental Accounting Standards Board, the District implemented GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* in the prior year.

The effect of the adoption was to decrease July 1, 2014 beginning net position (restating) by \$86.1 million and the inclusion of the obligation, and related deferred inflows and outflows, in subsequent years' financial statements. All governments participating in the retirement plan were required to adopt these new standards. The detail can be found primarily in Note 9 to these statements, beginning on page 52.

As mentioned previously, net position (deficit) may serve over time as one useful indicator of a government's financial condition. The net position (deficit) includes the District's investment in capital assets less related outstanding debt that was issued to acquire the capital assets. As the District uses these capital assets to provide services to students, they are not available for future spending. As of June 30, 2016 the District's net investment in capital assets was \$54.8 million. Total net position (deficit) includes \$5.8 million restricted for servicing long-term debt and \$76 thousand restricted for employee health benefits.

Following is a summary of the District's net position (deficit) as of June 30, 2016 and 2015:

DISTRICT'S NET POSITION (DEFICIT)				
	2016	2015	Change	
		(In Millions)	\$	%
Assets				
Current assets	\$ 35.5	\$ 28.4	\$ 7.1	25.0%
Net capital assets	118.3	120.2	(1.9)	-1.6%
Total Assets	153.8	148.6	5.2	3.5%
Deferred Outflows	12.7	12.0	0.7	5.8%
Liabilities				
Current liabilities	18.8	17.5	1.3	7.4%
Long-term liabilities	158.8	148.8	10.0	6.7%
Total Liabilities	177.6	166.3	11.3	6.8%
Deferred Inflows	11.6	20.2	(8.6)	-42.6%
Net Position (Deficit)				
Net investment in capital assets	54.8	53.3	1.5	2.8%
Restricted	5.8	4.9	0.9	18.4%
Unrestricted	(83.3)	(84.2)	0.9	1.1%
Total Net Position (Deficit)	\$ (22.7)	\$ (26.0)	3.3	12.7%

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

For the second year in a row, revenues increased – this year by over \$4.3 million, lead primarily by increases in state aid, property tax revenue and operating grants. Unrestricted State aid (DSA received in the General Fund) comprised nearly 48% of total revenues in 2016, compared to 49% in 2015. Operating grants and contributions represented 19% of total revenues in 2016, compared to 17% in 2015. The Residential Construction Tax (RCT) continued its recent trend of increasing over the prior year with a 34% increase in 2016 over the prior year.

To further understand what makes up the changes in net position for the current and previous years, the following table provides details of the District's activities.

DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities	
	2016	2015*
	<i>(In Millions)</i>	
Revenues		
Program Revenues:		
Charges for services	\$ 0.6	\$ 0.6
Grants and contributions	18.0	15.0
General Revenues:		
Property taxes	16.6	15.9
Local school support taxes	9.2	9.4
Government service taxes	1.7	2.1
Unrestricted State aid	44.4	43.3
Other revenues	1.5	1.7
Total Revenues	92.0	88.0
Expenses		
Instructional services	46.5	46.9
Instructional support services	33.7	33.0
Food service and other	3.0	3.2
Facilities and acquisitions	3.6	4.3
Interest on long-term debt	2.3	2.0
Total Expenses	89.1	89.4
Change in Net Position	2.9	(1.4)
Net Position (Deficit) - July 1	(26.0)	(24.6)
Net Position (Deficit) - June 30	\$ (23.1)	\$ (26.0)

* Reclassifications were made to 2015 presentation; totals are unchanged.

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR AND NON-MAJOR FUNDS

The governmental funds (General Fund, special revenue funds, the Debt Service Fund, and the capital projects funds) reported a June 30, 2016 fund balance of \$21.3 million. While this is an increase of \$7.3 million over the previous year, it is primarily due to the over \$7 million fund balance remaining in the Bond Projects Fund (see *Long-term Debt* on page 10.) This governmental fund balance includes \$5.7 million which is considered restricted for debt service and \$9 million (including the \$7 million previously mentioned) restricted for capital acquisitions. In addition, \$53 thousand in inventories are deemed to be the nonspendable component of fund balance. The remaining governmental fund balance is either assigned (\$1.9 million) or unassigned (\$4.7 million).

The General Fund and the nine special revenue funds account for Lyon County School District's current operating revenues and expenditures. They include all governmental funds except debt service and capital projects funds.

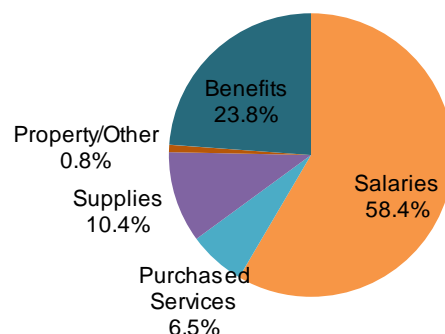
The following chart compares the revenues to expenditures and fund balance for these funds for the most recent five-year period.

	2012	2013	2014	2015	2016
	<i>(In Millions)</i>				
Revenues	\$76.4	\$76.4	\$77.3	\$79.8	\$83.9
Expenditures	75.8	78.1	77.5	80.2	84.1
Fund Balances	8.7	7.0	7.2	6.8	6.7

Education is labor intensive as evidenced by the following chart of expenditures by object. Salaries and benefits for the General Fund and the special revenue funds approximated 82.2% of the funds' total expenditures for the fiscal year ended June 30, 2016, compared to approximately 84% for the previous year.

The chart on the following page shows the composition of expenditures in the General Fund and the special revenue funds for the year ended June 30, 2016:

EXPENDITURES IN THE GENERAL AND SPECIAL REVENUE FUNDS



LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

The Debt Service Fund's balance of \$5.7 million is approximately 79% of the debt service requirement for the FY ending June 30, 2017, compared to 75% last year – an increase of 4%.

The District has four capital projects funds, including the Bonds Projects Fund, a major fund, which was created to account for the proceeds of bond sales and related interest earnings. During the year, \$1.5 million was spent from this fund in accordance with the District's Capital Improvement Plan and \$211 thousand was spent in connection with the District's two bond issues (see *Debt Administration*). The Bonds Projects Fund's June 30, 2016 fund balance of \$7.1 million is restricted for future capital expenditures.

The other three capital projects funds are used to accumulate resources, primarily government services tax (51.4% of the funds' revenues) and the Residential Construction Tax (26% of the funds' revenues) for major capital acquisitions and improvements not part of the capital budgets related to bond elections. For the year ended June 30, 2016, these expenditures were \$1.0 million. The fund balance of these three capital project funds at June 30, 2016 was \$1.9 million compared to \$1.7 million as of June 30, 2015.

BUDGETARY HIGHLIGHTS

School districts in Nevada are funded in large part by state support derived from student enrollment at the end of the first school month. (However, see *Economic Factors and Next Year's Budget* for changes.) State statutes require all school districts to amend their general fund budgets after "count day" enrollment is known. Lyon County School District takes this opportunity to incorporate other adjustments, such as revising the fund balance carryover. During the year, the Director of Finance is authorized to transfer appropriations between accounts and funds, subject to subsequent approval by the Board of Trustees.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of June 30, 2016 and 2015 are as follows:

Capital Assets (Net of Depreciation)

	2016	2015
	<u>(In Millions)</u>	
Land	\$ 8.8	\$ 8.8
Construction in progress	0.3	-
Buildings and improvements	93.9	96.6
Infrastructure	10.7	11.3
Equipment and vehicles	4.6	3.5
	<u>\$ 118.3</u>	<u>\$ 120.2</u>

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

Long-term Debt

As of June 30, 2016, the District had \$70.1 million of general obligation bonded debt outstanding, plus \$233 thousand in unamortized bond premiums which are being amortized over the lives of the applicable bond issues.

The District issued \$8,000,000 in new bonds during the year. Additional details on the District's long-term debt can be found on pages 49-51 of these financial statements.

A question on the November 2006 general election was passed by the voters, allowing the District to issue general obligation bonds during the next ten years. The bonds may only be issued if repayment is expected to be made without raising the property tax rate and other financial conditions are met. Further, issuance of bonds is conditional upon the approval of the Debt Management Commission of Lyon County. Currently, the District has no authorization from the Commission to issue general obligation bonds. The District reserves the right to issue additional bonds at any time legal requirements are met. The District currently has \$158.6 million of statutory debt limit available.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Enrollment and Funding

Nevada's school districts are funded primarily through the Nevada State Distributive School Account (DSA), property taxes, and local school support taxes. Changes in any of the economic or other factors that affect these funding sources will affect the level of support received for a given year.

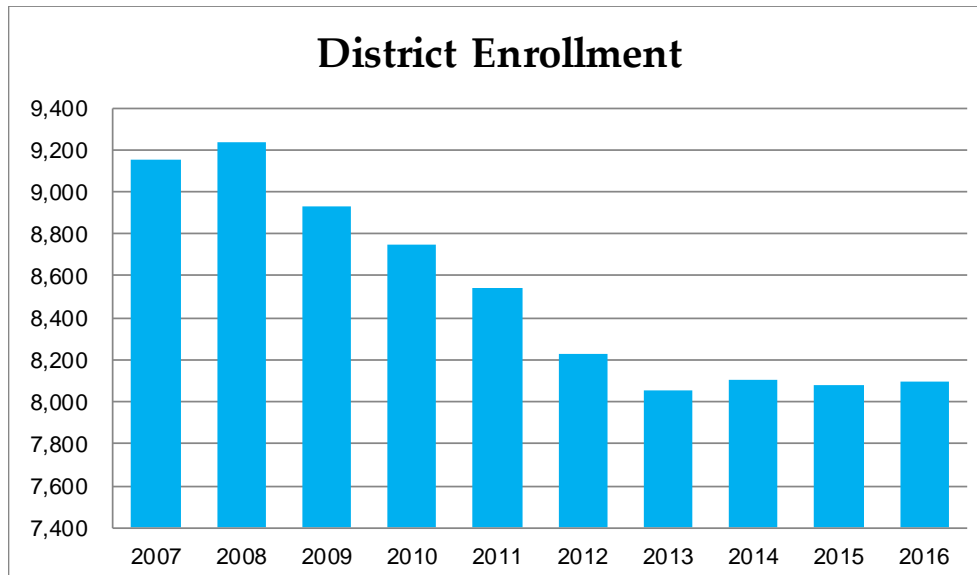
Nevada's school districts are highly dependent on the economic condition of the State. Nevada's formula for school district funding guarantees the majority of operating revenue by making up any shortfall in ad valorem or LSST collections. For the 2015-16 school year, the District (as did all Nevada's school districts) received full funding in accordance with the 2015 biennial state budget. One of the factors determining the amount of DSA funding received is the weighted student enrollment within the District.

Provided below is a chart that depicts the District's pupil enrollment over a ten-year period. (Data for 2016 was generated by the full year ADE instead of the count day number.)

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016



A large percentage of revenues received by the District is provided through the State Distributive School Account (DSA) monies or basic support guarantee for school districts. These revenues are based on a weighted average per pupil within total enrollment. The formula weights pre-kindergarten (pre-k) and kindergarten (k) students at 0.6, while first through twelfth grades are given a weight of 1.0, thus reducing the per pupil funding for pre-k and k grade levels.

Additionally, although the current School Finance Plan was designed with intended stability in mind, the 2015 Legislative Session did bring about sweeping changes to the DSA formula. While some areas, such as enrollment, have been defined and are in place for the 2015-16 fiscal year, others are still in flux, such as Special Education Funding, and will be instated in the 2016-17 fiscal year.

As previously discussed, Nevada's school districts are funded in large part based on student enrollment. The methodology for enrollment was changed in the 2015 Legislative Session by moving to an "average daily enrollment," or ADE model. ADE is calculated by taking the total number of pupils enrolled during a reporting period divided by the number of days school is in session during that period. Days school is in session is defined as instruction days as they appear on the Nevada Department of Education approved school calendar.

Also, the "hold harmless" provisions of the DSA formula were eliminated. "Hold harmless" protected districts during times of declining enrollment by providing that the guaranteed level of funding was based on the higher of the current or the previous year's enrollment (unless the decline in enrollment was more than 5%, in which case the funding was based on the higher of the current or the previous two year's enrollment).

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

In the future, the DSA formula will no longer be weighted as the State has continued to place more emphasis and provide more funding for Full-Day Kindergarten (FDK) programs. Although DSA monies will be paid using the weighted formula through 2016-17, starting in 2017-18 the weighted factors will be removed, and each enrolled student will count as 1.0 fully funded unit, and as such, FDK funding will be eliminated.

As certain components of the new allocation method are not yet finalized, it is unclear how these pending changes will impact the District. With certainty, the DSA formula will continue to be subject to review and potential revisions. As such, there is a high likelihood that the District will continue to be impacted in some manner by future amendments to the funding model. The District is diligent in its on-going evaluation of its staffing levels relative to State guaranteed funding, Federal grant programs, pupil enrollment levels, and other costs, with the goal of ensuring continuity and stability of its educational programs.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Lyon County School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller's Office, 25 East Goldfield Avenue, Yerington, Nevada, 89447.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2016

	Governmental Activities
ASSETS	
Cash and investments	\$ 25,773,684
Receivables	9,121,211
Inventories	53,096
Prepaid expenses	56,355
Restricted cash	464,129
Capital assets, net	118,285,094
Total Assets	153,753,569
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,305,341
Deferred outflows related to pensions	11,410,032
	12,715,373
Total Assets and Deferred Outflows of Resources	166,468,942
LIABILITIES	
Accounts payable	1,470,277
Accrued liabilities	10,209,151
Incurred but unreported claims	1,052,000
Unearned revenues	905,615
Noncurrent liabilities:	
Due within one year	5,162,350
Due in more than one year	65,537,820
Obligation for other postemployment benefits	8,358,177
Net pension liability	84,909,369
Total Liabilities	177,604,759
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	11,645,377
Total Liabilities and Deferred Inflows	189,250,136
NET POSITION (DEFICIT)	
Net investment in capital assets	54,752,810
Restricted for:	
Debt service	5,700,053
Capital projects	75,933
Unrestricted	(83,309,990)
Total Net Position (Deficit)	\$ (22,781,194)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2016

PROGRAMS / FUNCTIONS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS OPERATING	CAPITAL	
Instruction:					
Regular instruction	\$ 31,525,568	\$ -	\$ 5,596,771	\$ -	\$ (25,928,797)
Special instruction	9,901,098	-	4,175,970	-	(5,725,128)
Vocational instruction	1,545,812	-	139,321	-	(1,406,491)
Adult instruction	229,103	-	237,771	-	8,668
Other instruction	1,589,617	-	303,318	-	(1,286,299)
Extra-curricular activities	1,839,447	-	-	-	(1,839,447)
Sub-total Instruction	46,630,645	-	10,453,151	-	(36,177,494)
Support Services:					
Student support	5,992,460	-	1,904,788	-	(4,087,672)
Instructional staff support	3,361,208	-	1,567,781	-	(1,793,427)
General administration	1,918,675	-	225,071	-	(1,693,604)
School administration	6,454,181	-	1,450	-	(6,452,731)
Central services	4,704,073	-	381,860	-	(4,322,213)
Operation and maintenance	7,425,934	-	3,640	-	(7,422,294)
Student transportation	3,736,748	-	144,884	-	(3,591,864)
Noninstructional Services:					
Food service	3,040,047	570,169	2,702,712	-	232,834
Community service	65,580	-	42,283	-	(23,297)
Facilities acquisition / constr	3,613,683	-	300,000	245,793	(3,067,890)
Interest on debt and other	2,341,533	-	-	-	(2,341,533)
Total School District	\$ 89,284,767	\$ 570,169	\$ 17,727,620	\$ 245,793	(70,741,185)
General Revenues:					
Property taxes, levied for general purposes					9,265,802
Property taxes, levied for debt service					7,305,327
Local school support taxes					9,184,092
Governmental services tax					2,275,489
Other taxes and fees					352,478
Earnings on investments					112,182
Other local sources					470,467
State aid not restricted to specific purpose					44,370,827
Federal aid not restricted to specific purpose					587,141
Total General Revenues					73,923,805
Change in Net Position (Deficit)					3,182,620
Net Position (Deficit), July 1, 2015					(25,963,814)
Net Position (Deficit), June 30, 2016					\$ (22,781,194)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015)

Page 1 of 2

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	BONDS PROJECTS FUND
ASSETS				
Cash and investments	\$ 4,967,076	\$ 1,780,121	\$ 5,697,610	\$ 7,178,803
Receivables	3,356,200	1,398	89,410	-
Due from other funds	3,812,867	-	-	-
Inventories	26,920	-	-	-
Total Assets	<u>\$ 12,163,063</u>	<u>\$ 1,781,519</u>	<u>\$ 5,787,020</u>	<u>\$ 7,178,803</u>
LIABILITIES				
Accounts payable	\$ 399,489	\$ 53,727	\$ 2,000	\$ 105,936
Accrued payroll	5,836,046	1,577,651	-	-
Due to other funds	-	-	-	-
Due to other governments	125,745	-	-	-
Unearned revenue	108,633	-	84,967	-
Total Liabilities	<u>6,469,913</u>	<u>1,631,378</u>	<u>86,967</u>	<u>105,936</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
FUND BALANCES				
Nonspendable	26,920	-	-	-
Restricted	-	-	5,700,053	7,072,867
Assigned	989,867	150,141	-	-
Unassigned	4,676,363	-	-	-
Total Fund Balances	<u>5,693,150</u>	<u>150,141</u>	<u>5,700,053</u>	<u>7,072,867</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 12,163,063</u>	<u>\$ 1,781,519</u>	<u>\$ 5,787,020</u>	<u>\$ 7,178,803</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015)

Page 2 of 2

	OTHER GOVERNMENTAL FUNDS	TOTALS	
		2016	2015
ASSETS AND OTHER DEBITS			
Cash and investments	\$ 3,712,587	\$ 23,336,197	\$ 19,500,636
Receivables	5,505,146	8,952,154	5,871,557
Due from other funds	-	3,812,867	1,935,171
Inventories	26,176	53,096	128,992
Total Assets	\$ 9,243,909	\$ 36,154,314	\$ 27,436,356
LIABILITIES			
Accounts payable	\$ 783,120	\$ 1,344,272	\$ 591,107
Accrued payroll	1,314,623	8,728,320	8,665,785
Due to other funds	3,745,948	3,745,948	1,863,678
Due to other governments	-	125,745	1,463,137
Unearned revenue	703,089	896,689	701,080
Total Liabilities	6,546,780	14,840,974	13,284,787
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	-	193,600
FUND BALANCES			
Nonspendable	26,176	53,096	128,992
Restricted	1,880,615	14,653,535	7,123,126
Assigned	790,338	1,930,346	2,050,752
Unassigned	-	4,676,363	4,655,099
Total Fund Balances	2,697,129	21,313,340	13,957,969
Total Liabilities, Deferred Inflows and Fund Balances	\$ 9,243,909	\$ 36,154,314	\$ 27,436,356

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2016

Total Fund Balance - Governmental Funds	\$ 21,313,340
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not current financial resources and therefore not reported as governmental fund assets.	118,285,094
Property taxes receivable not available to pay current obligations are deferred in the fund statements.	169,057
Long-term liabilities, including general obligation bonds and the noncurrent liability for compensated absences, are not reported as fund liabilities since they will not be paid with current resources.	(71,256,405)
Premiums and discounts related to long-term debt are not capitalized and amortized in the fund statements since they do not represent available resources.	(590,170)
Unamortized amounts on refundings are not recognized in the funds.	1,305,341
The liability for interest on general obligation bonds is reported in the fund statements when due and as accrued in the statement of activities.	(334,426)
The liability for estimated future payments of benefits to be provided to current and future retirees is not reported as a fund liability since these costs will not be paid from current resources.	(8,358,177)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred amounts are not reported in the funds.	(85,144,714)
Internal service funds are used to account for various employee benefit programs. The assets and liabilities of the internal service funds are included with governmental activities.	<u>1,829,866</u>
Total Net Position (Deficit) - Governmental Activities	<u>\$ (22,781,194)</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

Page 1 of 2

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	BONDS PROJECTS FUND
REVENUES:				
Local sources	\$ 20,527,234	\$ -	\$ 7,369,237	\$ 10,917
State sources	44,499,368	2,863,644	-	-
Federal sources	132,665	-	-	-
Total Revenues	<u>65,159,267</u>	<u>2,863,644</u>	<u>7,369,237</u>	<u>10,917</u>
EXPENDITURES:				
Instruction:				
Regular instruction	26,448,832	-	-	-
Special instruction	227,485	7,619,681	-	-
Vocational instruction	1,436,643	-	-	-
Adult instruction	-	-	-	-
Other instruction	1,628,609	-	-	-
Extra-curricular activities	1,540,213	-	-	-
Support services:				
Student support	2,624,128	1,845,468	-	-
Instructional staff support	1,815,127	5,908	-	-
General administration	1,535,103	272,434	-	-
School administration	6,573,294	-	-	-
Central services	3,690,822	-	-	-
Operations and maintenance	7,465,448	-	-	-
Student transportation	3,090,106	501,560	-	1,495,632
Noninstructional services:				
Food service	-	-	-	-
Community service	-	-	-	-
Facilities acquisition and construction	9,959	-	-	22,378
Debt service:				
Principal	-	-	4,560,000	-
Interest	-	-	2,068,018	-
Other	-	-	6,200	211,303
Total Expenditures	<u>58,085,769</u>	<u>10,245,051</u>	<u>6,634,218</u>	<u>1,729,313</u>
Revenues Over (Under) Expenditures	<u>7,073,498</u>	<u>(7,381,407)</u>	<u>735,019</u>	<u>(1,718,396)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond sales	-	-	-	8,000,000
Bond premium	-	-	-	380,364
Payments to refunded bond escrow agent	-	-	-	-
Transfers from other funds	-	6,000,000	-	-
Transfers (to) other funds	(6,070,812)	-	-	-
Total Other Financing Sources (Uses)	<u>(6,070,812)</u>	<u>6,000,000</u>	<u>-</u>	<u>8,380,364</u>
Net Change in Fund Balances	1,002,686	(1,381,407)	735,019	6,661,968
FUND BALANCE, July 1	<u>4,690,464</u>	<u>1,531,548</u>	<u>4,965,034</u>	<u>410,899</u>
FUND BALANCE, June 30	<u>\$ 5,693,150</u>	<u>\$ 150,141</u>	<u>\$ 5,700,053</u>	<u>\$ 7,072,867</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

Page 2 of 2

	OTHER GOVERNMENTAL FUNDS	TOTALS	
		2016	2015
REVENUES:			
Local sources	\$ 1,517,593	\$ 29,424,981	\$ 28,962,525
State sources	5,339,325	52,702,337	50,834,972
Federal sources	10,173,727	10,306,392	8,025,727
Total Revenues	17,030,645	92,433,710	87,823,224
EXPENDITURES:			
Instruction:			
Regular instruction	5,637,583	32,086,415	30,573,145
Special instruction	2,308,752	10,155,918	8,861,648
Vocational instruction	139,321	1,575,964	1,589,266
Adult instruction	234,008	234,008	235,798
Other instruction	303,318	1,931,927	2,452,508
Extra-curricular activities	-	1,540,213	1,554,680
Support services:			
Student support	1,570,514	6,040,110	5,469,475
Instructional staff support	1,566,130	3,387,165	3,393,022
General administration	198,397	2,005,934	2,110,665
School administration	1,450	6,574,744	6,363,838
Central services	989,343	4,680,165	3,869,426
Operations and maintenance	33,910	7,499,358	7,492,799
Student transportation	4,691	5,091,989	3,330,023
Noninstructional services:			
Food service	3,063,804	3,063,804	3,119,439
Community service	42,283	42,283	7,425
Facilities acquisition and construction	670,848	703,185	1,100,114
Debt service:			
Principal	-	4,560,000	4,430,000
Interest	-	2,068,018	1,943,298
Other	-	217,503	89,607
Total Expenditures	16,764,352	93,458,703	87,986,176
Revenues Over (Under) Expenditures	266,293	(1,024,993)	(162,952)
OTHER FINANCING SOURCES (USES)			
Proceeds from bond sales	-	8,000,000	15,035,000
Bond premium		380,364	-
Payments to refunded bond escrow agent	-	-	(14,944,879)
Transfers from other funds	70,812	6,070,812	8,000,000
Transfers (to) other funds	-	(6,070,812)	(8,000,000)
Total Other Financing Sources (Uses)	70,812	8,380,364	90,121
Net Change in Fund Balances	337,105	7,355,371	(72,831)
FUND BALANCE, July 1	2,360,024	13,957,969	14,030,800
FUND BALANCE, June 30	\$ 2,697,129	\$ 21,313,340	\$ 13,957,969

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2016

Net Change in Fund Balances - Governmental Funds

\$ 7,355,371

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are reported in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

(1,901,615)

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas, the proceeds from the sale are a resource in the fund statements.

(10,412)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This amount represents the difference in expense recognition criteria.

59,055

Bond premiums realized when debt is incurred are recognized in the funds; however, they are deferred in the district-wide statements and recognized over the term of the associated debt.

(357,032)

Change in pension expense related to deferred items.

1,864,384

Any gain or loss on certain advance refundings of long-term debt are recognized currently in the fund statements. The gain or loss is deferred in the statement of net position and amortized as interest expense over the life of the debt in the statement of activities.

(138,400)

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2016

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.

\$ 4,560,000

The issuance of bonds is a resource in the governmental funds, but increases long-term liabilities in the statement of net position and does not affect the statement of activities.

(8,000,000)

The full cost of postemployment benefits to current employees earned during the current year and the amortization of the past cost is recognized as an expense in the statement of activities while only the current contributions are reported in the fund statements.

(359,855)

Internal service funds are used by the District to charge the costs of employee benefit programs to the individual funds. The net income (loss) of the internal service funds are reported with governmental activities.

111,124

Change in Net Position (Deficit)

\$ 3,182,620

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Property taxes	\$ 9,076,229	\$ 9,076,229	\$ 9,265,802	\$ 189,573	\$ 8,905,508
Sales taxes	9,486,815	9,486,815	9,184,092	(302,723)	9,405,364
Franchise fees	230,000	230,000	332,720	102,720	303,276
Governmental services tax	1,450,156	1,450,156	1,688,319	238,163	1,497,055
Boat permits	20,000	20,000	19,758	(242)	18,428
Earnings on investments	25,000	25,000	353	(24,647)	61,653
Use of facilities fees	3,500	3,500	6,815	3,315	8,535
Other local revenue	24,000	24,000	29,375	5,375	12,839
	<u>20,315,700</u>	<u>20,315,700</u>	<u>20,527,234</u>	<u>211,534</u>	<u>20,212,658</u>
State Sources:					
Distributive School Fund	43,019,015	43,019,015	44,370,827	1,351,812	43,239,572
Transportation reimbursements	128,541	128,541	128,541	-	128,541
	<u>43,147,556</u>	<u>43,147,556</u>	<u>44,499,368</u>	<u>1,351,812</u>	<u>43,368,113</u>
Federal Sources:					
E-Rate funds	-	-	-	-	161,696
Forest Service	25,000	25,000	132,665	107,665	141,673
	<u>25,000</u>	<u>25,000</u>	<u>132,665</u>	<u>107,665</u>	<u>303,369</u>
Total Revenue	<u>63,488,256</u>	<u>63,488,256</u>	<u>65,159,267</u>	<u>1,671,011</u>	<u>63,884,140</u>
EXPENDITURES					
Regular Programs:					
Instruction:					
Salaries	17,532,700	17,499,700	17,651,822	(152,122)	17,509,339
Benefits	7,015,280	7,453,280	7,451,065	2,215	7,126,003
Purchased services	345,079	329,079	351,710	(22,631)	286,670
Supplies	1,022,933	1,060,934	989,780	71,154	705,064
Other	3,550	4,550	4,455	95	3,942
Total Regular Programs	<u>25,919,542</u>	<u>26,347,543</u>	<u>26,448,832</u>	<u>(101,289)</u>	<u>25,631,018</u>
Special Programs (Gifted and Talented):					
Salaries	120,000	158,000	157,816	184	124,544
Benefits	42,300	70,300	69,669	631	44,249
Total Special Programs	<u>162,300</u>	<u>228,300</u>	<u>227,485</u>	<u>815</u>	<u>168,793</u>

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Vocational Programs:					
Salaries	\$ 935,000	\$ 943,100	\$ 943,062	\$ 38	\$ 924,162
Benefits	374,000	393,000	392,304	696	370,104
Purchased services	32,000	46,000	37,164	8,836	30,030
Supplies	121,300	107,300	63,963	43,337	84,944
Other	200	200	150	50	368
Total Vocational Programs	1,462,500	1,489,600	1,436,643	52,957	1,409,608
Other Instructional Programs:					
Salaries	1,156,016	1,066,516	1,065,610	906	1,076,830
Benefits	450,174	453,574	453,457	117	425,500
Purchased services	84,000	93,500	93,334	166	90,114
Supplies	39,564	17,564	16,208	1,356	28,362
Other	2,000	1,000	-	1,000	-
Total Other Instructional Programs	1,731,754	1,632,154	1,628,609	2,545	1,620,806
Extra-Curricular Activities:					
Co-Curricular:					
Salaries	192,500	217,500	216,660	840	198,050
Benefits	6,570	7,070	6,968	102	7,211
Purchased services	12,300	9,300	10,921	(1,621)	13,499
Supplies	6,000	3,200	2,778	422	18,271
Other	7,625	4,125	52,834	(48,709)	41,826
	224,995	241,195	290,161	(48,966)	278,857
Athletics:					
Salaries	550,000	570,000	570,271	(271)	552,557
Benefits	49,500	49,600	49,014	586	47,661
Purchased services	188,600	156,600	155,619	981	180,752
Supplies	109,800	103,300	100,647	2,653	116,334
Other	8,125	9,825	374,501	(364,676)	354,744
	906,025	889,325	1,250,052	(360,727)	1,252,048
Total Extra-Curricular Activities	1,131,020	1,130,520	1,540,213	(409,693)	1,530,905

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Undistributed Expenditures:					
Student Support:					
Salaries	\$ 1,845,835	\$ 1,750,835	\$ 1,750,498	\$ 337	\$ 1,786,159
Benefits	700,007	742,007	738,062	3,945	717,943
Purchased services	128,650	118,150	117,642	508	113,430
Supplies	18,450	18,950	17,926	1,024	15,462
Other	450	50	-	50	443
	<u>2,693,392</u>	<u>2,629,992</u>	<u>2,624,128</u>	<u>5,864</u>	<u>2,633,437</u>
Instructional Staff Support:					
Salaries	1,358,190	1,186,190	1,118,773	67,417	1,330,436
Benefits	415,148	422,648	423,344	(696)	449,520
Purchased services	39,400	32,400	120,349	(87,949)	39,733
Supplies	293,150	255,150	151,373	103,777	144,537
Other	1,100	1,200	1,288	(88)	79,435
	<u>2,106,988</u>	<u>1,897,588</u>	<u>1,815,127</u>	<u>82,461</u>	<u>2,043,661</u>
General Administration:					
Salaries	497,928	509,928	449,428	60,500	729,346
Benefits	622,393	632,393	629,918	2,475	728,014
Purchased services	253,200	408,200	407,309	891	269,347
Supplies	12,100	23,350	20,289	3,061	11,978
Other	31,000	28,500	28,159	341	29,191
	<u>1,416,621</u>	<u>1,602,371</u>	<u>1,535,103</u>	<u>67,268</u>	<u>1,767,876</u>
School Administration:					
Salaries	4,331,631	4,403,631	4,407,231	(3,600)	4,352,169
Benefits	1,597,384	1,729,384	1,722,886	6,498	1,623,500
Purchased services	200,249	228,249	241,188	(12,939)	226,325
Supplies	178,763	200,763	184,668	16,095	123,534
Property	800	9,800	10,523	(723)	788
Other	5,600	6,350	6,798	(448)	4,510
	<u>6,314,427</u>	<u>6,578,177</u>	<u>6,573,294</u>	<u>4,883</u>	<u>6,330,826</u>

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Central Services:					
Salaries	\$ 1,427,980	\$ 1,523,980	\$ 1,489,598	\$ 34,382	\$ 1,338,697
Benefits	395,537	480,537	466,394	14,143	420,257
Purchased services	667,750	667,750	598,832	68,918	544,977
Supplies	665,725	717,725	985,617	(267,892)	665,755
Property	240,000	318,000	128,190	189,810	280,483
Other	17,700	8,700	22,191	(13,491)	22,342
	<u>3,414,692</u>	<u>3,716,692</u>	<u>3,690,822</u>	<u>25,870</u>	<u>3,272,511</u>
Operation and Maintenance:					
Salaries	2,828,876	2,951,876	2,994,115	(42,239)	2,903,627
Benefits	1,000,183	1,108,183	1,116,712	(8,529)	1,046,399
Purchased services	1,312,450	1,219,450	1,209,217	10,233	1,270,943
Supplies	2,383,000	2,188,000	2,110,904	77,096	2,204,045
Property	15,000	28,300	28,161	139	21,511
Other	8,000	7,000	6,339	661	6,776
	<u>7,547,509</u>	<u>7,502,809</u>	<u>7,465,448</u>	<u>37,361</u>	<u>7,453,301</u>
Student Transportation:					
Salaries	1,801,254	1,897,254	1,895,043	2,211	1,764,247
Benefits	670,502	711,502	712,790	(1,288)	639,110
Purchased services	306,300	268,300	275,047	(6,747)	230,823
Supplies	787,700	568,700	517,096	51,604	554,669
Property	125,000	125,000	99,595	25,405	60,485
Other	(391,500)	(391,500)	(409,465)	17,965	(386,730)
	<u>3,299,256</u>	<u>3,179,256</u>	<u>3,090,106</u>	<u>89,150</u>	<u>2,862,604</u>
Total Support Services	26,792,885	27,106,885	26,794,028	312,857	26,364,216
Facilities Acquisition and Construction:					
Site Improvement:					
Supplies	-	20,000	9,959	10,041	-
Building Improvement:					
Supplies	<u>-</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>
Total Undistributed Expenditures	<u>26,792,885</u>	<u>27,146,885</u>	<u>26,803,987</u>	<u>342,898</u>	<u>26,364,216</u>

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Total Expenditures	\$ 57,200,001	\$ 57,975,002	\$ 58,085,769	\$ (111,767)	\$ 56,725,346
Revenues Over Expenditures	6,288,255	5,513,254	7,073,498	1,559,244	7,158,794
OTHER FINANCING (USES)					
Transfers (to) other funds	(7,750,000)	(6,975,000)	(6,070,812)	904,188	(8,000,000)
Contingency	(500,000)	(500,000)	-	500,000	-
Total Other Financing (Uses)	(8,250,000)	(7,475,000)	(6,070,812)	1,404,188	(8,000,000)
Net Change in Fund Balance	(1,961,745)	(1,961,746)	1,002,686	2,963,432	(841,206)
FUND BALANCE, July 1	4,639,796	4,639,796	4,690,464	50,668	5,531,670
FUND BALANCE, June 30	<u>\$ 2,678,051</u>	<u>\$ 2,678,050</u>	<u>\$ 5,693,150</u>	<u>\$ 3,014,100</u>	<u>\$ 4,690,464</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources:					
Distributive School Fund	\$ 2,692,935	\$ 2,692,935	\$ 2,863,644	\$ 170,709	\$ 2,711,700
EXPENDITURES					
Special Programs:					
Salaries	5,053,252	5,268,252	5,286,822	(18,570)	5,033,988
Benefits	2,110,336	2,274,336	2,308,110	(33,774)	2,151,447
Purchased services	10,500	108,500	1,308	107,192	965
Supplies	39,150	25,150	22,915	2,235	27,502
Other	-	200	526	(326)	505
Total Special Programs	7,213,238	7,676,438	7,619,681	56,757	7,214,407
Undistributed Expenditures:					
Student Support:					
Salaries	1,625,655	1,158,656	1,252,730	(94,074)	1,358,597
Benefits	631,513	464,513	494,949	(30,436)	520,045
Purchased services	301,350	404,350	96,872	307,478	446,957
Supplies	3,850	1,100	917	183	835
	2,562,368	2,028,619	1,845,468	183,151	2,326,434
Instruction Staff Support:					
Salaries	350	3,350	2,884	466	3,175
Benefits	108	283	633	(350)	261
Purchased services	1,000	1,850	-	1,850	-
Supplies	5,000	2,900	2,391	509	4,211
	6,458	8,383	5,908	2,475	7,647
General Administration:					
Salaries	150,105	160,105	197,829	(37,724)	164,779
Benefits	47,811	53,811	58,422	(4,611)	51,926
Purchased services	17,000	68,000	6,197	61,803	17,528
Supplies	7,700	10,000	9,986	14	6,850
	222,616	291,916	272,434	19,482	241,083

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Student Transportation:					
Salaries	\$ 374,178	\$ 374,503	\$ 373,047	\$ 1,456	\$ 349,911
Benefits	130,693	129,693	128,513	1,180	114,806
Purchased services	400,000	400,000	-	400,000	-
	<u>904,871</u>	<u>904,196</u>	<u>501,560</u>	<u>402,636</u>	<u>464,717</u>
Total Undistributed Expenditures	<u>3,696,313</u>	<u>3,233,114</u>	<u>2,625,370</u>	<u>607,744</u>	<u>3,039,881</u>
Total Expenditures	<u>10,909,551</u>	<u>10,909,552</u>	<u>10,245,051</u>	<u>664,501</u>	<u>10,254,288</u>
Revenues Over (Under)					
Expenditures	(8,216,616)	(8,216,617)	(7,381,407)	835,210	(7,542,588)
OTHER FINANCING SOURCES					
Transfers from other funds	<u>7,500,000</u>	<u>6,725,000</u>	<u>6,000,000</u>	<u>(725,000)</u>	<u>8,000,000</u>
Net Change in Fund Balance	(716,616)	(1,491,617)	(1,381,407)	110,210	457,412
FUND BALANCE, July 1	<u>824,292</u>	<u>1,531,548</u>	<u>1,531,548</u>	<u>-</u>	<u>1,074,136</u>
FUND BALANCE, June 30	<u>\$ 107,676</u>	<u>\$ 39,931</u>	<u>\$ 150,141</u>	<u>\$ 110,210</u>	<u>\$ 1,531,548</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2015)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2016	2015
ASSETS		
Cash and investments	\$ 2,437,487	\$ 2,435,523
Due from other funds	20,420	17,979
Deposits and prepaid expenses	56,355	56,355
Restricted cash	464,129	361,577
Total Assets	<u>2,978,391</u>	<u>2,871,434</u>
LIABILITIES		
Accounts payable	260	10,314
Due to other funds	87,339	89,452
Incurred but unreported claims	1,052,000	1,044,000
Deferred revenue	8,926	8,926
Total Liabilities	<u>1,148,525</u>	<u>1,152,692</u>
NET POSITION		
Restricted for employee benefits program	75,933	75,933
Unrestricted	1,753,933	1,642,809
Total Net Assets	<u>\$ 1,829,866</u>	<u>\$ 1,718,742</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2016	2015
OPERATING REVENUES		
Charges for services	\$ 647,780	\$ 720,533
OPERATING EXPENSES		
Workers compensation claims	436,377	740,322
Unemployment claims	27,968	38,665
Reinsurance premiums and other payments	60,508	39,767
Other	45,481	50,799
Total Operating Expenses	570,334	869,553
Operating Income (Loss)	77,446	(149,020)
NONOPERATING REVENUES		
Earnings on investments	33,678	15,407
Change in Net Position	111,124	(133,613)
NET POSITION, July 1	1,718,742	1,852,355
NET POSITION, June 30	\$ 1,829,866	\$ 1,718,742

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums received from other funds	\$ 646,491	\$ 674,777
Payments of benefits	(462,055)	(571,895)
Insurance premiums and other payments	(110,333)	(86,167)
Net Cash Provided by Operating Activities	74,103	16,715
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to other funds	(3,265)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	33,678	15,407
Net Increase in Cash and Cash Equivalents	104,516	32,122
CASH AND CASH EQUIVALENTS, July 1	2,797,100	2,764,978
CASH AND CASH EQUIVALENTS, June 30	\$ 2,901,616	\$ 2,797,100
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 77,446	\$ (149,020)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	-	20,524
Due from other funds	(1,289)	(15,306)
Deposits and prepaid expenses	-	3,266
Accounts payable	(10,054)	10,491
Liability for claims incurred but not reported	8,000	201,000
Deferred revenues	-	(54,240)
Total Adjustments	(3,343)	165,735
Net Cash Provided by Operating Activities	\$ 74,103	\$ 16,715

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2015)

	PRIVATE PURPOSE TRUST - STUDENT SCHOLARSHIPS	AGENCY - STUDENT ACTIVITY FUNDS	TOTALS	
			2016	2015
ASSETS				
Cash and investments	\$ 881,202	\$ 711,397	\$ 1,592,599	\$ 1,547,043
Total Assets	<u>881,202</u>	<u>711,397</u>	<u>1,592,599</u>	<u>1,547,043</u>
LIABILITIES				
Due to student groups	<u>-</u>	<u>711,397</u>	<u>711,397</u>	<u>666,952</u>
Total Liabilities	<u>-</u>	<u>711,397</u>	<u>711,397</u>	<u>666,952</u>
NET POSITION				
Held in trust for student scholarships:				
Expendable	<u>881,202</u>	<u>-</u>	<u>881,202</u>	<u>880,091</u>
Total Net Position	<u>\$ 881,202</u>	<u>\$ -</u>	<u>\$ 881,202</u>	<u>\$ 880,091</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	PRIVATE-PURPOSE TRUST STUDENT SCHOLARSHIPS	
	2016	2015
ADDITIONS		
Private donations	\$ 375	\$ 30,000
Earnings on investments	<u>12,134</u>	<u>6,386</u>
Total Additions	12,509	36,386
DEDUCTIONS		
Scholarships paid	<u>11,398</u>	<u>22,216</u>
Change in Net Position	1,111	14,170
NET POSITION, July 1	<u>880,091</u>	<u>865,921</u>
NET POSITION, June 30	<u><u>\$ 881,202</u></u>	<u><u>\$ 880,091</u></u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Lyon County School District (District) conform to generally accepted accounting principles as applicable to governments. A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Reporting Entity

The District is governed by a separately elected seven member board. The Board is legally separate and fiscally independent from other governing bodies with decision making authority, authority to levy taxes, the power to designate management, the ability to significantly influence operations and is accountable for fiscal matters. Therefore, the District is a primary government and is not reported as a component unit by any other entity, nor is the Board accountable for any other entity required to be included in the District's comprehensive annual financial report.

Basic Financial Statements – District-Wide Statements

The basic financial statements include both district-wide (based on the District as a whole) and fund financial statements. The district-wide (sometimes referred to as 'government-wide') financial statements, the Statement of Net Position and Statement of Activities, report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Since the District currently has no business-type activities, all activities are reported as governmental.

In the Statement of Net Position, the governmental activities column is presented on a consolidated basis and is reflected on a full accrual, economic resource basis that recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position. The District first utilizes restricted resources to finance qualifying activities then unrestricted resources, as they are needed.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program or function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include charges paid by the recipient of the goods or services offered by the program. Grants and contributions are restricted to meeting the operational or capital requirements of a particular program or function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Basic Financial Statements – Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. District resources are allocated to and accounted for in the individual funds based upon the purposes for which they are intended and the means by which spending activities are controlled. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements.

The emphasis of the fund financial statements is on the major funds in the governmental type activity category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise categories combined) for the determination of major funds. District management may electively add funds as major funds, when it is determined the funds have specific community or management focus. Major individual governmental funds are reported as separate columns in the fund financial statements.

The focus of the governmental funds' measurement in the fund statements is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The focus for proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The District's internal service funds are presented in the proprietary fund financial statements. Because the principal users of the internal services are the District's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the costs of these services are reported in the appropriate functional activity.

The District's fiduciary fund is presented in the fiduciary fund financial statement by its agency type. Since, by definition, these assets are held for the benefit of a third party and cannot be used to address activities or obligations of the District, these funds are not incorporated into the district-wide statements.

The District reports the following *major* governmental funds.

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in other funds.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Special Education Fund

The Special Education Fund accounts for all costs, other than those paid by grants, directly related to providing instructional and support services to students with special needs.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Bonds Projects Fund

The Bond Projects Fund is used to account for all proceeds, interest earnings, and expenditures related to general obligation bonds sold for the purpose of acquiring or constructing major capital facilities.

The District reports the following *nonmajor* governmental funds:

Federal Grants Fund	State Grants Fund
Insurance Loss Fund	Medicaid Fund
Federal School Lunch Fund	Capital Projects Fund
Adult Diploma Fund	Building and Sites Fund
Class Size Reduction Fund	Residential Construction Tax Fund
Private Donations and Grants Fund	

Additionally, the District reports the following fund types:

Internal service funds are used to account for the charges to other funds and employees for the cost of various employee benefit programs on a cost reimbursement basis:

- Workers Compensation Insurance Fund
- Unemployment Insurance Fund
- Group Insurance Fund

The **private-purpose trust fund** is used to account for the resources legally held in trust for the purpose of awarding future student scholarships.

The **agency fund** is used to account for assets held by the District in a trustee capacity or as an agent for students and student groups.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Measurement Focus

District-Wide Financial Statements

The district-wide statements, as well as the proprietary fund financial statements, are prepared using the economic resources measurement focus. The agency funds (student activity funds) have no measurement focus.

All assets and liabilities associated with the operation of the District are included on the Statement of Net Position. The Statement of Activities presents increases (revenues) and decreases (expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the district-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the district-wide financial statements and the governmental funds financial statements.

Basis of Accounting

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. The district-wide financial statements and the proprietary fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows, and in the presentation of expenses versus expenditures.

Revenues

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available generally means expected to be received within 60 days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include taxes, grants, entitlements and donations for which the revenue is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Property taxes are recognized as revenues in the year for which they are levied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are deemed both measurable and available at fiscal year-end: investment earnings, grants and entitlements.

Deferred Inflows/Outflows of Resources

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred *outflows* of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The District's governmental funds do not have any items that qualify for reporting in this category. However, the Statement of Net Position reports deferred debt retirement charges in this category and the amount is being amortized over the required periods through the applicable bond maturities. In addition, deferred outflows of resources have been reported for items related to the District's net pension liability.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred *inflows* of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The District has only one item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds Balance Sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported in the government-wide statement of net position.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. Debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Cash and Investments

Cash balances from all funds are combined and, invested to the extent practicable. The District invests as permitted by NRS 355.170 and has not adopted additional investment policies. The District Investments are stated at cost, which approximates market value.

Pursuant to NRS 355.170, the District may only invest in the following types of securities:

- United States bonds and debentures maturing within ten (10) years from the date of purchase.
- Certain farm loan bonds.
- Securities of the United States Treasury, United States Postal Service or the Federal National Mortgage Association maturing within ten (10) years from the date of purchase.
- Negotiable certificates of deposit from commercial banks and insured savings and loan associations within the State of Nevada.
- Certain securities issued by local governments of the State of Nevada.
- Other securities expressly provided by other statutes, including repurchase agreements.
- Certain short-term commercial paper issued by U.S. Corporations.
- Certain "AAA" rated mutual funds that invest in Federal securities.

Inventories and Prepaid Items

Inventories are recorded at cost using the first-in/first-out (FIFO) method, except for commodities, which are stated at their fair value. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Restricted Assets

State law prohibits any money paid into a fund created for the purpose of providing self-funded health insurance from being used for any other purpose. Prohibited transactions include loaning money to other funds or governmental entities.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of at least \$5,000 (\$15,000 for infrastructure), and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are valued at their estimated fair value as of the date of donation.

Property, plant and equipment are being depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Buildings	50
Infrastructure	20
Site and building improvements	20
Vehicles	8
Computer and related equipment	5
Other equipment	5-15

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the proportionate-to-stated-interest-requirements method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as current expenditures of the fund receiving the proceeds.

Vacation Time and Sick Leave Benefits

The costs of vacation time and sick leave benefits are not accrued as earned but are recorded as payroll costs only when the time is actually used in the governmental fund statements. The full cost of accrued vacation for those classified and administrative employees who earn vacation time is recorded in the district-wide financial statements.

The majority of the employees of the District are teachers and classified staff who accumulate sick leave up to 180 days with no vacation time provided. Although sick leave may be accumulated, the amount paid to an employee upon termination, retirement or death is based on a predetermined daily dollar amount that is

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

based on the length of service and number of sick leave days accumulated. An employee's compensation is limited to \$5,400 and subject further to an annual aggregate limitation. Such payments are made each September to qualifying employees who terminated employment during the previous year. Any current liability that may exist at year-end is recorded in the General Fund. The estimated liability to employees separating from service in future years is recorded in the district-wide financial statements.

Postemployment Benefits Other than Pensions

Postemployment expenditures are comprised of monthly payments to the Nevada Public Employees' Benefit Program (PEBP) for the District's subsidy of retiree insurance premiums and the portion of insurance premiums paid to private insurers on behalf of active employees that represents the implicit cost of retiree coverage. The payments to PEBP are charged to the General Fund while the employee insurance premiums are charged to the respective fund to which the employees' payroll costs are charged. The District has elected to fund postemployment benefits using the pay-as-you-go basis. Postemployment benefits other than pensions are discussed in further detail in Note 10.

Property Taxes

All real property in Lyon County is assigned a parcel number in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The valuation of the property and its improvements is being assessed at 35 percent of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the State Constitution at \$5 per \$100 of assessed valuation; however, as a result of legislative action the tax rate has been further limited to \$3.64 per \$100 of assessed value except in cases of severe financial emergency as defined in NRS 354.705.

Taxes on real property are a lien on the property and attach on July 1 (the levy date) of the year for which the taxes are levied.

Taxes may be paid in four installments payable on the third Monday in August and the first Mondays in October, January, and March to the Lyon County Treasurer. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two-year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest, and costs before sale.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Comparative Data

Comparative data shown for the prior year has been extracted from the 2015 financial statements. It has been provided to add comparability, but is not considered full disclosure of transactions for 2015. Such information can only be obtained by referring to the financial report for that year. Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

The District adheres to the Local Government Budget Act incorporated within the statutes of the State of Nevada, which includes the following major procedures to establish the budgetary data reflected in these financial statements:

1. On or before April 15, the Lyon County School District Board of Trustees files a tentative budget with the Nevada Department of Taxation and the Nevada Department of Education for all funds other than Trust and Agency Funds, which are not required to be budgeted. Although not required, management has elected to adopt annual budgets to improve fiscal accountability for private-purpose trust funds.
2. Prior to June 8, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board. The final budget is then forwarded to the Nevada Tax Commission to approve the requested ad valorem tax rate.
3. Prior to January 1, each school district must adopt an amendment to its final budget to reflect the change in revenue to be received from actual student enrollment.
4. Formal budgetary integration in the financial records is employed to enhance management control during the year for all funds.
5. Budgets for funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Appropriations lapse at year-end.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

6. Budgeted amounts within funds, and between funds, may be transferred if amounts do not exceed the amounts originally budgeted. Such transfers are to be approved by the Budget Officer and/or the Board of Trustees, depending on established criteria. Budget augmentations in excess of original budgetary amounts may be made only with prior approval of the Lyon County School District Board of Trustees, following a scheduled and noticed public hearing.

In accordance with state statute, actual expenditures may not exceed budgetary appropriations at the program level for governmental funds, except for bond repayments, short-term financing repayment and any other long-term contract expressly authorized by law or payments for the construction of public works from funds provided by the proceeds of a sale of bonds or short-term financing. Internal service funds' level of budgetary control is the sum of operating and non-operating expenses.

NOTE 3 – CASH EQUIVALENTS AND INVESTMENTS

Cash includes not only currency on hand but demand deposits with banks or other financial institutions. Cash also includes other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty. Cash equivalents are short-term, highly liquid investments that (a) are readily convertible to known amounts of cash and (b) are so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates.

A portion of the District's cash and investments is restricted by Nevada Statutes. The amount restricted at June 30, 2016, is \$464,129, which is held in a restricted bank account to secure future workers' compensation claims.

The following schedule summarizes cash and investments for the District at June 30, 2016:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

The District's cash and investment balances as of June 30, 2016 were as follows:

	Unrestricted	Restricted	Total
Cash and Investments Held By:			
Governmental Funds	\$ 23,336,197	\$ -	\$ 23,336,197
Proprietary (Internal Service) Funds	2,437,487	464,129	2,901,616
	25,773,684	464,129	26,237,813
Fiduciary Funds	1,592,599	-	1,592,599
Total Cash and Investments	<u>\$ 27,366,283</u>	<u>\$ 464,129</u>	<u>\$ 27,830,412</u>
Cash Balances Classified By Depository:			
Cash on hand			\$ 2,140
Demand deposits			<u>11,549,523</u>
Subtotal Cash			11,551,663
Wells Fargo Bank, through State of Nevada's NVEST program			13,480,754
Held in State Treasurer's Investment Pool			<u>2,797,995</u>
Total Cash and Investments			<u>\$ 27,830,412</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The Local Government Investment Pool is authorized by NRS 355.167 and is administered by the State Treasurer. Administrative policies are adopted by the State Board of Finance, which has oversight responsibilities of the Fund. The fair value of the District's position in the pool equals the value of the pool shares. The \$2,797,995 investment in the State Treasurer's Local Government Investment Pool is carried at market. The Pool is an unrated external investment pool with an average weighted maturity of 80 days as of June 30, 2016.

As of June 30, 2016, the District had the following investments and maturities held at Wells Fargo Bank.

	Fair Value	Investment Maturities (In Years)			Moody's	S&P
		< 1	1-3	>3		
Corporate Bonds:						
Financials	\$ 2,616,207	\$ 916,400	\$ 900,903	\$ 798,904	Aaaa-Baa1	AAA-NR
Industrials and Utilities	1,170,263	485,270	373,637	311,356	Aa2-Baa1	AA-BBB+
U.S. Government Bonds	3,849,620	-	3,849,620	-	Aaa	AAA-AA+
Mtg Backed Securities	3,017,726	540,663	501,678	1,975,385	Aaa	AAA-NR
Asset Backed Securities (ABS)	2,295,946	1,204,306	1,027,001	64,639	Aaa-NR	AAA
	12,949,762	<u>\$ 3,146,639</u>	<u>\$ 6,652,839</u>	<u>\$ 3,150,284</u>		
Accrued interest	84,124					
Government money market fund	446,868					
Total Investments	<u>\$ 13,480,754</u>					

Investments held by Wells Fargo Bank are made through the NVEST program sponsored by the Nevada State Treasurer. Through this program, local governments may invest in longer term securities than available through the Local Government Investment Pool. Buckhead Capital Management is the portfolio manager and manages the portfolio with a duration objective of three years. Securities purchased through this program are held in a separate safekeeping account at Wells Fargo Bank and registered in the name of the District. The NVEST program has specific investment guidelines to address the various risk types.

Interest Rate Risk

Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. To limit exposure to interest rate risk, Nevada Statutes limits banker's acceptances to 180 days maturities, repurchase agreements to 90 days, U.S. Treasuries and Agencies to less than 10 years, and commercial paper to 270 days maturities. The District's investment in U.S. Agency mortgage backed securities consists of securities issued by the Federal National Mortgage Association, Federal Farm Credit Bank, and Federal Home Loans Bank. Since investments in these agencies are in many cases backed by assets such as mortgages they are subject to prepayment risk.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. Nevada Statutes limit investment in money market mutual funds and asset-backed securities to the "AAA" rating (or equivalent) by a nationally recognized statistical rating organization. The District's corporate securities are in most cases rated by both Standard & Poor's and Moody's rating agencies as indicated above. The U.S. Agency pools and mortgage-backed securities are backed by the U.S. government and unrated.

Concentration Risk

To limit exposure to concentrations of credit risk, the NVEST guidelines limit investment in asset backed securities, bankers' acceptances, non-U.S. agency collateralized mortgage obligations, commercial paper, corporate notes, negotiable certificates of deposit and U.S. Treasuries to 20% of total par value of the portfolio on the date of purchase. The District has less than 5% of total investments in any single issuer, excluding U.S. government obligations and pooled investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District's bank deposits are generally covered by FDIC insurance and are collateralized by the Office of the State Treasurer.

NOTE 4 – RECEIVABLES

The District's governmental funds reported the following receivables as of June 30, 2016:

	Taxes Receivable	Due from Other Gov't.	Other	Total Receivables
<i>Major Governmental Funds:</i>				
General	\$ 155,086	\$ 3,187,706	\$ 13,408	\$ 3,356,200
Special Education	-	-	1,398	1,398
Debt Service	89,410	-	-	89,410
<i>Other Governmental Funds</i>	-	5,505,146	-	5,505,146
Total Governmental Funds	<u>\$ 244,496</u>	<u>\$ 8,692,852</u>	<u>\$ 14,806</u>	<u>\$ 8,952,154</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The costs of workers' compensation and unemployment benefits are accounted for in the respective internal service fund. All funds from which salaries are paid are charged a percent of gross payroll to recover the cost of benefits. Some federal and state grants had cash deficits at year end due to outstanding cash requests. As of June 30, 2016, a total of \$3,745,948 was advanced from the General fund to cover the deficits.

Interfund receivable and payable balances at June 30, 2016 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 3,812,867	\$ -
Nonmajor Governmental Funds:		
Federal Grants	-	2,902,449
State Grants Fund	-	843,499
	<u>3,812,867</u>	<u>3,745,948</u>
Internal Service Funds:		
Workers Compensation Insurance Fund	-	87,339
Unemployment Insurance Fund	18,491	
Group Insurance Fund	1,929	-
	<u>20,420</u>	<u>87,339</u>
Total All Funds	<u>\$ 3,833,287</u>	<u>\$ 3,833,287</u>

Transfers were made between funds during the year to cover operating costs not sufficiently covered by operating revenues as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 6,070,812
Special Education Fund	6,000,000	-
Federal School Lunch	30,000	
Class Size Reduction Fund	40,812	
	<u>\$ 6,070,812</u>	<u>\$ 6,070,812</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2016
Nondepreciable Capital Assets				
Land	\$ 8,830,484	\$ -	\$ -	\$ 8,830,484
Construction in progress	33,623	274,687	-	308,310
	<u>8,864,107</u>	<u>274,687</u>	<u>-</u>	<u>9,138,794</u>
Depreciable Capital Assets				
Buildings and improvements	142,056,711	326,520	(216)	142,383,015
Infrastructure	16,079,031	124,145	-	16,203,176
Equipment and vehicles	22,759,529	1,993,066	(815,388)	23,937,207
	<u>180,895,271</u>	<u>2,443,731</u>	<u>(815,604)</u>	<u>182,523,398</u>
Less accumulated depreciation:				
Buildings and improvements	(45,464,042)	(3,018,732)	216	(48,482,558)
Infrastructure	(4,759,184)	(792,432)	-	(5,551,616)
Equipment and vehicles	(19,339,030)	(808,870)	804,976	(19,342,924)
	<u>(69,562,256)</u>	<u>(4,620,034)</u>	<u>805,192</u>	<u>(73,377,098)</u>
Depreciable assets, net	<u>113,856,935</u>	<u>(2,176,303)</u>	<u>(10,412)</u>	<u>109,146,300</u>
Governmental Activities				
Capital Assets, net	<u>\$ 120,197,122</u>	<u>\$ (1,901,616)</u>	<u>\$ (10,412)</u>	<u>\$ 118,285,094</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Depreciation expense was charged to programs and functions as follows:

Instruction	\$ 173,400
Student Support Services	15,723
Instructional Staff Support	30,392
General Administration	2,989
School Administration	22,769
Central Services	384,705
Operations and Maintenance	58,581
Transportation	293,415
Food Services Operations	12,801
Community Services	23,291
Facilities	3,601,968
	<u>\$ 4,620,034</u>

NOTE 7 – LONG-TERM DEBT

The District's long-term liability activity is summarized as follows (See Note 9 for discussion of the pension liability):

Changes in Long-Term Debt

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due Within One Year
General obligation bonds	\$ 66,670,000	\$ 8,000,000	\$ 4,560,000	\$ 70,110,000	\$ 5,120,000
Deferred amounts for issuance of premiums	233,138	380,364	23,332	590,170	23,332
Post-retirement health benefits	8,044,644	313,533	-	8,358,177	-
Compensated absences	1,100,083	46,322	-	1,146,405	-
Totals	<u>\$ 76,047,865</u>	<u>\$ 8,740,219</u>	<u>\$ 4,583,332</u>	<u>\$ 80,204,752</u>	<u>\$ 5,143,332</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

General Obligation Bonds

Bonds payable at June 30, 2016 are comprised of the following general obligation issues and are serviced by property tax revenues received by the Debt Service Fund:

Series	Date Issued	Date of Final Maturity	Interest Rate	Original Amount Issued	Balance on June 30, 2016	Due Within One Year
2005C	9/20/05	4/1/25	3.625% - 5.0%	\$ 13,000,000	\$ 5,410,000	\$ 815,000
2010	8/10/10	6/1/30	2.0% - 4.5%	5,050,000	2,600,000	140,000
2011	6/21/11	6/1/26	3.76%	5,000,000	4,485,000	380,000
2012	4/11/12	6/1/32	0.0% - 3.75%	7,955,000	7,270,000	470,000
2013	3/13/13	4/1/25	1.25% - 2.5%	9,765,000	9,765,000	1,390,000
2013B	10/15/13	6/1/29	3.54%	21,705,000	19,275,000	1,155,000
2014	7/16/14	4/1/28	2.775%	15,040,000	13,305,000	675,000
2015	12/10/15	6/1/23	1.03% - 2.45%	1,600,000	1,600,000	95,000
2016A	6/21/16	4/1/36	3.000%	6,400,000	6,400,000	-
					<u>\$ 70,110,000</u>	<u>\$ 5,120,000</u>

At June 30, 2016, the District's limit of bonded indebtedness as defined by NRS 387.400 was \$228,731,144. The District had \$70,110,000 in bonded debt outstanding, leaving an unused bonding capacity of \$158,621,144.

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2016 are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2017	\$ 5,120,000	\$ 2,083,400	\$ 7,203,400
2018	5,420,000	1,985,763	7,405,763
2019	5,960,000	1,836,839	7,796,839
2020	6,270,000	1,665,690	7,935,690
2021	6,605,000	1,485,320	8,090,320
2022-2026	26,925,000	4,602,802	31,527,802
2027-2031	11,055,000	1,260,926	12,315,926
2032-2036	2,755,000	234,563	2,989,563
	<u>\$ 70,110,000</u>	<u>\$ 15,155,303</u>	<u>\$ 85,265,303</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The principal amounts shown about exclude unamortized bond premiums of \$590,170 as of June 30, 2016.

Interest expense reported in the governmental funds for 2016 was \$2,068,018.

Advance Refundings

For bond refunds resulting in the defeasance of the debt reported in the district-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The unamortized amount is presented as a deferred outflow of resources. As of June 30, 2016, deferred loss on advance refundings is \$1,305,341. The amortization in 2016 was \$138,400, which is also the amount expected to be amortized in 2017.

NOTE 8 – RISK FINANCING

Self-Insured Workers Compensation Benefits

Effective July 1, 2003, the District adopted a self-insured program for providing workers compensation benefits paid due to work related injuries. The program is accounted for in the Workers Compensation Insurance Fund. Under the self-insured program, the District contracts with a third party administrator to process claims and purchased reinsurance to cover individual claims that exceed \$250,000. The liability for incurred but unreported claims as of June 30, 2016 is \$1,052,000 as determined by an independent actuary.

Interfund premiums are based on rates expected to meet current expenditures and fund the liability for incurred but unreported claims. Changes in the claims liability for the current and prior year are:

	<u>2016</u>	<u>2015</u>
Balance, July 1	\$ 1,044,000	\$ 843,000
Current year claims and changes in estimates	436,377	740,322
Claim payments	<u>(428,377)</u>	<u>(539,322)</u>
Balance, June 30	<u>\$ 1,052,000</u>	<u>\$ 1,044,000</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Property and Liability Claims

The District's property and liability insurance policy includes a self-insured retention provision whereby the District is responsible for claims up to \$25,000 per occurrence. Claims are paid from the Insurance Loss Fund, which is supported by transfers from the General Fund. The amount of annual transfer, if any, is based on historical claims information and the Insurance Loss Fund's current balance. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description

The District contributes to the State of Nevada Public Employees Retirement System (PERS) a statewide, cost-sharing, multiple-employer defined benefit plan administered by the State of Nevada that covers substantially all employees of the District. PERS provides retirement, disability, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report is available on the web at <http://www.nvpers.org> or by writing to the State of Nevada Public Employees Retirement System, 693 West Nye Lane, Carson City, NV 89703-1599 or by calling (775) 687-4200.

Contributions

Contribution provisions are specified by state statute and may be amended only by action of the state legislature. Each School District's contribution rates are based on biennial actuarial valuations and expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

The School District's required and actual contributions to the plan for the years ended June 30, 2016 and 2015 were approximately \$11,410,032 and \$11,237,444, respectively, based on a rate of 28% and 25.75%, respectively, of covered compensation.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Benefits Provided

Benefits provisions of the defined benefit pension plan are established by Nevada Revised Statutes (NRS or statute), which may be amended. Benefits are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010. Benefit payments to which participants or their beneficiaries may be entitled under the plan include pension benefits, disability benefits, and survivor benefits.

Monthly benefit allowances for members are computed at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001. This multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NRS 286.575-.579.

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with ten years of service, or at any age with thirty years of service. Regular members entering the System on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with ten years of service, or any age with thirty years of service.

The normal ceiling limitation on monthly benefit allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985, is entitled to a benefit of up to 90% of average compensation. Both Regular and Police/Fire members become fully vested as to benefits upon completion of five years of service.

Net Pension Liability, Deferrals, and Pension Expense

At June 30, 2016, the District reported a liability of \$84,909,369 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At June 30, 2015, the District's proportion of the regular plan's net pension liability was .742%.

For the year ended June 30, 2016, the District recognized pension expense of \$9,276,584. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 6,386,654
Net difference between projected and actual earnings on pension plan assets	-	4,599,255
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	659,468
The District's contributions subsequent to the measurement date	11,410,032	-
	<u>\$ 11,410,032</u>	<u>\$ 11,645,377</u>

The \$11,410,032 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2017	\$ (1,777,920)
2018	(1,777,920)
2019	(1,777,920)
2020	(1,777,920)
2021	(1,777,920)
Thereafter	(2,755,777)
	<u>\$ (11,645,377)</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	8.0% per year, including inflation.
Salary increases	4.6% to 9.75% depending on service.
Inflation rate	3.5% per year.
Payroll growth	6.5% per year.
Mortality rates	RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females, none for males.

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Investment Category	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	42%	5.50%
Private Equity	10%	6.80%
International Equity	18%	5.75%
Fixed-Income	30%	0.25%
Total	100%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the District calculated using the discount rate 8.00%. The following also reflects what the District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (7.00%) or 1.00 percentage point higher (9.00%) than the current discount rate:

1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
<u>\$ 129,384,875</u>	<u>\$ 84,909,369</u>	<u>\$ 47,924,880</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available on the NVPERS website and can be found in the PERS Comprehensive Annual Financial Report.

Payable to the Pension Plan

As of June 30, 2016, the District had no amounts outstanding for contributions to the pension plan required for the year ended June 30, 2016.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Retirees of Lyon County School District may receive postemployment benefits through the Nevada Public Employee's Benefits Plan or through the District's health care plan offered to its active employees. Following is information on both plans.

Plan Descriptions

Nevada Public Employee's Benefits Plan

The District contributes to the Nevada Public Employees' Benefits Plan (PEBP), an agent multiple-employer defined benefit plan, which provides medical benefits to eligible retired District employees and their beneficiaries. PEBP is administered by the Board of the Public Employee's Benefits Program, consisting of nine appointed members. Before November 30, 2008, NRS 287.023 allowed retirees of local governments meeting established criteria to enroll in the PEBP and required local governments to subsidize the cost of their retirees' premiums. Although retirees may no longer enroll in the PEBP, retirees enrolled as of November 30, 2008 may remain in the plan with continued premium subsidies paid by the District. The PEBP issues a publicly available report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Benefit Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701. The information is also available on their website at www.pebp.state.nv.us or by calling (800) 326-5496.

Lyon County School District Health Care Plan

The District administers a single-employer defined benefit Healthcare Plan (LCHCP). This plan provides postemployment healthcare and life insurance benefits to retirees of the District. Any retiree that participates in the Nevada Public Employees' Retirement System (PERS) may purchase coverage for themselves and dependents at the same premium charged active employees. Because retirees pay the same premium as active employees rather than a higher rate that would result from rating retirees as a separate insured group, the District incurs the cost of an implicit premium subsidy. A separate report was not issued for the plan.

Membership of the LCHCP consisted of 965 active plan members and 51 retirees as of June 30, 2016, the date of the latest actuarial valuation.

Funding Policy

Nevada Public Employee's Benefits Plan

The contribution requirements of plan members and Lyon County School District are established and may be amended by the Board of Public Employees' Benefits Program. The amount of subsidy an individual retiree is entitled to is predicated on the years of service and a legislatively determined base amount. The District is billed monthly for the subsidies for District retirees.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Lyon County School District Health Care Plan

Retirees electing to continue coverage under the LCHCP must pay the full cost of premiums. The District pays the full cost of the premiums for active employees and, therefore, pays the implicit cost of retirees' coverage. The District has elected to pay the implicit cost of postemployment benefits on the pay-as-you-go basis.

The annual required contribution rate was .951% of payroll for the last actuarial valuation dated June 30, 2016. The District obtains healthcare and life insurance coverage through private insurers. NRS 288.150 specifies insurance benefits are subject to mandatory bargaining. The current agreements with employee associations provide for a committee to review and make recommendations to plan design and the selection of insurers to the Lyon County School District Board of Trustees.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount contributed to the plan, and changes in the District's net OPEB obligation for the healthcare benefits:

	PEBP	LCHCP	Total
Annual Required Contribution (ARC):			
Normal cost	\$ -	\$ 337,162	\$ 337,162
Amortization of UAAL	379,584	80,629	460,213
	379,584	417,791	797,375
Interest on net OPEB obligation	1,443	320,343	321,786
Adjustment to ARC	(2,429)	(318,268)	(320,697)
Annual OPEB Expense	378,598	419,866	798,464
Contributions made	(415,127)	(69,804)	(484,931)
Change in OPEB obligation	(36,529)	350,062	313,533
Net OPEB obligation, July 1, 2015	36,084	8,008,560	8,044,644
Net OPEB obligation, June 30, 2016	\$ (445)	\$ 8,358,622	\$ 8,358,177

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2014 – 2016 were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2016	\$ 798,464	60.7%	\$ 8,358,177
2015	1,050,831	47.7%	8,044,644
2014	1,013,807	49.4%	7,494,642

Funded Status and Funding Progress

As of June 30, 2016, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability was \$2,110,015 for the LCHCP plan and \$5,864,992 for the PEBP plan. The covered payroll was approximately \$43,919,000 and the ratio of unfunded actuarial accrued liability to payroll was 4.8 percent for LCHCP. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2016 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4% investment rate of return. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over thirty years for the LCHCP plan and on the level dollar basis over 27 years (closed) for the PEBP plan.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 11 – FUND BALANCE, NET ASSETS, RESTRICTIONS AND RESERVATIONS

District-Wide Financial Statements

The district-wide Statement of Net Position utilizes a net position presentation. Net position is categorized as invested in capital assets-net of related debt, restricted and unrestricted. Related debt is the debt outstanding that relates to the acquisition, construction or improvement of capital assets.

Restricted net position is comprised of net assets which have third-party limitation on their use, whether statutory or imposed by a bond covenant or granting agency. Restricted net position is classified either by function, debt service, project, or claims. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

The restriction for debt service represents net position legally restricted by statute or bond covenants for future debt service requirements of both principal and interest. The amount restricted for projects consists of unspent grants, donations, and debt proceeds with third party restrictions for use on specific projects or programs.

Unrestricted net position represent available financial resources of the District.

Fund Financial Statements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The District reports the following classifications:

Non-spendable – amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

The General Fund reports non-spendable fund balance for the carrying amount of inventories held at year-end.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

The Debt Service Fund reports restricted fund balance for amounts that are legally restricted to the payment of long-term debt principal and interest maturing in future years.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

The Capital Projects Funds report restricted fund balance for amounts related to construction contracts for which the District is committed, but the capital project is not yet complete.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board. The Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Assigned fund balance in the General Fund represents an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues.

Assigned fund balance in the Special Education Fund represents amounts intended to be used for special education and related services.

Unassigned – the residual classification for the General Fund.

When both restricted and unrestricted resources are available for use, it is the Board's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – as needed, unless the Board has provided for otherwise in its commitment or assignment actions.

The table on the following page is a summary of the District's fund balances at June 30, 2016:

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Special Education Fund	Debt Service Fund	Bond Projects Fund		
Fund Balances						
Nonspendable inventories	\$ 26,920	\$ -	\$ -	\$ -	\$ 26,176	\$ 53,096
Restricted for:						
Debt service	-	-	5,700,053	-	-	5,700,053
Capital projects	-	-	-	7,072,867	1,880,615	8,953,482
Assigned to:						
Education services	-	150,141	-	-	575,385	725,526
Food service	-	-	-	-	214,953	214,953
Subsequent year's budget	989,867	-	-	-	-	989,867
Unassigned	4,676,363	-	-	-	-	4,676,363
Total Fund Balance	\$ 5,693,150	\$ 150,141	\$ 5,700,053	\$ 7,072,867	\$ 2,697,129	\$ 21,313,340

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 12 – COMPLIANCE WITH NEVADA REVISED STATUTES (NRS)

The following possible violations of NRS 354.626 with respect to expenditures in excess of appropriations were noted as of and for the year ended June 30, 2016:

<u>Fund</u>	<u>Program / Function</u>	<u>Expenditures in Excess of Appropriations</u>
General	Regular Programs	\$ 101,289
General	Extra-Curricular Activities	409,693
Federal Grants	Other Instructional Programs	41,864
Federal Grants	Food Services Operations	67,724
State Grants	Special Programs	9,272
Medicaid	Special Programs	163,396

LYON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS JUNE 30, 2016

SCHEDULE OF FUNDING PROGRESS

Plan	Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as % of Covered Payroll [(B-A)/C]
LCHCP	6/30/2016	6/30/2016	\$ -	\$ 2,110,015	\$ 2,110,015	0.0%	\$ 43,919,400	4.80%
	6/30/2015	6/30/2014	-	5,102,394	5,102,394	0.0%	43,580,000	11.71%
	6/30/2014	6/30/2014	-	4,587,418	4,587,418	0.0%	43,200,000	10.62%
PEBP	6/30/2016	6/30/2016	\$ -	\$ 5,864,992	\$ 5,864,992	0.0%	N/A	N/A
	6/30/2015	6/30/2014	-	6,886,478	6,886,478	0.0%	N/A	N/A
	6/30/2014	6/30/2014	-	7,038,571	7,038,571	0.0%	N/A	N/A

LYON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA DETERMINED AS OF THE PLAN YEAR ENDED JUNE 30, 2015

District's proportion of the Net Pension Liability	0.74096%
District's proportionate share of the Net Pension Liability	\$ 84,909,369
District's covered employee payroll	\$ 45,566,218
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	186.34%
Plan fiduciary net position as a percentage of the Total Pension Liability	76.31%

LYON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF DISTRICT'S CONTRIBUTIONS PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA DETERMINED AS OF THE YEAR ENDED JUNE 30, 2016

Statutorily required contribution	\$ 11,410,032
Contributions in relation to the statutorily required contribution	<u>11,410,032</u>
Contribution deficiency (excess)	<u>-</u>
District's covered employee payroll	45,566,218
Contributions as a percentage of covered employee payroll	25.04%

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2015)

Page 1 of 3

	SPECIAL REVENUE FUNDS					
	FEDERAL GRANTS	INSURANCE LOSS	FEDERAL SCHOOL LUNCH	ADULT DIPLOMA	CLASS SIZE REDUCTION	PRIVATE DONATIONS & GRANTS
ASSETS						
Cash and investments	\$ -	\$ 127,197	\$ 187,041	\$ 96,712	\$ 289,197	\$ 122,783
Receivables	4,090,281	-	237,427	-	18,516	-
Inventories	-	-	26,176	-	-	-
Total Assets	<u>\$ 4,090,281</u>	<u>\$ 127,197</u>	<u>\$ 450,644</u>	<u>\$ 96,712</u>	<u>\$ 307,713</u>	<u>\$ 122,783</u>
LIABILITIES						
Accounts payable	\$ 265,236	\$ -	\$ 28,743	\$ 397	\$ -	\$ 2,603
Accrued payroll	562,281	-	135,036	35,523	307,713	-
Due to other funds	2,902,449	-	-	-	-	-
Unearned revenues	360,315	-	45,736	-	-	120,180
Total Liabilities	<u>4,090,281</u>	<u>-</u>	<u>209,515</u>	<u>35,920</u>	<u>307,713</u>	<u>122,783</u>
FUND BALANCES						
Nonspendable	-	-	26,176	-	-	-
Restricted	-	-	-	-	-	-
Assigned	-	127,197	214,953	60,792	-	-
Total Fund Balances	<u>-</u>	<u>127,197</u>	<u>241,129</u>	<u>60,792</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 4,090,281</u>	<u>\$ 127,197</u>	<u>\$ 450,644</u>	<u>\$ 96,712</u>	<u>\$ 307,713</u>	<u>\$ 122,783</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2015)

Page 2 of 3

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS	
	STATE GRANTS	MEDICAID	TOTAL	CAPITAL PROJECTS	BUILDING AND SITES
ASSETS					
Cash and investments	\$ 432,732	\$ 460,870	\$ 1,716,532	\$ 1,293,351	\$ 142,724
Receivables	1,080,848	-	5,427,072	58,982	-
Inventories	-	-	26,176	-	-
Total Assets	<u>\$ 1,513,580</u>	<u>\$ 460,870</u>	<u>\$ 7,169,780</u>	<u>\$ 1,352,333</u>	<u>\$ 142,724</u>
LIABILITIES					
Accounts payable	\$ 278,750	\$ 13,877	\$ 589,606	\$ 111,641	\$ -
Accrued payroll	214,473	59,597	1,314,623	-	-
Due to other funds	843,499	-	3,745,948	-	-
Unearned revenues	176,858	-	703,089	-	-
Total Liabilities	<u>1,513,580</u>	<u>73,474</u>	<u>6,353,266</u>	<u>111,641</u>	<u>-</u>
FUND BALANCES					
Nonspendable	-	-	26,176	-	-
Restricted	-	-	-	1,240,692	142,724
Assigned	-	387,396	790,338	-	-
Total Fund Balances	<u>-</u>	<u>387,396</u>	<u>816,514</u>	<u>1,240,692</u>	<u>142,724</u>
Total Liabilities and Fund Balances	<u>\$ 1,513,580</u>	<u>\$ 460,870</u>	<u>\$ 7,169,780</u>	<u>\$ 1,352,333</u>	<u>\$ 142,724</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2015)

Page 3 of 3

	CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	RESIDENTIAL CONSTRUCTION			
	TAX	TOTAL	2016	2015
ASSETS				
Cash and investments	\$ 559,980	\$ 1,996,055	\$ 3,712,587	\$ 2,900,047
Receivables	19,092	78,074	5,505,146	3,643,907
Inventories	-	-	26,176	93,627
Total Assets	<u>\$ 579,072</u>	<u>\$ 2,074,129</u>	<u>\$ 9,243,909</u>	<u>\$ 6,637,581</u>
LIABILITIES				
Accounts payable	\$ 81,873	\$ 193,514	\$ 783,120	\$ 326,236
Accrued payroll	-	-	1,314,623	1,386,563
Due to other funds	-	-	3,745,948	1,863,678
Unearned revenues	-	-	703,089	701,080
Total Liabilities	<u>81,873</u>	<u>193,514</u>	<u>6,546,780</u>	<u>4,277,557</u>
FUND BALANCES				
Nonspendable	-	-	26,176	93,627
Restricted	497,199	1,880,615	1,880,615	1,747,193
Assigned	-	-	790,338	519,204
Total Fund Balances	<u>497,199</u>	<u>1,880,615</u>	<u>2,697,129</u>	<u>2,360,024</u>
Total Liabilities and Fund Balances	<u>\$ 579,072</u>	<u>\$ 2,074,129</u>	<u>\$ 9,243,909</u>	<u>\$ 6,637,581</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

Page 1 of 3

	SPECIAL REVENUE FUNDS					
	FEDERAL GRANTS	INSURANCE LOSS	FEDERAL SCHOOL LUNCH	ADULT DIPLOMA	CLASS SIZE REDUCTION	PRIVATE DONATIONS & GRANTS
REVENUES						
Local sources	\$ -	\$ -	\$ 570,169	\$ 4,176	\$ -	\$ 47,018
State sources	-	-	10,337	233,595	1,801,311	-
Federal sources	<u>6,910,252</u>	<u>-</u>	<u>2,563,206</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>6,910,252</u>	<u>-</u>	<u>3,143,712</u>	<u>237,771</u>	<u>1,801,311</u>	<u>47,018</u>
EXPENDITURES						
Instruction:						
Regular instruction	1,940,568	-	-	-	1,842,123	18,564
Special instruction	2,020,344	-	-	-	-	730
Vocational instruction	44,637	-	-	-	-	-
Adult instruction	-	-	-	234,008	-	-
Other instruction	104,541	-	-	-	-	-
Extra-curricular activities	-	-	-	-	-	-
Support Services:						
Student support	825,119	-	-	-	-	-
Instructional staff support	1,432,258	-	-	-	-	22,634
General administration	80,555	-	-	-	-	-
School administration	-	-	-	-	-	1,450
Central services	286,087	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	3,640
Student transportation	4,691	-	-	-	-	-
Noninstructional services:						
Food service	129,169	-	2,934,635	-	-	-
Community service	42,283	-	-	-	-	-
Facilities acquisition and construction	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>6,910,252</u>	<u>-</u>	<u>2,934,635</u>	<u>234,008</u>	<u>1,842,123</u>	<u>47,018</u>
Revenues Over (Under) Expenditures	-	-	209,077	3,763	(40,812)	-
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>40,812</u>	<u>-</u>
Net Changes in Fund Balances	-	-	239,077	3,763	-	-
FUND BALANCE, July 1	<u>-</u>	<u>127,197</u>	<u>2,052</u>	<u>57,029</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 127,197</u>	<u>\$ 241,129</u>	<u>\$ 60,792</u>	<u>\$ -</u>	<u>\$ -</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

Page 2 of 3

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS	
	STATE GRANTS	MEDICAID	TOTAL	CAPITAL PROJECTS	BUILDING AND SITES
REVENUES:					
Local sources	\$ -	\$ -	\$ 621,363	\$ 587,170	\$ 8,626
State sources	3,294,082	-	5,339,325	-	-
Federal sources	-	454,476	9,927,934	245,793	-
Total Revenues	3,294,082	454,476	15,888,622	832,963	8,626
EXPENDITURES:					
Instruction:					
Regular instruction	1,836,328	-	5,637,583	-	-
Special instruction	25,082	262,596	2,308,752	-	-
Vocational instruction	94,684	-	139,321	-	-
Adult instruction	-	-	234,008	-	-
Other instruction	198,777	-	303,318	-	-
Extra-curricular activities	-	-	-	-	-
Support Services:					
Student support	563,833	181,562	1,570,514	-	-
Instructional staff support	111,238	-	1,566,130	-	-
General administration	68,367	49,475	198,397	-	-
School administration	-	-	1,450	-	-
Central services	95,773	-	381,860	607,483	-
Operations and maintenance	-	-	3,640	-	30,270
Student transportation	-	-	4,691	-	-
Noninstructional services:					
Food service	-	-	3,063,804	-	-
Community service	-	-	42,283	-	-
Facilities acquisition and construction	300,000	-	300,000	256,378	-
Total Expenditures	3,294,082	493,633	15,755,751	863,861	30,270
Revenues Over (Under) Expenditures	-	(39,157)	132,871	(30,898)	(21,644)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	70,812	-	-
Net Changes in Fund Balances	-	(39,157)	203,683	(30,898)	(21,644)
FUND BALANCE, July 1	-	426,553	612,831	1,271,590	164,368
FUND BALANCE, June 30	\$ -	\$ 387,396	\$ 816,514	\$ 1,240,692	\$ 142,724

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2016 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

Page 3 of 3

	CAPITAL PROJECTS FUNDS		TOTALS	
	RESIDENTIAL CONSTRUCTION TAX	TOTAL CAPITAL PROJECTS	2016	2015
REVENUES:				
Local sources	\$ 300,434	\$ 896,230	\$ 1,517,593	\$ 1,521,759
State sources	-	-	5,339,325	4,755,159
Federal sources	-	245,793	10,173,727	7,722,358
Total Revenues	300,434	1,142,023	17,030,645	13,999,276
EXPENDITURES:				
Instruction:				
Regular instruction	-	-	5,637,583	4,942,127
Special instruction	-	-	2,308,752	1,478,448
Vocational instruction	-	-	139,321	179,658
Adult instruction	-	-	234,008	235,798
Other instruction	-	-	303,318	831,702
Extra-curricular activities	-	-	-	23,775
Support Services:				
Student support	-	-	1,570,514	509,604
Instructional staff support	-	-	1,566,130	1,341,714
General administration	-	-	198,397	101,706
School administration	-	-	1,450	33,012
Central services	-	607,483	989,343	596,915
Operations and maintenance	-	30,270	33,910	39,498
Student transportation	-	-	4,691	2,702
Noninstructional services:				
Food service	-	-	3,063,804	3,119,439
Community service	-	-	42,283	7,425
Facilities acquisition and construction	114,470	370,848	670,848	355,118
Total Expenditures	114,470	1,008,601	16,764,352	13,798,641
Revenues Over (Under) Expenditures	185,964	133,422	266,293	200,635
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	70,812	-
Net Changes in Fund Balances	185,964	133,422	337,105	200,635
FUND BALANCE, July 1	311,235	1,747,193	2,360,024	2,159,389
FUND BALANCE, June 30	\$ 497,199	\$ 1,880,615	\$ 2,697,129	\$ 2,360,024

LYON COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016 BUDGET</u>		<u>2016</u>		<u>2015</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
REVENUES					
Local Sources:					
Ad valorem taxes	\$ 7,100,030	\$ 7,100,030	\$ 7,305,327	\$ 205,297	\$ 6,828,970
Earnings on investments	-	-	63,910	63,910	34,310
	<u>7,100,030</u>	<u>7,100,030</u>	<u>7,369,237</u>	<u>269,207</u>	<u>6,863,280</u>
EXPENDITURES					
Debt Service:					
Principal retirement	4,560,000	4,560,000	4,560,000	-	4,430,000
Interest	2,053,543	2,053,543	2,068,018	(14,475)	1,943,298
Other	-	-	6,200	(6,200)	50,786
	<u>6,613,543</u>	<u>6,613,543</u>	<u>6,634,218</u>	<u>(20,675)</u>	<u>6,424,084</u>
Revenues Over (Under)					
Expenditures	<u>486,487</u>	<u>486,487</u>	<u>735,019</u>	<u>248,532</u>	<u>439,196</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of refunding bonds	-	-	-	-	15,035,000
Payment to refunded bonds escrow agent	-	-	-	-	(14,944,879)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,121</u>
Net Change in Fund Balance	486,487	486,487	735,019	248,532	529,317
FUND BALANCE, July 1	<u>4,406,845</u>	<u>4,406,845</u>	<u>4,965,034</u>	<u>558,189</u>	<u>4,435,717</u>
FUND BALANCE, June 30	<u>\$ 4,893,332</u>	<u>\$ 4,893,332</u>	<u>\$ 5,700,053</u>	<u>\$ 806,721</u>	<u>\$ 4,965,034</u>

LYON COUNTY SCHOOL DISTRICT

BOND PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Earnings on investments	\$ -	\$ -	\$ 10,917	\$ 10,917	\$ 5,809
Settlement recovery	-	-	-	-	359,019
	-	-	10,917	10,917	364,828
EXPENDITURES					
Undistributed Expenditures:					
General Administration:					
Purchased services	-	400,000	605	399,395	-
Student Transportation:					
Property	-	1,550,000	1,495,027	54,973	-
Total Undistributed Expenditures	-	1,950,000	1,495,632	454,368	-
Facilities Acquisition and Construction:					
Architectural and Engineering Services:					
Purchased services	-	25,000	-	25,000	89,709
Building Acquisition and Construction:					
Purchased services	-	-	-	-	279,631
Site Improvement:					
Purchased services	-	-	-	-	274,385
Building Improvements:					
Purchased services	-	130,000	22,378	107,622	101,271
Total Facilities Acquisition and Construction	-	155,000	22,378	132,622	744,996
Debt Service:					
Bond issuance costs	-	-	211,303	(211,303)	38,821
Total Expenditures	-	2,105,000	1,729,313	375,687	783,817

LYON COUNTY SCHOOL DISTRICT

BOND PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016 BUDGET</u>		<u>2016</u>		<u>2015</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues Over (Under)					
Expenditures	\$ -	\$ (2,105,000)	\$ (1,718,396)	\$ 386,604	\$ (418,989)
OTHER FINANCING SOURCES					
Proceeds from bond sale	-	8,233,441	8,000,000	(233,441)	-
Bond premium	-	-	380,364	380,364	-
	-	8,233,441	8,380,364	146,923	-
Net Change in Fund Balance	-	6,128,441	6,661,968	533,527	(418,989)
FUND BALANCE, July 1	-	410,899	410,899	-	829,888
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 6,539,340</u>	<u>\$ 7,072,867</u>	<u>\$ 533,527</u>	<u>\$ 410,899</u>

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Federal Sources	\$ -	\$ 8,096,282	\$ 6,910,252	\$ 1,186,030	\$ 5,039,059
EXPENDITURES					
Regular Programs:					
Salaries	-	1,420,750	1,048,198	372,552	426,539
Benefits	-	379,910	438,915	(59,005)	185,470
Purchased services	-	140,838	157,901	(17,063)	141,259
Supplies	-	435,799	295,554	140,245	226,269
Total Regular Programs	-	2,377,297	1,940,568	436,729	979,537
Special Programs:					
Salaries	-	763,300	699,632	63,668	640,242
Benefits	-	285,000	250,607	34,393	212,483
Purchased services	-	962,300	774,751	187,549	299,509
Supplies	-	542,160	295,354	246,806	120,241
Total Special Programs	-	2,552,760	2,020,344	532,416	1,272,475
Vocational Programs:					
Purchased services	-	5,300	-	5,300	9,289
Supplies	-	51,928	29,330	22,598	65,076
Property	-	40,885	15,307	25,578	12,070
Total Vocational Programs	-	98,113	44,637	53,476	86,435
Other Instructional Programs:					
Salaries	-	39,432	34,376	5,056	314,714
Benefits	-	2,956	1,663	1,293	113,573
Purchased services	-	19,410	58,526	(39,116)	126,370
Supplies	-	879	9,976	(9,097)	60,829
Total Other Instructional	-	62,677	104,541	(41,864)	615,486

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Undistributed Expenditures					
Student Support:					
Salaries	\$ -	\$ 93,591	\$ 17,504	\$ 76,087	\$ 6,351
Benefits	-	5,599	808	4,791	234
Purchased services	-	180,258	135,925	44,333	109,101
Supplies	-	1,039,959	670,782	369,177	268,144
Other	-	-	100	(100)	-
	-	1,319,407	825,119	494,288	383,830
Instructional Staff Support:					
Salaries	-	930,565	966,196	(35,631)	857,815
Benefits	-	235,790	295,162	(59,372)	283,063
Purchased services	-	119,038	136,711	(17,673)	99,713
Supplies	-	96,386	33,894	62,492	36,253
Other	-	-	295	(295)	-
	-	1,381,779	1,432,258	(50,479)	1,276,844
General Administration:					
Salaries	-	-	1,042	(1,042)	-
Benefits	-	-	96	(96)	-
Purchased services	-	-	79,183	(79,183)	-
Supplies	-	-	234	(234)	-
	-	-	80,555	(80,555)	-
Central Services:					
Salaries	-	99,095	189,026	(89,931)	210,166
Benefits	-	21,095	72,711	(51,616)	66,138
Purchased services	-	5,600	16,525	(10,925)	11,816
Supplies	-	15,000	7,825	7,175	20,601
	-	140,790	286,087	(145,297)	308,721
Student Transportation:					
Salaries	-	-	509	(509)	-
Benefits	-	-	89	(89)	-
Purchased services	-	-	4,093	(4,093)	2,702
	-	-	4,691	(4,691)	2,702

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Total Undistributed Expenditures	\$ -	\$ 2,841,976	\$ 2,628,710	\$ 213,266	\$ 1,972,097
Noninstructional Services:					
Food Service:					
Salaries	-	-	10,369	(10,369)	5,077
Benefits	-	-	1,149	(1,149)	608
Purchased services	-	-	8	(8)	-
Supplies	-	-	105,997	(105,997)	99,919
Property	-	61,445	11,646	49,799	-
	-	61,445	129,169	(67,724)	105,604
Community Service:					
Salaries	-	30,000	4,383	25,617	793
Benefits	-	-	226	(226)	26
Supplies	-	72,014	37,674	34,340	6,606
	-	102,014	42,283	59,731	7,425
Total Noninstructional Services	-	163,459	171,452	(7,993)	113,029
Total Expenditures	-	8,096,282	6,910,252	1,186,030	5,039,059
Revenue Over (Under)					
Expenditures	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

INSURANCE LOSS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Insurance recoveries	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Undistributed Expenditures:					
Central Services:					
Purchased services	5,000	5,000	-	5,000	-
Total Expenditures	5,000	5,000	-	5,000	-
Net Change in Fund Balance	(5,000)	(5,000)	-	5,000	-
FUND BALANCE, July 1	122,197	122,197	127,197	5,000	127,197
FUND BALANCE, June 30	\$ 117,197	\$ 117,197	\$ 127,197	\$ 10,000	\$ 127,197

LYON COUNTY SCHOOL DISTRICT

FEDERAL SCHOOL LUNCH FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Daily sales	\$ 565,000	\$ 565,000	\$ 547,403	\$ (17,597)	\$ 559,800
Community Services Agency	25,900	25,000	22,272	(2,728)	26,567
In-District sales	-	900	494	(406)	894
	590,900	590,900	570,169	(20,731)	587,261
State Sources:					
State Match	-	10,337	10,337	-	10,642
Federal Sources:					
School Nutrition Programs	2,105,000	2,105,000	2,563,206	458,206	2,325,664
Total Revenue	2,695,900	2,706,237	3,143,712	437,475	2,923,567
EXPENDITURES					
Salaries	1,010,859	1,058,859	1,053,555	5,304	1,026,233
Benefits	306,667	323,167	322,307	860	328,764
Purchased services	61,300	56,300	43,212	13,088	53,709
Supplies	1,572,500	1,513,000	1,512,161	839	1,602,316
Other	2,900	2,900	3,400	(500)	2,813
Total Expenditures	2,954,226	2,954,226	2,934,635	19,591	3,013,835
Revenues Over (Under)					
Expenditures	(258,326)	(247,989)	209,077	457,066	(90,268)
OTHER FINANCING SOURCES					
Transfers from other funds	100,000	100,000	30,000	(70,000)	-
Net Change in Fund Balance	(158,326)	(147,989)	239,077	387,066	(90,268)
FUND BALANCE, July 1	182,112	182,112	2,052	(180,060)	92,320
FUND BALANCE, June 30	\$ 23,786	\$ 34,123	\$ 241,129	\$ 207,006	\$ 2,052

LYON COUNTY SCHOOL DISTRICT

ADULT DIPLOMA FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Tuition	\$ 4,000	\$ 4,000	\$ 4,176	\$ 176	\$ 2,919
State Sources:					
Distributive School Fund	224,774	224,774	233,595	8,821	247,004
Total Revenue	228,774	228,774	237,771	8,997	249,923
EXPENDITURES					
Salaries	196,873	196,873	150,249	46,624	150,124
Benefits	76,068	76,068	63,641	12,427	60,568
Purchased services	18,450	20,950	17,360	3,590	15,695
Supplies	10,000	10,000	2,698	7,302	9,351
Other	100	100	60	40	60
	301,491	303,991	234,008	69,983	235,798
Undistributed Expenditures:					
School Administration:					
Purchased services	2,500	-	-	-	-
Total Expenditures	303,991	303,991	234,008	69,983	235,798
Revenues Over (Under)					
Expenditures	(75,217)	(75,217)	3,763	78,980	14,125
OTHER FINANCING SOURCES					
Transfers from other funds	50,000	50,000	-	(50,000)	-
Net Change in Fund Balance	(25,217)	(25,217)	3,763	128,980	14,125
FUND BALANCE, July 1	39,411	39,411	57,029	17,618	42,904
FUND BALANCE, June 30	\$ 14,194	\$ 14,194	\$ 60,792	\$ 146,598	\$ 57,029

LYON COUNTY SCHOOL DISTRICT

CLASS SIZE REDUCTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources:					
Distributive School Fund	\$ 2,272,998	\$ 2,272,998	\$ 1,801,311	\$ (471,687)	\$ 2,272,998
EXPENDITURES					
Regular Instructional Programs:					
Salaries	1,745,991	1,745,991	1,299,036	446,955	1,592,408
Benefits	646,916	646,916	543,087	103,829	683,704
Total Expenditures	2,392,907	2,392,907	1,842,123	550,784	2,276,112
Revenues Over (Under)					
Expenditures	(119,909)	(119,909)	(40,812)	79,097	(3,114)
OTHER FINANCING SOURCES					
Transfer from other funds	100,000	100,000	40,812	(59,188)	-
Net Change in Fund Balance	(19,909)	(19,909)	-	19,909	(3,114)
FUND BALANCE, July 1	69,912	69,912	-	(69,912)	3,114
FUND BALANCE, June 30	\$ 50,003	\$ 50,003	\$ -	\$ (50,003)	\$ -

LYON COUNTY SCHOOL DISTRICT

PRIVATE DONATIONS AND GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Private donations and grants	\$ -	\$ 167,574	\$ 47,018	\$ (120,556)	\$ 117,207
EXPENDITURES					
Regular Programs:					
Salaries	-	5,539	5,087	452	9,975
Benefits	-	-	452	(452)	886
Supplies	-	103,652	13,025	90,627	4,436
Property	-	-	-	-	18,476
Total Regular Programs	-	109,191	18,564	90,627	33,773
Special Programs:					
Supplies	-	2,914	730	2,184	911
Vocational Programs:					
Supplies	-	17,753	-	17,753	900
Extra-Curricular Activities:					
Athletics:					
Purchased services	-	563	-	563	23,775
Undistributed Expenditures:					
Instructional Staff Support:					
Supplies	-	28,792	22,634	6,158	1,388
School Administration:					
Supplies	-	1,531	1,450	81	-
Property	-	-	-	-	33,012
	-	1,531	1,450	81	33,012
Operations and Maintenance:					
Purchased services	-	-	-	-	23,448
Supplies	-	5,000	3,640	1,360	-
	-	5,000	3,640	1,360	23,448

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

PRIVATE DONATIONS AND GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Total Support Services	\$ -	\$ 35,323	\$ 27,724	\$ 7,599	\$ 57,848
Noninstructional Services:					
Facilities Acquisition and Construction:					
Site Improvement:					
Supplies	-	1,830	-	1,830	-
Total Expenditures	-	167,574	47,018	120,556	117,207
Revenues Over (Under) Expenditures	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

STATE GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources	\$ -	\$ 2,737,396	\$ 3,294,082	\$ 556,686	\$ 2,224,515
EXPENDITURES					
Regular Programs:					
Salaries	-	1,216,004	1,174,327	41,677	1,131,266
Benefits	-	514,453	581,345	(66,892)	478,762
Purchased services	-	38,600	7,275	31,325	12,488
Supplies	-	67,530	73,381	(5,851)	30,189
Total Regular Programs	-	1,836,587	1,836,328	259	1,652,705
Special Programs:					
Salaries	-	190	9,462	(9,272)	-
Benefits	-	17	17	-	-
Purchased services	-	75	75	-	-
Supplies	-	15,528	15,528	-	-
Total Special Programs	-	15,810	25,082	(9,272)	-
Vocational Programs:					
Purchased services	-	39,417	7,295	32,122	2,620
Supplies	-	275,090	63,394	211,696	58,237
Property	-	23,995	23,995	-	31,466
Total Vocational Programs	-	338,502	94,684	243,818	92,323
Other Instructional Programs:					
Salaries	-	162,700	121,488	41,212	90,329
Benefits	-	50,300	50,532	(232)	27,727
Purchased services	-	4,000	3,810	190	497
Supplies	-	129,187	22,947	106,240	97,663
	-	346,187	198,777	147,410	216,216
Undistributed Expenditures:					
Student Support:					
Salaries	-	133,537	78,266	55,271	320
Benefits	-	51,081	29,120	21,961	-
Purchased services	-	229,162	193,967	35,195	13,417
Supplies	-	263,758	262,480	1,278	7,537
Property	-	-	-	-	104,500
Continued on next page.	-	677,538	563,833	113,705	125,774

LYON COUNTY SCHOOL DISTRICT

STATE GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Instructional Staff Support:					
Salaries	\$ -	\$ 74,934	\$ 53,313	\$ 21,621	\$ 31,835
Benefits	-	17,826	14,316	3,510	12,323
Purchased services	-	33,586	30,648	2,938	9,997
Supplies	-	19,233	12,961	6,272	9,327
	-	145,579	111,238	34,341	63,482
General Administration:					
Benefits	-	8,367	68,367	(60,000)	12,739
Central Services:					
Salaries	-	19,029	68,389	(49,360)	46,781
Benefits	-	5,662	27,348	(21,686)	14,495
Supplies	-	-	36	(36)	-
	-	24,691	95,773	(71,082)	61,276
Facilities Acquisition and Construction:					
Building Acquisition & Construction:					
Supplies	-	11,380	-	11,380	-
Property	-	288,620	300,000	(11,380)	-
	-	300,000	300,000	-	-
Total Undistributed Expenditures	-	1,156,175	1,139,211	16,964	263,271
Total Expenditures	-	3,693,261	3,294,082	399,179	2,224,515
Revenue Over (Under) Expenditures	-	(955,865)	-	955,865	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ (955,865)	\$ -	\$ 955,865	\$ -

LYON COUNTY SCHOOL DISTRICT

MEDICAID FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Federal Sources:					
Medicaid Program	\$ 225,000	\$ 454,476	\$ 454,476	\$ -	\$ 357,635
EXPENDITURES					
Special Programs:					
Salaries	-	-	121,917	(121,917)	135,716
Benefits	-	-	51,666	(51,666)	48,517
Purchased services	30,000	57,500	50,367	7,133	13,650
Supplies	11,500	41,700	38,646	3,054	7,179
Total Special Programs	41,500	99,200	262,596	(163,396)	205,062
Undistributed Expenditures:					
Student Support:					
Salaries	120,704	239,704	127,958	111,746	-
Benefits	47,588	93,968	53,604	40,364	-
	168,292	333,672	181,562	152,110	-
General Administration:					
Salaries	41,163	41,163	28,451	12,712	42,247
Benefits	16,329	16,329	15,324	1,005	19,058
Purchased services	5,000	5,000	5,700	(700)	26,909
Supplies	500	300	-	300	753
	62,992	62,792	49,475	13,317	88,967
Total Undistributed Expenditures	231,284	396,464	231,037	165,427	88,967
Total Expenditures	272,784	495,664	493,633	2,031	294,029
Net Change in Fund Balance	(47,784)	(41,188)	(39,157)	2,031	63,606
FUND BALANCE, July 1	433,149	426,553	426,553	-	362,947
FUND BALANCE, June 30	\$ 385,365	\$ 385,365	\$ 387,396	\$ 2,031	\$ 426,553

LYON COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Government Services Tax	\$ 567,204	\$ 567,204	\$ 587,170	\$ 19,966	\$ 585,012
Federal Sources:					
E-rate funds	-	729,000	245,793	(483,207)	-
Total Revenue	567,204	1,296,204	832,963	(463,241)	585,012
EXPENDITURES					
Undistributed Expenditures:					
Central Services:					
Purchased services	-	-	-	-	122,624
Supplies	-	721,000	418,160	302,840	72,644
Property	-	190,000	189,323	677	31,650
	-	911,000	607,483	303,517	226,918
Facilities Acquisition and Construction:					
Architecture and Engineering:					
Purchased services	-	25,000	18,900	6,100	-
Bldg Acquisition and Constr:					
Purchased services	-	-	-	-	74,006
Site Improvement:					
Purchased services	100,000	500,000	207,227	292,773	339
Supplies	-	10,000	8,101	1,899	5,006
Other	250,000	-	-	-	-
	350,000	510,000	215,328	294,672	5,345
Building Improvements:					
Purchased services	25,000	25,000	22,150	2,850	-
Total Facilities Acquisition and Construction	375,000	560,000	256,378	303,622	79,351
Total Expenditures	375,000	1,471,000	863,861	607,139	306,269
Revenues Over (Under) Expenditures	192,204	(174,796)	(30,898)	143,898	278,743
FUND BALANCE, July 1	972,847	972,847	1,271,590	298,743	992,847
FUND BALANCE, June 30	\$ 1,165,051	\$ 798,051	\$ 1,240,692	\$ 442,641	\$ 1,271,590

LYON COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Rents	\$ 9,600	\$ 9,600	\$ 6,100	\$ (3,500)	\$ 6,800
Earnings on investments	-	-	2,526	2,526	-
	<u>9,600</u>	<u>9,600</u>	<u>8,626</u>	<u>(974)</u>	<u>6,800</u>
EXPENDITURES					
Undistributed Expenditures:					
Operations and Maintenance:					
Purchased services	-	-	11,100	(11,100)	-
Supplies	50,000	50,000	1,350	48,650	16,050
Property	-	-	17,820	(17,820)	-
	<u>50,000</u>	<u>50,000</u>	<u>30,270</u>	<u>19,730</u>	<u>16,050</u>
Total Expenditures					
	<u>50,000</u>	<u>50,000</u>	<u>30,270</u>	<u>19,730</u>	<u>16,050</u>
Revenues Over (Under)					
Expenditures	(40,400)	(40,400)	(21,644)	(20,704)	(9,250)
OTHER FINANCING (USES)					
Contingency	<u>(1,500)</u>	<u>(1,500)</u>	<u>-</u>	<u>1,500</u>	<u>-</u>
Net Change in Fund Balance	(41,900)	(41,900)	(21,644)	(19,204)	(9,250)
FUND BALANCE, July 1	<u>128,718</u>	<u>128,718</u>	<u>164,368</u>	<u>35,650</u>	<u>173,618</u>
FUND BALANCE, June 30	<u>\$ 86,818</u>	<u>\$ 86,818</u>	<u>\$ 142,724</u>	<u>\$ 16,446</u>	<u>\$ 164,368</u>

LYON COUNTY SCHOOL DISTRICT

RESIDENTIAL CONSTRUCTION TAX FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Residential Construction Tax	\$ 137,808	\$ 286,880	\$ 299,636	\$ 12,756	\$ 222,560
Earnings on investments	-	-	798	798	-
Total Revenue	137,808	286,880	300,434	13,554	222,560
EXPENDITURES					
Undistributed Expenditures:					
Facilities Acquisition and Construction:					
Architectural and Engineering Services:					
Purchased services	-	40,000	23,757	16,243	4,204
Building Acquisition/Construction:					
Purchased services	-	45,000	26,278	18,722	265,679
Supplies	-	-	6,865	(6,865)	4,772
Other	-	-	9,586	(9,586)	1,112
	-	45,000	42,729	2,271	271,563
Site Improvement:					
Purchased services	-	108,969	47,984	60,985	-
Total Expenditures	-	193,969	114,470	79,499	275,767
Net Change in Fund Balance	137,808	92,911	185,964	93,053	(53,207)
FUND BALANCE, July 1	260,002	260,002	311,235	51,233	364,442
FUND BALANCE, June 30	\$ 397,810	\$ 352,913	\$ 497,199	\$ 144,286	\$ 311,235

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2015)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOY- MENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2016	2015
ASSETS					
Cash and cash equivalents	\$ 1,967,311	\$ 452,527	\$ 17,649	\$ 2,437,487	\$ 2,435,523
Due from other funds	-	18,491	1,929	20,420	17,979
Deposits and prepaid expenses	-	-	56,355	56,355	56,355
	1,967,311	471,018	75,933	2,514,262	2,509,857
Restricted cash	464,129	-	-	464,129	361,577
Total Assets	2,431,440	471,018	75,933	2,978,391	2,871,434
LIABILITIES					
Accounts payable	260	-	-	260	10,314
Due to other funds	87,339	-	-	87,339	89,452
Incurred but unreported claims	1,052,000	-	-	1,052,000	1,044,000
Deferred revenue	-	8,926	-	8,926	8,926
Total Liabilities	1,139,599	8,926	-	1,148,525	1,152,692
NET POSITION					
Restricted for employee benefits program	-	-	75,933	75,933	75,933
Unrestricted	1,291,841	462,092	-	1,753,933	1,642,809
Total Net Position	\$ 1,291,841	\$ 462,092	\$ 75,933	\$ 1,829,866	\$ 1,718,742

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOY- MENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2016	2015
OPERATING REVENUES					
Charges for services	\$ 512,847	\$ 134,933	\$ -	\$ 647,780	\$ 720,533
OPERATING EXPENSES					
Workers comp claims	436,377	-	-	436,377	740,322
Unemployment claims	-	27,968	-	27,968	38,665
Reinsurance premiums	60,508	-	-	60,508	39,767
Other	45,481	-	-	45,481	50,799
Total Operating Expenses	542,366	27,968	-	570,334	869,553
Operating Income (Loss)	(29,519)	106,965	-	77,446	(149,020)
NONOPERATING REVENUES					
Earnings on investments	33,678	-	-	33,678	15,407
Change in Net Position	4,159	106,965	-	111,124	(133,613)
NET POSITION, July 1	1,287,682	355,127	75,933	1,718,742	1,852,355
NET POSITION, June 30	\$ 1,291,841	\$ 462,092	\$ 75,933	\$ 1,829,866	\$ 1,718,742

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOY- MENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES					
Premiums received from other funds	\$ 512,070	\$ 134,421	\$ -	\$ 646,491	\$ 674,777
Payment of benefits	(428,377)	(33,678)	-	(462,055)	(571,895)
Insurance premiums and other	(110,333)	-	-	(110,333)	(86,167)
Net Cash Provided (Used) by Operating Activities	(26,640)	100,743	-	74,103	16,715
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	-	(3,265)	(3,265)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	33,678	-	-	33,678	15,407
Net Increase (Decrease) in Cash and Cash Equivalents	7,038	100,743	(3,265)	104,516	32,122
CASH AND CASH EQUIVALENTS, July 1	<u>2,424,402</u>	<u>351,784</u>	<u>20,914</u>	<u>2,797,100</u>	<u>2,764,978</u>
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 2,431,440</u>	<u>\$ 452,527</u>	<u>\$ 17,649</u>	<u>\$ 2,901,616</u>	<u>\$ 2,797,100</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (29,519)	\$ 106,965	\$ -	\$ 77,446	\$ (149,020)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	-	-	-	20,524
Due from (to) other funds	(777)	(512)	-	(1,289)	(15,306)
Deposits and prepaid expenses	-	-	-	-	3,266
Accounts payable	(4,344)	(5,710)	-	(10,054)	10,491
Incurred but not reported claims	8,000	-	-	8,000	201,000
Deferred revenues	-	-	-	-	(54,240)
Total Adjustments	2,879	(6,222)	-	(3,343)	165,735
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (26,640)</u>	<u>\$ 100,743</u>	<u>\$ -</u>	<u>\$ 74,103</u>	<u>\$ 16,715</u>

LYON COUNTY SCHOOL DISTRICT

WORKERS COMPENSATION INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	2016 BUDGET		2016		2015
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
OPERATING REVENUES					
Charges for services	\$ 618,990	\$ 618,990	\$ 512,847	\$ (106,143)	\$ 590,120
OPERATING EXPENSES					
Benefits	400,000	400,000	436,377	(36,377)	740,322
Purchased services	90,000	90,000	60,508	29,492	39,767
Other	30,000	30,000	45,481	(15,481)	50,789
	<u>520,000</u>	<u>520,000</u>	<u>542,366</u>	<u>(22,366)</u>	<u>830,878</u>
Operating Income (Loss)	98,990	98,990	(29,519)	(128,509)	(240,758)
NONOPERATING REVENUES					
Earnings on investments	<u>15,000</u>	<u>15,000</u>	<u>33,678</u>	<u>18,678</u>	<u>15,407</u>
Change in Net Position	113,990	113,990	4,159	(109,831)	(225,351)
NET POSITION, July 1	<u>1,516,833</u>	<u>1,516,833</u>	<u>1,287,682</u>	<u>(229,151)</u>	<u>1,513,033</u>
NET POSITION, June 30	<u>\$ 1,630,823</u>	<u>\$ 1,630,823</u>	<u>\$ 1,291,841</u>	<u>\$ (338,982)</u>	<u>\$ 1,287,682</u>

LYON COUNTY SCHOOL DISTRICT

WORKERS COMPENSATION INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016 BUDGET</u>		<u>2016</u>		<u>2015</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Charges for services	\$ 618,990	\$ 618,990	\$ 512,070	\$ (106,920)	\$ 523,440
Payment of benefits	(400,000)	(400,000)	(428,377)	(28,377)	(539,322)
Insurance premiums paid, other payments	<u>(120,000)</u>	<u>(120,000)</u>	<u>(110,333)</u>	<u>9,667</u>	<u>(86,157)</u>
Net Cash Provided (Used) By Operating Activities	98,990	98,990	(26,640)	(125,630)	(102,039)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	<u>15,000</u>	<u>15,000</u>	<u>33,678</u>	<u>18,678</u>	<u>15,407</u>
Net Increase (Decrease) in Cash and Cash Equivalents	113,990	113,990	7,038	(106,952)	(86,632)
CASH AND CASH EQUIVALENTS, July 1	<u>2,514,834</u>	<u>2,514,834</u>	<u>2,424,402</u>	<u>(90,432)</u>	<u>2,511,034</u>
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 2,628,824</u>	<u>\$ 2,628,824</u>	<u>\$ 2,431,440</u>	<u>\$ (197,384)</u>	<u>\$ 2,424,402</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	<u>\$ 98,990</u>	<u>\$ 98,990</u>	<u>\$ (29,519)</u>	<u>\$ (128,509)</u>	<u>\$ (240,758)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Receivables	-	-	-	-	20,524
Accounts payable	-	-	(4,344)	(4,344)	4,399
Due to other funds	-	-	(777)	(777)	(32,964)
Incurred but not reported claims	-	-	8,000	8,000	201,000
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54,240)</u>
Total Adjustments	<u>-</u>	<u>-</u>	<u>2,879</u>	<u>2,879</u>	<u>138,719</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 98,990</u>	<u>\$ 98,990</u>	<u>\$ (26,640)</u>	<u>\$ (125,630)</u>	<u>\$ (102,039)</u>

LYON COUNTY SCHOOL DISTRICT

UNEMPLOYMENT INSURANCE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016 BUDGET</u>		<u>2016</u>		<u>2015</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
OPERATING REVENUES					
Charges for services	\$ 58,791	\$ 58,791	\$ 134,933	\$ 76,142	\$ 130,413
OPERATING EXPENSES					
Benefits	<u>20,000</u>	<u>20,000</u>	<u>27,968</u>	<u>(7,968)</u>	<u>38,665</u>
Change in Net Position	38,791	38,791	106,965	68,174	91,748
NET POSITION, July 1	<u>317,379</u>	<u>317,379</u>	<u>355,127</u>	<u>37,748</u>	<u>263,379</u>
NET POSITION, June 30	<u>\$ 356,170</u>	<u>\$ 356,170</u>	<u>\$ 462,092</u>	<u>\$ 105,922</u>	<u>\$ 355,127</u>

LYON COUNTY SCHOOL DISTRICT

UNEMPLOYMENT INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016 BUDGET</u>		<u>2016</u>		<u>2015</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Charges for services	\$ 58,791	\$ 58,791	\$ 134,421	\$ 75,630	\$ 130,413
Payment of benefits	(20,000)	(20,000)	(33,678)	(13,678)	(32,573)
Net Cash Provided (Used) By Operating Activities	38,791	38,791	100,743	61,952	97,840
CASH AND					
CASH EQUIVALENTS, July 1	<u>310,944</u>	<u>310,944</u>	<u>351,784</u>	<u>40,840</u>	<u>253,944</u>
CASH AND					
CASH EQUIVALENTS, June 30	<u>\$ 349,735</u>	<u>\$ 349,735</u>	<u>\$ 452,527</u>	<u>\$ 102,792</u>	<u>\$ 351,784</u>
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	<u>\$ 38,791</u>	<u>\$ 38,791</u>	<u>\$ 106,965</u>	<u>\$ 68,174</u>	<u>\$ 91,748</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Due from other funds	-	-	(512)	(512)	-
Accounts payable	-	-	(5,710)	(5,710)	6,092
Total Adjustments	<u>-</u>	<u>-</u>	<u>(6,222)</u>	<u>(6,222)</u>	<u>6,092</u>
NET CASH PROVIDED (USED) BY					
OPERATING ACTIVITIES	<u>\$ 38,791</u>	<u>\$ 38,791</u>	<u>\$ 100,743</u>	<u>\$ 61,952</u>	<u>\$ 97,840</u>

LYON COUNTY SCHOOL DISTRICT

GROUP INSURANCE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016 BUDGET</u>		<u>2016</u>		<u>2015</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
OPERATING EXPENSES					
Administrative services	\$ -	\$ -	\$ -	\$ -	\$ 10
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>
Change in Net Position	-	-	-	-	(10)
NET POSITION, July 1	<u>75,943</u>	<u>75,943</u>	<u>75,933</u>	<u>(10)</u>	<u>75,943</u>
NET POSITION, June 30	<u>\$ 75,943</u>	<u>\$ 75,943</u>	<u>\$ 75,933</u>	<u>\$ (10)</u>	<u>\$ 75,933</u>

LYON COUNTY SCHOOL DISTRICT

GROUP INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2016

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016 BUDGET</u>		<u>2016</u>		<u>2015</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Charges for services	\$ -	\$ -		\$ -	\$ 20,924
Payments for services and supplies	-	-	-	-	(10)
Net Cash Used By Operating Activities	-	-	-	-	20,914
CASH FLOWS FROM NON-CAPITAL					
FINANCING ACTIVITIES					
Transfers to other funds	-	-	(3,265)	(3,265)	-
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	(3,265)	(3,265)	20,914
CASH AND					
CASH EQUIVALENTS, July 1	-	-	20,914	20,914	-
CASH AND					
CASH EQUIVALENTS, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,649</u>	<u>\$ 17,649</u>	<u>\$ 20,914</u>
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ -	\$ -	\$ -	\$ -	\$ (10)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Due from (to) other funds	-	-	-	-	17,658
Deposits and prepaid expenses	-	-	-	-	3,266
Total Adjustments	-	-	-	-	20,924
NET CASH PROVIDED (USED) BY					
OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,914</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2016

	<u>BALANCE</u> <u>JULY 1, 2015</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2016</u>
<u>YERINGTON ELEMENTARY</u>				
Assets:				
Cash and investments	\$ <u>19,017</u>	\$ <u>12,378</u>	\$ <u>12,548</u>	\$ <u>18,847</u>
Liabilities:				
Due to student groups	\$ <u>19,017</u>	\$ <u>12,378</u>	\$ <u>12,548</u>	\$ <u>18,847</u>
<u>YERINGTON INTERMEDIATE</u>				
Assets:				
Cash and investments	\$ <u>20,852</u>	\$ <u>42,115</u>	\$ <u>41,187</u>	\$ <u>21,780</u>
Liabilities:				
Due to student groups	\$ <u>20,852</u>	\$ <u>42,115</u>	\$ <u>41,187</u>	\$ <u>21,780</u>
<u>YERINGTON HIGH</u>				
Assets:				
Cash and investments	\$ <u>164,257</u>	\$ <u>231,377</u>	\$ <u>250,962</u>	\$ <u>144,672</u>
Liabilities:				
Due to student groups	\$ <u>164,257</u>	\$ <u>231,377</u>	\$ <u>250,962</u>	\$ <u>144,672</u>
<u>SMITH VALLEY SCHOOLS</u>				
Assets:				
Cash and investments	\$ <u>24,447</u>	\$ <u>94,447</u>	\$ <u>87,241</u>	\$ <u>31,653</u>
Liabilities:				
Due to student groups	\$ <u>24,447</u>	\$ <u>94,447</u>	\$ <u>87,241</u>	\$ <u>31,653</u>
<u>SILVER SPRINGS ELEM/MDL</u>				
Assets:				
Cash and investments	\$ <u>7,775</u>	\$ <u>34,890</u>	\$ <u>29,160</u>	\$ <u>13,505</u>
Liabilities:				
Due to student groups	\$ <u>7,775</u>	\$ <u>34,890</u>	\$ <u>29,160</u>	\$ <u>13,505</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2016

	<u>BALANCE</u> <u>JULY 1, 2015</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2016</u>
<u>SILVERLAND INTERMEDIATE</u>				
Assets:				
Cash and investments	<u>\$ 25,786</u>	<u>\$ 97,162</u>	<u>\$ 93,838</u>	<u>\$ 29,110</u>
Liabilities:				
Due to student groups	<u>\$ 25,786</u>	<u>\$ 97,162</u>	<u>\$ 93,838</u>	<u>\$ 29,110</u>
<u>SILVER STAGE HIGH</u>				
Assets:				
Cash and investments	<u>\$ 49,912</u>	<u>\$ 65,874</u>	<u>\$ 73,583</u>	<u>\$ 42,203</u>
Liabilities:				
Due to student groups	<u>\$ 49,912</u>	<u>\$ 65,874</u>	<u>\$ 73,583</u>	<u>\$ 42,203</u>
<u>FERNLEY ELEMENTARY</u>				
Assets:				
Cash and investments	<u>\$ 17,025</u>	<u>\$ 12,915</u>	<u>\$ 17,021</u>	<u>\$ 12,919</u>
Liabilities:				
Due to student groups	<u>\$ 17,025</u>	<u>\$ 12,915</u>	<u>\$ 17,021</u>	<u>\$ 12,919</u>
<u>COTTONWOOD ELEMENTARY</u>				
Assets:				
Cash and investments	<u>\$ 12,825</u>	<u>\$ 20,325</u>	<u>\$ 31,334</u>	<u>\$ 1,816</u>
Liabilities:				
Due to student groups	<u>\$ 12,825</u>	<u>\$ 20,325</u>	<u>\$ 31,334</u>	<u>\$ 1,816</u>
<u>EAST VALLEY ELEMENTARY</u>				
Assets:				
Cash and investments	<u>\$ 21,409</u>	<u>\$ 22,551</u>	<u>\$ 32,062</u>	<u>\$ 11,898</u>
Liabilities:				
Due to student groups	<u>\$ 21,409</u>	<u>\$ 22,551</u>	<u>\$ 32,062</u>	<u>\$ 11,898</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2016

	<u>BALANCE</u> <u>JULY 1, 2015</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2016</u>
<u>FERNLEY INTERMEDIATE</u>				
Assets:				
Cash and investments	<u>\$ 14,647</u>	<u>\$ 63,505</u>	<u>\$ 56,772</u>	<u>\$ 21,380</u>
Liabilities:				
Due to student groups	<u>\$ 14,647</u>	<u>\$ 63,505</u>	<u>\$ 56,772</u>	<u>\$ 21,380</u>
<u>FERNLEY HIGH</u>				
Assets:				
Cash and investments	<u>\$ 118,484</u>	<u>\$ 440,742</u>	<u>\$ 408,234</u>	<u>\$ 150,992</u>
Liabilities:				
Due to student groups	<u>\$ 118,484</u>	<u>\$ 440,742</u>	<u>\$ 408,234</u>	<u>\$ 150,992</u>
<u>DAYTON ELEMENTARY</u>				
Assets:				
Cash and investments	<u>\$ 15,891</u>	<u>\$ 22,167</u>	<u>\$ 21,478</u>	<u>\$ 16,580</u>
Liabilities:				
Due to student groups	<u>\$ 15,891</u>	<u>\$ 22,167</u>	<u>\$ 21,478</u>	<u>\$ 16,580</u>
<u>SUTRO ELEMENTARY</u>				
Assets:				
Cash and investments	<u>\$ 12,299</u>	<u>\$ 8,906</u>	<u>\$ 6,923</u>	<u>\$ 14,282</u>
Liabilities:				
Due to student groups	<u>\$ 12,299</u>	<u>\$ 8,906</u>	<u>\$ 6,923</u>	<u>\$ 14,282</u>
<u>RIVERVIEW ELEMENTARY</u>				
Assets:				
Cash and investments	<u>\$ 5,448</u>	<u>\$ 18,832</u>	<u>\$ 23,997</u>	<u>\$ 283</u>
Liabilities:				
Due to student groups	<u>\$ 5,448</u>	<u>\$ 18,832</u>	<u>\$ 23,997</u>	<u>\$ 283</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2016

	<u>BALANCE</u> <u>JULY 1, 2015</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2016</u>
<u>DAYTON INTERMEDIATE</u>				
Assets:				
Cash and investments	<u>\$ 24,752</u>	<u>\$ 78,827</u>	<u>\$ 70,180</u>	<u>\$ 33,399</u>
Liabilities:				
Due to student groups	<u>\$ 24,752</u>	<u>\$ 78,827</u>	<u>\$ 70,180</u>	<u>\$ 33,399</u>
<u>DAYTON HIGH</u>				
Assets:				
Cash and investments	<u>\$ 112,126</u>	<u>\$ 232,818</u>	<u>\$ 198,866</u>	<u>\$ 146,078</u>
Liabilities:				
Due to student groups	<u>\$ 112,126</u>	<u>\$ 232,818</u>	<u>\$ 198,866</u>	<u>\$ 146,078</u>
<u>TOTALS</u>				
Assets:				
Cash and investments	<u>\$ 666,952</u>	<u>\$ 1,499,831</u>	<u>\$ 1,455,386</u>	<u>\$ 711,397</u>
Liabilities:				
Due to student groups	<u>\$ 666,952</u>	<u>\$ 1,499,831</u>	<u>\$ 1,455,386</u>	<u>\$ 711,397</u>

LYON COUNTY SCHOOL DISTRICT

SUMMARY OF NET POSITION (DEFICIT) LAST TEN YEARS (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015 *	2016
Assets and Deferred Outflows										
Current assets	\$ 33,181,845	\$ 45,353,345	\$ 37,455,930	\$ 42,704,021	\$ 38,816,197	\$ 33,820,363	\$ 28,539,982	\$ 28,738,206	\$ 27,993,083	\$ 35,004,346
Noncurrent assets	96,689,592	98,466,960	107,140,379	122,862,884	127,254,584	127,623,044	127,784,102	124,254,619	120,558,699	118,749,223
Deferred outflows	-	-	-	-	-	-	-	717,037	11,966,140	12,715,373
Total Assets and Deferred Outflows	<u>129,871,437</u>	<u>143,820,305</u>	<u>144,596,309</u>	<u>165,566,905</u>	<u>166,070,781</u>	<u>161,443,407</u>	<u>156,324,084</u>	<u>153,709,862</u>	<u>160,517,922</u>	<u>166,468,942</u>
Liabilities and Deferred Inflows										
Current liabilities	17,312,770	16,666,621	15,980,506	18,548,471	16,959,759	16,380,367	16,387,422	17,697,197	17,461,162	18,799,393
Noncurrent liabilities	56,285,985	63,855,797	61,411,124	80,560,045	83,714,420	80,070,709	76,847,590	74,522,544	148,810,834	158,805,366
Deferred inflows	-	-	-	-	-	-	-	-	20,209,740	11,645,377
Total Liabilities and Deferred Inflows	<u>73,598,755</u>	<u>80,522,418</u>	<u>77,391,630</u>	<u>99,108,516</u>	<u>100,674,179</u>	<u>96,451,076</u>	<u>93,235,012</u>	<u>92,219,741</u>	<u>186,481,736</u>	<u>189,250,136</u>
Net Position										
Net investment in capital assets	36,607,256	39,857,524	45,506,967	46,495,121	49,785,348	55,054,726	55,558,075	53,999,158	53,269,439	54,752,810
Restricted for debt service	5,826,873	7,639,793	9,417,507	10,187,712	8,178,824	4,011,145	4,153,442	4,280,713	4,880,067	5,700,053
Restricted for employee benefits program	1,750,902	1,777,024	1,771,900	1,753,826	1,680,279	1,059,244	505,187	75,943	75,933	75,933
Unrestricted	<u>12,087,651</u>	<u>14,023,546</u>	<u>10,508,305</u>	<u>8,021,730</u>	<u>5,752,151</u>	<u>4,867,216</u>	<u>2,872,368</u>	<u>3,134,307</u>	<u>(84,189,253)</u>	<u>(83,309,990)</u>
Total Net Position (Deficit)	<u>\$ 56,272,682</u>	<u>\$ 63,297,887</u>	<u>\$ 67,204,679</u>	<u>\$ 66,458,389</u>	<u>\$ 65,396,602</u>	<u>\$ 64,992,331</u>	<u>\$ 63,089,072</u>	<u>\$ 61,490,121</u>	<u>\$ (25,963,814)</u>	<u>\$ (22,781,194)</u>

* Implementation of GASB 68 and 71 in 2015 and successive years.

LYON COUNTY SCHOOL DISTRICT

CHANGES IN NET POSITION (DEFICIT)

LAST TEN YEARS

(UNAUDITED)

Page 1 of 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Instruction:										
Regular instruction	\$30,928,391	\$32,295,615	\$33,096,764	\$32,925,314	\$ 30,873,324	\$ 27,921,369	\$ 29,353,963	\$ 29,654,354	\$ 31,601,081	\$ 31,525,568
Special instruction	7,410,294	7,975,702	8,733,900	8,693,988	8,239,241	8,118,430	7,880,417	11,343,491	9,174,960	9,901,098
Vocational instruction	1,176,858	1,434,772	1,387,082	1,512,147	1,662,833	1,606,018	1,664,640	1,595,571	1,632,615	1,545,812
Adult instruction	407,245	380,702	359,685	302,271	391,318	329,471	330,339	277,888	237,903	229,103
Other instruction	1,734,473	1,942,722	1,959,000	1,725,146	2,731,836	2,431,293	2,345,474	2,442,129	2,514,468	1,589,617
Extra-curricular activities	1,029,440	1,060,315	1,116,976	1,099,546	1,142,215	1,133,045	1,286,139	1,301,731	1,782,905	1,839,447
Total Instruction	<u>42,686,701</u>	<u>45,089,828</u>	<u>46,653,407</u>	<u>46,258,412</u>	<u>45,040,767</u>	<u>41,539,626</u>	<u>42,860,972</u>	<u>46,615,164</u>	<u>46,943,932</u>	<u>46,630,645</u>
Support Services:										
Student support	4,464,711	4,926,054	5,284,605	5,334,083	5,661,695	5,605,671	5,371,626	2,749,471	5,490,437	5,992,460
Instructional staff support	4,555,768	3,936,467	3,887,677	4,098,485	4,720,922	4,383,458	5,374,070	3,236,286	3,587,884	3,361,208
General administration	2,389,895	2,436,133	1,990,608	2,669,797	1,760,659	1,786,555	1,925,936	1,110,877	2,284,458	1,918,675
School administration	4,865,381	5,461,477	5,593,015	5,558,711	5,473,971	6,010,152	6,012,551	6,704,849	6,343,120	6,454,181
Central services	1,615,163	1,707,691	1,843,248	2,102,645	2,290,905	2,685,647	3,230,771	3,246,506	3,840,802	4,704,073
Operation and maintenance of plant	8,094,377	8,582,931	8,502,351	9,038,008	8,485,799	8,374,580	7,596,782	7,767,638	7,644,634	7,425,934
Student transportation	4,814,798	4,908,395	4,866,231	5,038,743	5,083,101	4,806,676	4,414,166	4,013,759	3,800,552	3,736,748
Other support services	172,275	192,461	202,094	2,000	-	2,414	2,018	-	-	-
Noninstructional Services:										
Food service	2,597,415	2,834,835	2,805,796	2,703,539	2,674,816	2,764,952	3,210,482	3,120,355	3,172,426	3,040,047
Community service	-	-	-	30,995	143,453	316,698	80,745	61,737	31,927	65,580
Interest on long-term debt	2,768,740	2,608,285	2,967,337	3,575,248	4,008,057	4,181,492	3,497,180	3,065,875	1,992,543	3,613,683
Facilities acquisition and construction	1,938,975	2,164,848	2,391,232	2,652,819	3,116,091	3,472,884	2,771,049	3,873,690	4,264,898	2,341,533
Total Expenses	<u>80,964,199</u>	<u>84,849,405</u>	<u>86,987,601</u>	<u>89,063,485</u>	<u>88,460,236</u>	<u>85,930,805</u>	<u>86,348,348</u>	<u>85,566,207</u>	<u>89,397,613</u>	<u>89,284,767</u>

Continued on next page

LYON COUNTY SCHOOL DISTRICT

CHANGES IN NET POSITION (DEFICIT) LAST TEN YEARS

(UNAUDITED)

Page 2 of 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Program Revenues:										
Charges for services:										
Food service sales	\$ 1,099,566	\$ 1,067,588	\$ 1,024,243	\$ 831,566	\$ 719,416	\$ 628,725	\$ 610,504	\$ 587,868	\$ 587,261	\$ 570,169
Adult tuition	9,825	12,022	8,098	8,713	8,159	5,072	6,656	4,335	2,919	4,176
Operating grants and contributions	10,235,833	9,548,891	8,601,614	8,655,836	12,215,923	11,331,310	12,248,874	11,658,491	12,237,089	17,723,444
Capital grants and contributions	-	-	-	240,000	328,289	824,386	-	-	-	832,963
Total Program Revenues	<u>11,345,224</u>	<u>10,628,501</u>	<u>9,633,955</u>	<u>9,736,115</u>	<u>13,271,787</u>	<u>12,789,493</u>	<u>12,866,034</u>	<u>12,250,694</u>	<u>12,827,269</u>	<u>19,130,752</u>
Total Net Expense	<u>69,618,975</u>	<u>74,220,904</u>	<u>77,353,646</u>	<u>79,327,370</u>	<u>75,188,449</u>	<u>73,141,312</u>	<u>73,482,314</u>	<u>73,315,513</u>	<u>76,570,344</u>	<u>70,154,015</u>
General Revenues:										
Property taxes, levied for general purposes	9,381,335	10,209,650	11,182,810	11,148,073	9,527,824	9,312,565	8,868,076	8,058,244	9,014,141	9,265,802
Property taxes, levied for debt service	7,337,799	7,987,007	8,747,727	8,720,773	7,443,863	7,288,737	6,937,235	6,333,083	6,913,937	7,305,327
Local school support taxes	5,930,853	6,362,371	4,865,193	5,239,543	5,680,857	7,605,335	7,759,641	8,774,339	9,405,364	9,184,092
Taxes for capital acquisitions	1,409,943	1,017,878	702,962	636,607	611,898	537,606	600,965	529,154	807,572	1,688,319
Other taxes and fees	2,090,444	2,036,336	1,866,067	1,733,689	1,667,247	1,338,972	1,274,275	1,750,225	1,819,259	352,478
Interest earnings	1,355,029	1,438,067	757,641	423,650	182,624	163,200	15,591	319,012	117,179	112,182
Other local sources	797,461	126,195	100,048	218,568	76,769	214,665	323,644	207,386	386,693	470,467
State aid not restricted to specific purpose	48,290,779	52,054,138	47,337,658	50,267,960	48,764,663	46,016,989	45,464,219	46,051,584	46,079,813	44,370,827
Federal aid not restricted to specific purpose	25,958	14,467	5,700,332	192,217	170,917	258,972	335,409	442,416	661,004	587,141
Total General Revenues	<u>76,619,601</u>	<u>81,246,109</u>	<u>81,260,438</u>	<u>78,581,080</u>	<u>74,126,662</u>	<u>72,737,041</u>	<u>71,579,055</u>	<u>72,465,443</u>	<u>75,204,962</u>	<u>73,336,635</u>
Change in Net Position	<u>7,000,626</u>	<u>7,025,205</u>	<u>3,906,792</u>	<u>(746,290)</u>	<u>(1,061,787)</u>	<u>(404,271)</u>	<u>(1,903,259)</u>	<u>(850,070)</u>	<u>(1,365,382)</u>	<u>3,182,620</u>
Net Position, July 1, as originally stated	49,272,056	56,272,682	63,297,887	67,204,679	66,458,389	65,396,602	64,992,331	63,089,072	61,490,121	(25,963,814)
Prior Period Adjustment (Notes 1 and 2)	-	-	-	-	-	-	-	(748,881)	(86,088,553)	-
Net Position, June 30, as restated	<u>\$56,272,682</u>	<u>\$63,297,887</u>	<u>\$67,204,679</u>	<u>\$66,458,389</u>	<u>\$ 65,396,602</u>	<u>\$ 64,992,331</u>	<u>\$ 63,089,072</u>	<u>\$ 61,490,121</u>	<u>\$(25,963,814)</u>	<u>\$(22,781,194)</u>

NOTES:

1. Implementation of GASB #65.

2. Implementation of GASB #68 and 71.

LYON COUNTY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Nonspendable	\$ 330,318	\$ 312,878	\$ 218,067	\$ 217,432	\$ 212,480	\$ 151,431	\$ 89,397	\$ 18,443	\$ 35,365	\$ 26,920
Assigned	-	-	-	-	2,804,098	1,791,770	2,573,667	2,573,667	-	989,867
Unassigned	<u>4,537,189</u>	<u>6,217,614</u>	<u>7,158,843</u>	<u>5,304,868</u>	<u>3,101,031</u>	<u>4,553,500</u>	<u>3,133,551</u>	<u>2,939,560</u>	<u>4,655,099</u>	<u>4,676,363</u>
Total General Fund	<u>\$ 4,867,507</u>	<u>\$ 6,530,492</u>	<u>\$ 7,376,910</u>	<u>\$ 5,522,300</u>	<u>\$ 6,117,609</u>	<u>\$ 6,496,701</u>	<u>\$ 5,796,615</u>	<u>\$ 5,531,670</u>	<u>\$ 4,690,464</u>	<u>\$ 5,693,150</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 88,495	\$ 70,875	\$ 58,899	\$ 57,700	\$ 93,627	\$ 26,176
Restricted	7,536,585	8,426,293	8,681,346	17,741,007	16,777,642	11,069,292	7,227,471	6,796,512	7,123,126	14,653,535
Assigned	<u>13,399,771</u>	<u>6,286,286</u>	<u>16,776,936</u>	<u>3,192,243</u>	<u>1,947,615</u>	<u>2,131,569</u>	<u>1,188,907</u>	<u>1,644,918</u>	<u>2,050,752</u>	<u>940,479</u>
Total Other Governmental Funds	<u>\$ 20,936,356</u>	<u>\$ 14,712,579</u>	<u>\$ 25,458,282</u>	<u>\$ 20,933,250</u>	<u>\$ 18,813,752</u>	<u>\$ 13,271,736</u>	<u>\$ 8,475,277</u>	<u>\$ 8,499,130</u>	<u>\$ 9,267,505</u>	<u>\$ 15,620,190</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

LAST TEN YEARS

(UNAUDITED)

Page 1 of 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
Local sources	\$ 29,403,649	\$ 30,098,751	\$ 28,892,063	\$ 29,088,128	\$ 26,408,273	\$ 27,573,135	\$ 26,471,838	\$ 26,581,532	\$ 28,962,525	\$ 29,424,981
State sources	53,921,350	57,094,262	51,707,909	53,418,914	52,045,976	49,063,616	48,243,968	50,549,927	50,834,972	52,702,337
Federal sources	<u>4,596,046</u>	<u>4,441,386</u>	<u>9,833,337</u>	<u>5,841,986</u>	<u>9,378,619</u>	<u>9,098,206</u>	<u>9,729,284</u>	<u>7,713,201</u>	<u>8,025,727</u>	<u>10,306,392</u>
Total Revenues	<u>87,921,045</u>	<u>91,634,399</u>	<u>90,433,309</u>	<u>88,349,028</u>	<u>87,832,868</u>	<u>85,734,957</u>	<u>84,445,090</u>	<u>84,844,660</u>	<u>87,823,224</u>	<u>92,433,710</u>
EXPENDITURES:										
Instruction:										
Regular instruction	31,345,520	32,413,996	32,308,670	31,633,803	29,630,875	27,229,717	28,844,952	29,411,137	30,573,145	32,086,415
Special instruction	7,395,561	8,019,109	8,404,457	8,356,229	7,977,399	7,852,048	7,696,066	8,811,045	8,861,648	10,155,918
Vocational instruction	1,179,940	1,479,379	1,347,262	1,426,766	1,584,230	1,536,426	1,657,441	1,614,395	1,589,266	1,575,964
Adult instruction	414,252	378,826	350,340	288,721	378,274	320,391	324,413	273,915	235,798	234,008
Other instruction	1,765,841	2,010,590	1,895,894	1,653,121	2,603,392	2,363,010	2,315,670	2,437,922	2,452,508	1,931,927
Extra-curricular activities	1,013,148	1,039,851	1,152,275	1,130,648	1,139,867	1,096,288	1,081,832	1,088,098	1,554,680	1,540,213
Support services:										
Student support	4,477,020	4,967,401	5,190,199	5,183,834	5,550,985	5,488,969	5,304,291	5,182,859	5,469,475	6,040,110
Instructional staff support	4,552,955	3,935,335	3,838,743	4,243,882	4,905,513	4,265,293	5,231,496	3,171,325	3,393,022	3,387,165
General administration	2,387,805	2,480,647	2,024,546	2,518,911	1,907,473	1,932,505	2,111,020	1,634,003	2,110,665	2,005,934
School administration	4,970,669	5,389,337	5,403,844	5,320,347	5,254,432	5,836,174	5,909,661	6,691,615	6,363,838	6,574,744
Central services	1,640,373	1,829,133	1,767,789	2,031,567	2,252,861	2,934,546	3,167,021	3,633,076	3,869,426	4,680,165
Operations and maintenance of plant	8,074,277	8,600,231	8,398,111	8,793,189	8,338,986	8,268,464	7,525,729	7,685,282	7,492,799	7,499,358
Student transportation	4,815,596	5,109,776	4,340,337	4,651,766	4,964,811	4,694,862	3,978,972	3,724,415	3,330,023	5,091,989
Other support services	165,432	184,108	196,157	2,000	-	-	-	-	-	-
Noninstructional services:										
Food service	2,559,325	2,829,871	2,745,688	2,620,155	2,615,696	2,718,580	3,176,056	3,096,494	3,119,439	3,063,804
Parent and community service	-	-	-	30,995	353,453	437,676	98,099	39,529	7,425	42,283
Facilities acquisition and construction	11,227,983	3,491,124	11,982,125	19,468,962	7,589,243	4,551,243	4,530,694	430,011	1,100,114	703,185
Debt service:										
Principal	3,555,000	4,000,000	4,255,000	4,440,000	6,550,000	8,300,000	3,705,000	4,075,000	4,430,000	4,560,000
Interest and other	<u>2,866,856</u>	<u>2,580,973</u>	<u>2,856,144</u>	<u>3,483,774</u>	<u>3,858,751</u>	<u>3,900,998</u>	<u>3,510,226</u>	<u>3,099,875</u>	<u>2,032,905</u>	<u>2,285,521</u>
Total Expenditures	<u>94,407,553</u>	<u>90,739,687</u>	<u>98,457,581</u>	<u>107,278,670</u>	<u>97,456,241</u>	<u>93,727,190</u>	<u>90,168,639</u>	<u>86,099,996</u>	<u>87,986,176</u>	<u>93,458,703</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS LAST TEN YEARS

(UNAUDITED)

Page 2 of 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Excess (Deficiency) of Revenues over Expenditures	\$ (6,486,508)	\$ 894,712	\$ (8,024,272)	\$ (18,929,642)	\$ (9,623,373)	\$ (7,992,233)	\$ (5,723,549)	\$ (1,255,336)	\$ (162,952)	\$ (1,024,993)
OTHER FINANCING SOURCES (USES)										
Proceeds from property sales	1,224	13,976	-	-	-	-	-	-	-	-
Proceeds from bond sales	-	11,500,000	-	21,420,690	10,124,184	8,085,727	9,765,000	21,705,000	15,035,000	8,380,364
Payments from (to) bond escrow agent	-	-	-	-	(2,025,000)	(5,186,695)	(9,537,996)	(21,120,000)	(14,944,879)	-
Net transfers from (to) other funds	-	-	-	-	-	(69,723)	-	429,244	-	-
Total Other Financing Sources (Uses)	1,224	11,513,976	-	21,420,690	8,099,184	2,829,309	227,004	1,014,244	90,121	8,380,364
Net Change in Fund Balances	(6,485,284)	12,408,688	(8,024,272)	2,491,048	(1,524,189)	(5,162,924)	(5,496,545)	(241,092)	(72,831)	7,355,371
FUND BALANCE, July 1	26,065,370	19,580,086	31,988,774	23,964,502	26,455,550	24,931,361	19,768,437	14,271,892	14,030,800	13,957,969
FUND BALANCE, June 30	\$ 19,580,086	\$ 31,988,774	\$ 23,964,502	\$ 26,455,550	\$ 24,931,361	\$ 19,768,437	\$ 14,271,892	\$ 14,030,800	\$ 13,957,969	\$ 21,313,340
Debt service as a percentage of noncapital expenditures	8.4%	8.2%	9.0%	9.9%	13.1%	15.9%	9.2%	9.1%	8.0%	8.0%

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE LAST TEN YEARS

(UNAUDITED)

Page 1 of 2

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES:										
Local sources	\$ 17,464,513	\$ 18,633,756	\$ 17,785,659	\$ 18,479,246	\$ 17,229,092	\$ 18,638,192	\$ 18,220,347	\$ 18,614,522	\$ 20,212,658	\$ 20,527,234
State sources	46,149,509	49,765,464	44,815,754	47,754,105	46,259,279	43,479,592	42,849,751	43,558,821	43,368,113	44,499,368
Federal sources	25,958	7,029	5,700,332	185,469	170,917	163,970	161,350	193,202	303,369	132,665
Total Revenues	63,639,980	68,406,249	68,301,745	66,418,820	63,659,288	62,281,754	61,231,448	62,366,545	63,884,140	65,159,267
EXPENDITURES:										
Instruction programs:										
Regular	27,408,729	28,549,865	29,070,501	28,392,516	26,603,943	25,012,368	24,332,419	25,062,558	25,631,018	26,448,832
Special	-	-	-	-	-	84,834	160,038	158,336	168,793	227,485
Vocational	1,047,063	1,254,201	1,277,660	1,289,376	1,263,007	1,310,488	1,445,117	1,355,268	1,409,608	1,436,643
Other	1,235,093	1,326,908	1,401,634	1,386,683	1,404,133	1,677,932	1,740,771	1,618,832	1,620,806	1,628,609
Extra-curricular	1,006,315	1,038,078	1,086,380	1,127,241	1,110,361	1,083,615	1,081,770	1,088,098	1,530,905	1,540,213
	30,697,200	32,169,052	32,836,175	32,195,816	30,381,444	29,169,237	28,760,115	29,283,092	30,361,130	31,281,782
Undistributed programs:										
Support services:										
Student support	2,063,353	2,336,641	2,482,464	2,473,130	2,417,638	2,452,928	2,604,173	2,565,838	2,633,437	2,624,128
Instructional staff										
support	1,972,146	2,219,052	2,115,353	2,921,506	2,850,215	2,391,337	2,225,301	1,944,594	2,043,661	1,815,127
General administration	2,079,016	2,092,288	1,733,572	2,054,086	1,389,043	1,238,134	1,395,683	1,316,298	1,767,876	1,535,103
School administration	4,959,420	5,373,824	5,403,844	5,319,404	5,071,649	5,159,550	5,909,661	6,145,713	6,330,826	6,573,294
Central services	1,487,249	1,662,904	1,607,925	1,933,219	1,985,174	2,029,119	2,867,807	2,975,791	3,272,511	3,690,822
Operation and										
maintenance of plant	8,073,962	8,600,076	8,398,111	8,671,533	8,216,991	8,141,060	7,510,711	7,568,850	7,453,301	7,465,448
Student transportation	4,090,435	4,330,319	3,506,726	3,266,482	3,601,825	3,441,574	2,958,083	3,120,558	2,862,604	3,090,106
Other support services	165,218	184,108	196,157	-	-	-	-	-	-	-
Parent and community services	-	-	-	1,254	-	-	-	-	-	-
Facilities acquisition										
and construction	103,488	-	-	97,000	-	-	-	-	-	9,959
Other financing uses	8,210,000	7,775,000	9,175,000	9,340,000	7,150,000	7,879,723	7,700,000	7,710,756	8,000,000	6,070,812
Total Expenditures and										
Other Financing Uses	63,901,487	66,743,264	67,455,327	68,273,430	63,063,979	61,902,662	61,931,534	62,631,490	64,725,346	64,156,581

Continued on next page

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE LAST TEN YEARS

(UNAUDITED)

Page 2 of 2

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Changes in Fund Balance	\$ (261,507)	\$ 1,662,985	\$ 846,418	\$ (1,854,610)	\$ 595,309	\$ 379,092	\$ (700,086)	\$ (264,945)	\$ (841,206)	\$ 1,002,686
FUND BALANCE, July 1	<u>5,129,014</u>	<u>4,867,507</u>	<u>6,530,492</u>	<u>7,376,910</u>	<u>5,522,300</u>	<u>6,117,609</u>	<u>6,496,701</u>	<u>5,796,615</u>	<u>5,531,670</u>	<u>4,690,464</u>
FUND BALANCE, June 30	<u>\$ 4,867,507</u>	<u>\$ 6,530,492</u>	<u>\$ 7,376,910</u>	<u>\$ 5,522,300</u>	<u>\$ 6,117,609</u>	<u>\$ 6,496,701</u>	<u>\$ 5,796,615</u>	<u>\$ 5,531,670</u>	<u>\$ 4,690,464</u>	<u>\$ 5,693,150</u>

LYON COUNTY SCHOOL DISTRICT

ASSESSED VALUATION LAST TEN YEARS (UNAUDITED)

Fiscal Year	Assessed Valuation	Net Proceeds of Mines	Total Assessed Valuation	Percent Change
2007	\$ 1,364,367,737	\$ 250,000	\$ 1,364,617,737	29.58%
2008	1,665,751,811	200,000	1,665,951,811	22.08%
2009	1,857,024,881	300,000	1,857,324,881	11.49%
2010	1,653,405,504	7,000	1,653,412,504	-10.98%
2011	1,336,287,467	-	1,336,287,467	-19.18%
2012	1,332,206,340	-	1,332,206,340	-0.31%
2013	1,220,795,178	-	1,220,795,178	-8.36%
2014	1,193,638,395	-	1,193,638,395	-2.22%
2015	1,421,732,302	-	1,421,732,302	19.11%
2016	1,524,874,295	-	1,524,874,295	7.25%

LYON COUNTY SCHOOL DISTRICT

TAX LEVIES, COLLECTIONS AND DELINQUENCIES LAST TEN YEARS (UNAUDITED)

Fiscal Year	Net Levy Roll*	Current Collection		Delinquent Tax Collected	Cumulative Tax Collected	Collected as a % of Net Levy Roll
		Amount	Percent of Levy			
2007	\$ 32,718,013	\$ 32,086,692	98.07%	\$ 547,718	32,634,410	99.74%
2008	36,187,712	34,776,778	96.10%	1,336,813	36,113,591	99.80%
2009	39,412,730	37,273,856	94.57%	2,051,733	39,325,589	99.78%
2010	40,087,910	38,211,828	95.32%	1,789,017	40,000,845	99.78%
2011	34,129,356	32,971,201	96.61%	1,085,561	34,056,762	99.79%
2012	33,956,440	33,111,928	97.51%	833,458	33,945,386	99.97%
2013	32,011,119	31,337,407	97.90%	624,788	31,962,195	99.85%
2014	31,491,714	30,791,695	97.78%	619,481	31,411,176	99.74%
2015	32,516,862	31,980,541	98.35%	331,836	32,312,377	99.37%
2016	33,617,196	33,083,492	98.41%	-	33,083,492	98.41%

*Ad valorem taxes included on roll levied by Lyon County for all entities in County.

Updated from
previous publication.

LYON COUNTY SCHOOL DISTRICT

STATEWIDE AVERAGE AND OVERLAPPING TAX RATES LAST TEN YEARS

(Using Highest Overlapping Tax Rate In District)
(UNAUDITED)

Fiscal Year	Lyon County	School District	State of Nevada	Combined Special Districts	Total Combined Rate	Statewide Average
2007	0.8644	1.3367	0.1700	1.2246	3.5957	3.1124
2008	0.8644	1.3367	0.1700	1.2246	3.5957	3.1526
2009	0.8644	1.3367	0.1700	1.2246	3.5957	3.1727
2010	0.8644	1.3367	0.1700	1.2246	3.5957	3.2162
2011	0.8644	1.3367	0.1700	1.2246	3.5957	3.1320
2012	0.8644	1.3367	0.1700	1.2246	3.5957	3.1171
2013	0.8644	1.3367	0.1700	1.2246	3.5957	3.1304
2014	0.9287	1.3367	0.1700	1.2246	3.6600	3.1212
2015	0.9287	1.3367	0.1700	1.2246	3.6600	3.1232
2016	0.9287	1.3367	0.1700	1.2246	3.6600	3.1360

The direct operating tax rate of 75¢ per \$100 of assessed value is established by Nevada Revised Statute. The Board of Trustees does not have authority to modify the rate.

LYON COUNTY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS YEARS ENDED JUNE 30, 2016 AND JUNE 30, 2007 (UNAUDITED)

Taxpayer	2016		2007	
	Assessed Value	Percent of Assessed Value	Assessed Value	Percent of Assessed Value
Gradient Resources (Patua Project LLC)	\$ 125,131,145	8.21%	\$ -	-
NV Energy	57,980,651	3.80%	34,300,618	2.51%
Southwest Gas Corp.	17,731,827	1.16%	10,073,559	0.74%
Trex Company Inc.	10,104,013	0.66%	8,123,519	0.60%
Union Pacific	9,212,552	0.60%	-	-
1600 East Newlands Dr. LLC	8,427,610	0.55%	15,992,348	1.17%
Sherwin-Williams Accept. Corp.	7,989,460	0.52%	-	-
Nevada Cement Co.	7,850,856	0.51%	7,944,390	0.58%
Sonterra Development Co. Inc.	7,699,320	0.50%	4,230,980	0.31%
Peri & Peri / Desert Pearl Farms	7,126,056	0.47%	-	-
BMO Leasing US Inc. (Quebecor)	-	0.00%	14,180,157	1.04%
MSC Industrial Direct Co. Inc.	-	0.00%	6,587,628	0.48%
Reynen & Bardis	-	0.00%	6,289,429	0.46%
SBC	-	0.00%	4,794,789	0.35%
	<u>\$ 259,253,490</u>	<u>17.00%</u>	<u>\$ 112,517,417</u>	<u>8.24%</u>

LYON COUNTY SCHOOL DISTRICT

STATUTORY DEBT LIMITATION LAST TEN YEARS (UNAUDITED)

Fiscal Year	Assessed Valuation	Debt Limit	Outstanding General Obligation Debt	Additional Statutory Debt Capacity	Percent of Legal Debt Margin to Legal Debt Limit
2007	\$ 1,364,617,737	\$ 204,692,661	\$ 60,440,000	\$ 144,252,661	70.47%
2008	1,665,951,811	249,892,772	67,940,000	181,952,772	72.81%
2009	1,857,324,881	278,598,732	63,685,000	214,913,732	77.14%
2010	1,653,412,504	248,011,876	80,790,000	167,221,876	67.42%
2011	1,336,287,467	200,443,120	82,265,000	118,178,120	58.96%
2012	1,332,206,340	199,830,951	76,810,000	123,020,951	61.56%
2013	1,220,795,178	183,119,277	73,660,000	109,459,277	59.77%
2014	1,193,638,395	179,045,759	70,170,000	108,875,759	60.81%
2015	1,421,732,302	213,259,845	66,670,000	146,589,845	68.74%
2016	1,524,874,295	228,731,144	70,110,000	158,621,144	69.35%

The debt limit for Nevada school districts is 15% of assessed valuation.

All debt issued by Lyon County School District is general obligation debt, to be repaid from property taxes levied for the express purpose of debt repayment and attributable to governmental activities.

LYON COUNTY SCHOOL DISTRICT

DIRECT GENERAL OBLIGATION DEBT RATIOS LAST TEN YEARS (UNAUDITED)

Fiscal Year	Population	Assessed Valuation	Gross Direct General Obligation Debt				As Percent of	
			Taxable Valuation	Amount	Per Capita	Assessed Valuation	Taxable Valuation	
2007	54,031	\$ 1,364,617,737	\$ 3,898,907,820	\$ 60,440,000	1,119	4.43%	1.55%	
2008	55,903	1,665,951,811	4,759,862,317	67,940,000	1,215	4.08%	1.43%	
2009	55,820	1,857,324,881	5,306,642,517	63,685,000	1,141	3.43%	1.20%	
2010	53,825	1,653,412,504	4,724,035,726	80,790,000	1,501	4.89%	1.71%	
2011	52,334	1,336,287,467	3,817,964,191	82,265,000	1,572	6.16%	2.15%	
2012	52,443	1,332,206,340	3,806,303,829	76,810,000	1,465	5.77%	2.02%	
2013	52,245	1,220,795,178	3,487,986,223	73,660,000	1,410	6.03%	2.11%	
2014	52,960	1,193,638,395	3,410,395,414	70,170,000	1,325	5.88%	2.06%	
2015	53,344	1,421,732,302	4,062,092,291	66,670,000	1,250	4.69%	1.64%	
2016	53,277	1,524,874,295	4,356,783,700	70,110,000	1,316	4.60%	1.61%	

LYON COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE LAST TEN YEARS (UNAUDITED)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
REVENUES										
Ad valorem taxes	\$ 7,318,743	\$ 7,881,432	\$ 8,512,588	\$ 8,734,929	\$ 7,639,229	\$ 7,380,244	\$ 6,937,235	\$ 6,389,563	\$ 6,828,970	\$ 7,305,327
Earnings on investments	365,935	456,396	309,355	254,616	107,460	99,614	94	67,973	34,310	63,910
Federal sources	-	-	-	-	442,838	442,838	442,838	203,130	-	-
	<u>7,684,678</u>	<u>8,337,828</u>	<u>8,821,943</u>	<u>8,989,545</u>	<u>8,189,527</u>	<u>7,922,696</u>	<u>7,380,167</u>	<u>6,660,666</u>	<u>6,863,280</u>	<u>7,369,237</u>
EXPENDITURES										
Bonds:										
Principal retirement	3,555,000	4,000,000	4,255,000	4,440,000	6,550,000	8,300,000	3,705,000	4,075,000	4,430,000	4,560,000
Interest	2,866,856	2,580,973	2,856,144	3,483,774	3,858,751	3,900,998	3,510,226	3,038,914	1,943,298	2,068,018
Other	2,000	2,750	2,250	1,750	46,230	1,000	22,643	60,961	50,786	6,200
	<u>6,423,856</u>	<u>6,583,723</u>	<u>7,113,394</u>	<u>7,925,524</u>	<u>10,454,981</u>	<u>12,201,998</u>	<u>7,237,869</u>	<u>7,174,875</u>	<u>6,424,084</u>	<u>6,634,218</u>
Revenues Over (Under)										
Expenditures	<u>1,260,822</u>	<u>1,754,105</u>	<u>1,708,549</u>	<u>1,064,021</u>	<u>(2,265,454)</u>	<u>(4,279,302)</u>	<u>142,298</u>	<u>(514,209)</u>	<u>439,196</u>	<u>735,019</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from bond sales	-	-	-	-	2,080,114	-	-	21,705,000	15,035,000	-
Payments (to) from refunded bond escrow agent	-	-	-	-	(2,025,000)	-	-	(21,120,000)	(14,944,879)	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,114</u>	<u>-</u>	<u>-</u>	<u>585,000</u>	<u>90,121</u>	<u>-</u>
Net Change in Fund Balance	1,260,822	1,754,105	1,708,549	1,064,021	(2,210,340)	(4,279,302)	142,298	70,791	529,317	735,019
FUND BALANCE, July 1	<u>4,924,773</u>	<u>6,185,595</u>	<u>7,939,700</u>	<u>9,648,249</u>	<u>10,712,270</u>	<u>8,501,930</u>	<u>4,222,628</u>	<u>4,364,926</u>	<u>4,435,717</u>	<u>4,965,034</u>
FUND BALANCE, June 30	<u>\$ 6,185,595</u>	<u>\$ 7,939,700</u>	<u>\$ 9,648,249</u>	<u>\$ 10,712,270</u>	<u>\$ 8,501,930</u>	<u>\$ 4,222,628</u>	<u>\$ 4,364,926</u>	<u>\$ 4,435,717</u>	<u>\$ 4,965,034</u>	<u>\$ 5,700,053</u>

LYON COUNTY SCHOOL DISTRICT

STUDENT ENROLLMENT LAST TEN YEARS (UNAUDITED)

FISCAL YEAR	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	
	#	AGP ¹	#	AGP	#	AGP	#	AGP	#	AGP	#	AGP	#	AGP	#	AGP	#	AGP	#	AGP
ATTENDANCE AREA																				
Dayton	2,605	5.6	2,656	2.0	2,555	(3.8)	2,526	(1.1)	2,406	(4.8)	2,374	(1.3)	2,364	(0.4)	2,340	(1.0)	2,301	(1.7)	2,278	(1.0)
Fernley	3,586	9.6	3,752	4.6	3,632	(3.2)	3,609	(0.6)	3,525	(2.3)	3,449	(2.2)	3,357	(2.7)	3,434	2.3	3,472	1.1	3,508	1.0
Smith Valley	241	-	224	(7.1)	221	(1.3)	208	(5.9)	198	(4.8)	200	1.0	207	3.5	209	1.0	221	5.7	200	(9.5)
Silver Springs/Stagecoach	1,265	1.8	1,225	(3.2)	1,164	(5.0)	1,097	(5.8)	1,008	(8.1)	942	(6.5)	902	(4.2)	877	(2.8)	874	(0.3)	889	1.7
Yerington	1,460	0.1	1,400	(4.1)	1,347	(3.8)	1,313	(2.5)	1,343	2.3	1,262	(6.0)	1,229	(2.6)	1,230	0.1	1,197	(2.7)	1,207	0.8
Regional Youth Center	<u>18</u>	12.5	<u>18</u>	-	<u>18</u>	-	<u>13</u>	(27.8)	<u>20</u>	53.8	<u>25</u>	25.0	<u>17</u>	(32.0)	<u>18</u>	5.9	<u>17</u>	(5.6)	<u>11</u>	(35.3)
Total	<u>9,175</u>	5.5	<u>9,275</u>	1.1	<u>8,937</u>	(3.6)	<u>8,766</u>	(1.9)	<u>8,500</u>	(3.0)	<u>8,252</u>	(2.9)	<u>8,076</u>	(2.1)	<u>8,108</u>	0.4	<u>8,082</u>	(0.3)	<u>8,093</u>	0.1
GRADE LEVEL																				
Pre-kindergarten	107	(10.1)	143	33.6	121	(15.4)	124	2.5	81	(34.7)	74	(8.6)	75	1.4	67	(10.7)	67	-	67	-
Kindergarten	665	0.9	672	1.1	662	(1.5)	647	(2.3)	606	(6.3)	579	(4.5)	639	10.4	651	1.9	604	(7.2)	572	(5.3)
1st-4th	2,756	8.1	2,821	2.4	2,733	(3.1)	2,681	(1.9)	2,591	(3.4)	2,474	(4.5)	2,439	(1.4)	2,511	3.0	2,544	1.3	2,576	1.3
5th-8th	2,964	6.5	2,933	(1.0)	2,797	(4.6)	2,709	(3.1)	2,600	(4.0)	2,561	(1.5)	2,491	(2.7)	2,506	0.6	2,559	2.1	2,564	0.2
9th-12th	2,683	3.8	2,706	0.9	2,624	(3.0)	2,605	(0.7)	2,622	0.7	2,564	(2.2)	2,432	(5.1)	2,373	(2.4)	2,291	(3.5)	2,297	0.3
Ungraded	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>17</u>	-	<u>17</u>	-
Total	<u>9,175</u>	5.5	<u>9,275</u>	1.1	<u>8,937</u>	(3.6)	<u>8,766</u>	(1.9)	<u>8,500</u>	(3.0)	<u>8,252</u>	(2.9)	<u>8,076</u>	(2.1)	<u>8,108</u>	0.4	<u>8,082</u>	(0.3)	<u>8,093</u>	0.1

Notes:

Enrollment figures are presented as of count day through 2014-15.
Beginning with 2015-16, enrollment data is based on Average
Daily Enrollment.

¹ = AGP = Annual Growth Percentage.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees of the
Lyon County School District
Yerington, Nevada

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major funds of the Lyon County School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 28, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rife Silva & Co, LLC

Reno, Nevada

November 28, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of Trustees
Lyon County School District
Yerington, Nevada

Report on Compliance for Each Major Federal Program

We have audited the Lyon County School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-01. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is also described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

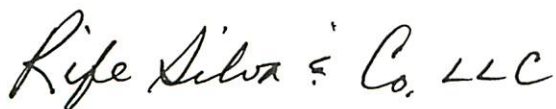
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Reno, Nevada
November 28, 2016

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2016

PAGE 1 OF 2

FEDERAL/PASS THROUGH GRANTOR AND PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through the State of Nevada Department of Education</i>			
Individuals with Disabilities Education Act - Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	16-639-10	\$ 2,025,821
Special Education - Preschool Grants (IDEA, Preschool)	84.173	16-665-10	79,589
Special Education - Special Projects (IDEA, Part B)	84.027	16-667-10	1,146
Total Special Education Cluster			<u>2,106,556</u>
Title I, Part A - Grants to Local Educational Agencies	84.010	16-633-10	1,347,524
Title I, Part C - Education of Migrant Children	84.011	16-629-10	9,785
Title I, Part D - Neglected and Delinquent Children	84.013	16-630-10	18,661
Carl D. Perkins Career and Technical Education - Basic Grants to States	84.048	16-631-10	44,637
Grants to States for School Emergency Management	84.184Q	16-683-1000	1,254
Twenty-First Century Community Learning Centers	84.287	16-770-10	84,333
Title II, Part A - Improving Teacher Quality State Grants	84.367	16-709-10	165,171
Title III, Part B - Immigrant-English Language Acquisition	84.365	16-659-10	23,092
Rural and Low Income School Program	84.358B	16-681-10	149,134
Striving Readers	84.371	16-657-10	1,800,704
Preschool Development	84.419A	17-195-10000	1,024,767
<i>Total Passed through the State of Nevada Department of Education</i>			<u>6,775,618</u>
Total U.S. Department of Education			<u>6,775,618</u>

Continued on next page

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

PAGE 2 OF 2

FEDERAL/PASS THROUGH GRANTOR AND PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through the State of Nevada Department of Agriculture</i>			
Child Nutrition Cluster:			
National School Lunch Program - Commodities	10.555	N/A	\$ 136,442
School Breakfast Program	10.553	16-801-10	606,634
National School Lunch Program	10.555	16-802-10	1,820,129
Total Child Nutrition Cluster			2,563,205
Fresh Fruits and Vegetables Program	10.582	16-808-10	122,809
NSLP Equipment Grant	10.579	16-04-05	11,646
<i>Passed through Lyon County</i>			
Schools and Roads - Grants to Counties	10.666	N/A	132,665
Total U.S. Department of Agriculture			2,830,325
Total Federal Financial Assistance			\$ 9,605,943

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2016

NOTE 1 – REPORTING ENTITY

The accompanying *Schedule of Expenditures of Federal Awards* presents the expenditure activity of all federal award programs of the Lyon County School District (the District) for the year ended June 30, 2016. The District's reporting entity is defined in Note 1 to its basic financial statements. All expenditures of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the *Schedule of Expenditures of Federal Awards*.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying *Schedule of Expenditures of Federal Awards* is prepared on the modified accrual basis of accounting. The amounts shown as expenditures of CFDA #10.555 – National School Lunch Program Commodities represents the fair value of commodity food received by the District for the year ended June 30, 2016.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2016

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report issued:	Unmodified
Internal Control over Financial Reporting	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to financial statements noted:	None

Federal Awards

Internal Control over Major Programs	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a):	Yes

Major Programs

The major programs for the year ended June 30, 2016 are as follows:

Striving Readers (84.371)
Child Nutrition Cluster (10.555 and 10.553)
Preschool Development Grants (84.419)

The threshold for distinguishing Types A and B programs was \$750,000.
Lyon County School District was determined to not be a low-risk auditee.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2016

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

Finding #2016-1 Striving Reader
U.S. Department of Education CFDA 84.371
Passed through State of Nevada Department of Education as Grant # 16-657-10
Grant Period: Year ended September 30, 2016
Questioned Cost: \$88,000

Statement of Condition: Salary and benefits for one District employee of approximately \$88,000 were charged to the above-referenced award; however, none of the employee's time worked was attributable to the award.

Criteria: Charges to federal awards for salaries and wages must be based on records that accurately reflect work performed under the award (2 CFR 200.430).

Cause: This employee had previously worked under the award and had been reassigned, but the payroll coding was not updated. Procedures are in place for grant department personnel to review the recording of grant expenditure transactions prior to preparing reimbursement requests, however the miscoding to this award was not discovered by grant personnel.

Effect: The reimbursement request was overstated with respect to this salary and related benefits.

Context: A sample of 65 payroll transactions were tested for compliance with internal controls, 25 transactions specifically federal grant related. This was the only exception noted and appears to be an isolated instance. Our sample was statistically valid.

Recommendation: As stated above, procedures are in place for grant department personnel to review grant expenditure transactions prior to the preparation of the reimbursement requests. Therefore, we recommend that the existing procedure be reassessed and potentially modified to include an accountability component to ensure that the reviews are performed timely and effectively.

Views of Responsible Officials: The District agrees with this finding. At the beginning of the 2016-17 school year, the District implemented processes to provide greater assurance that all employees are coded to the correct funding source at the beginning of each school year. The Business and Finance Office, Human Resources Department, and Grants Office will work closely together to provide greater assurance that all employees are properly coded.

LYON COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2016

Findings #2015-1 and #2015-2 – Material Weakness

Finding

In our January 17, 2014 communication to the Board of Trustees and Administration in connection with the June 30, 2013 audit we reported certain Other Audit Findings or Issues. Those same findings were reported as Finding #2014-1 – Significant Deficiency in connection with the June 30, 2014 audit. Again, in connection with the June 30, 2015 audit, we noted that there was not significant progress on the following items previously reported:

- The monthly preparation and review of bank reconciliations.
- The timely drawdown of Federal funds.
- Advance preparation for the annual financial statement audit.

Failure to complete these tasks on a timely basis increases the risk of a material misstatement of financial reports, risk of failure to meet reporting deadlines, and risk of failure to properly safeguard District assets.

District's Original Response to the Finding (included in the June 30, 2015 audit):

The District accepts this finding and will immediately make an assessment of the current work load in the Business Office and assure that tasks are properly prioritized so that substantive attention is given to those tasks that will best enhance our internal control efforts.

Status:

Corrected.

LYON COUNTY SCHOOL DISTRICT

INDEPENDENT AUDITORS' COMMENTS

JUNE 30, 2016

STATUTE COMPLIANCE

Current Year

The required disclosure on compliance with applicable Nevada Revised Statutes and the Nevada Administrative Code is included in Note 12 to the financial statements. A *Corrective Action Plan* has been prepared by the District with respect to these potential violations.

Prior Year

Potential violations due to overexpenditures were also reported in the financial statements for the year ended June 30, 2015.

AUDIT RECOMMENDATIONS

Current Year

We reported Finding #2016-1 in Section C of the Schedule of Findings and Questioned Costs. A *Corrective Action Plan* has been prepared by the District with respect to this finding.

Prior Year

Findings #2015-1 and #2015-2 – a *Material Weakness* were reported in Sections B and C, respectively, of the Schedule of Findings and Questioned Costs within the audit report for the year ended June 30, 2015. The *District's Response to the Finding* was also included in the report. In connection with the June 30, 2016 audit we noted that there was significant progress related to this previous finding.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC

and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Lyon County School District, Nevada (the “Issuer”) in connection with the issuance of the Issuer’s Lyon County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed), Series 2017, in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds are being issued pursuant to the bond resolution of the Issuer adopted June 27, 2017 (the “Resolution”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the “SEC”).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. The MSRB’s required method of filing will be electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer’s fiscal year of each year, commencing nine (9) months following the end of the Issuer’s fiscal year ending June 30, 2017, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days

prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be sent a notice in substantially the form attached as Exhibit “A” to the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables and under the second paragraph under the heading “SECURITY FOR THE BONDS--State Guarantee of Debt Service Payments - Information About the Permanent School Fund” in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall provide or cause to be provided, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds, to the MSRB:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person*;
- (m) The consummation of a merger, consolidation, or acquisition involving an obligation person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms if material; and
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

* For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the State of Nevada Permanent School Fund (the "State"), the Dissemination Agent, the Participating Underwriter, the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE _____, 2017.

LYON COUNTY SCHOOL DISTRICT, NEVADA

Director of Finance and Facilities

EXHIBIT "A"

**NOTICE TO MSRB
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Lyon County School District, Nevada

Name of Bond Issue: General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed),
Series 2017

CUSIP:

Date of Issuance: _____, 2017

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution adopted on June 27, 2017 and the Continuing Disclosure Certificate executed on _____, 2017 by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

LYON COUNTY SCHOOL DISTRICT,
NEVADA

By: _____
Its: _____

EXHIBIT “B”

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

See page -iv- of this Official Statement

APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

[Closing Date]

Lyon County School District
25 E. Goldfield Avenue
Yerington, Nevada 89447

\$ _____
Lyon County School District, Nevada
General Obligation (Limited Tax)
Refunding Bonds (PSF Guaranteed)
Series 2017A

Ladies and Gentlemen:

We have acted as bond counsel to the Lyon County School District (the “District”), Nevada (the “State”), in connection with the issuance of its General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed), Series 2017A, in the aggregate principal amount of \$_____ (the “Bonds”) pursuant to an authorizing resolution of the Board of Trustees of the District adopted and approved on June 27, 2017 (the “Bond Resolution”). In such capacity, we have examined the District’s certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the District’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding limited tax general obligations of the District.
2. All of the taxable property in the District is subject to the levy of annual general (ad valorem) taxes to pay the Bonds, subject to the limitations imposed by the Constitution and laws of the State.

3. As provided in the Bond Resolution and in accordance with the provisions of NRS 361.463, taxes levied for the payment of the bonded indebtedness (including the Bonds) of all overlapping units within the boundaries of the District (i.e., the State, the District, and any other political subdivision in the District) and for the payment of interest on such indebtedness enjoy a priority over taxes levied by each such unit (including, without limitation, the State and the District) for all other purposes (subject to any exception implied by law in the exercise of the police power) where reduction is necessary in order to comply with NRS 361.453.

4. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Under laws of the State in effect on the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the District pursuant to the Bonds and the Bond Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying (i) the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay when due, at stated maturity or upon prior redemption, all principal of, any prior redemption premiums, and interest on the Refunded Bonds; and (ii) the mathematical calculations of the yield of the Bonds and the yield of certain investments made with the proceeds of the Bonds and other moneys deposited in the Escrow Account.

We understand that the payment of principal and interest on the Bonds has been guaranteed by the State Permanent School Fund pursuant to the provisions of NRS 387.513 through 387.528. We express no opinion as to the validity or enforceability of such guarantee or the security afforded thereby.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein. We are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt

or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur.

Respectfully submitted,

APPENDIX E

LIST OF PSF PARTICIPANTS AND FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT

State Permanent School Fund
List of Participants
Summary of Outstanding Bonds with Guarantee
As of July 1, 2017

Project No.	Base CUSIP Number	District	Bond Series	Original Amount Guaranteed	Amount Outstanding
PSF-27	145814	Carson City School District	2007	\$ 15,500,000	\$ 1,165,000
PSF-28	670692	Nye County School District	2007	15,000,000	700,000
PSF-30	862166	Storey County School District	2008	3,150,000	160,000
PSF-31	NONE	Lincoln County School District	2009	2,025,000	1,735,000
PSF-32	445204	Humboldt County School District	2009	2,950,000	2,140,000
PSF-33	259381	Douglas County School District	2009	3,500,000	2,605,000
PSF-34	715297	Pershing County School District	2009	3,000,000	2,265,000
PSF-35	171466	Churchill County School District	2009	7,000,000	5,255,000
PSF-38	259381	Douglas County School District	2010	15,000,000	13,040,000
PSF-39	670692	Nye County School District	2010	15,270,000	15,270,000
PSF-40	715297	Pershing County School District	2010	2,000,000	1,625,000
PSF-41	NONE	Lincoln County School District	2010	650,000	625,000
PSF-42	171466	Churchill County School District	2010	10,535,000	6,405,000
PSF-43	964321	White Pine County School Dist.	2010	3,890,000	560,000
PSF-44	145814	Carson City School District	2011	16,000,000	7,600,000
PSF-45	NONE	Lyon County School District	2011	5,000,000	4,105,000
PSF-46	145814	Carson City School District	2011B	10,000,000	8,420,000
PSF-47	171466	Churchill County School District	2011	7,000,000	5,930,000
PSF-48	NONE	Mineral County School District	2011	2,825,000	980,000
PSF-49	552002	Lyon County School District	2012A	7,955,000	6,800,000
PSF-50	670692	Nye County School District	2012	4,535,000	3,480,000
PSF-51	NONE	Lincoln County School District	2012	3,350,000	2,185,400
PSF-52	259381	Douglas County School District	2012	9,000,000	8,400,000
PSF-53	670692	Nye County School District	2013	9,080,000	7,045,000
PSF-54	NONE	Storey County School District	2013	4,720,000	4,560,000
PSF-55	171466	Churchill County School District	2013	9,520,000	9,020,000
PSF-56	259381	Douglas County School District	2014	8,500,000	7,635,000
PSF-57	NONE	Lyon County School District	2014	21,705,000	18,120,000
PSF-58	940858	Washoe County School District	2015	40,000,000	40,000,000
PSF-59	964321	White Pine County School Dist.	2015	7,000,000	7,000,000
PSF-60	171466	Churchill County School District	2015	9,315,000	8,995,000
PSF-61	670692	Nye County School District	2015	8,235,000	8,235,000
PSF-62	NONE	Storey County School District	2015	3,385,000	2,924,500
PSF-63	552002	Lyon County School District	2016	6,400,000	6,400,000
PSF-64	145814	Carson City School district	2016	9,560,000	9,350,000
PSF-65	NONE	Mineral County School District	2017	2,500,000	2,500,000
*	-	Lyon County School District	-	18,240,000	18,240,000
**	-	Carson City School District	-	23,850,000	23,850,000
					<u>\$274,324,900</u>

*Lyon Co. Refunding Bonds approved at the November 8, 2016 Board of Finance, to be issued August 2017.
**Carson City Refunding Bonds approved at the November 8, 2016 Board of Finance, not yet issued.

FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT

DATED as of August 8, 2017, by and between LYON COUNTY SCHOOL DISTRICT, NEVADA (the “District”), a school district duly organized and created under the laws of the State of Nevada and THE STATE TREASURER OF THE STATE OF NEVADA (the “Treasurer”).

WHEREAS, the District is duly organized, created and existing under the laws of the State of Nevada (the “State”); and

WHEREAS, the District, as of the date hereof, will be issuing its General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed), Series 2017A (the “Bonds”), in the aggregate principal amount of \$_____ to refund certain outstanding bonds of the District; and

WHEREAS, pursuant to Chapter 387, Nevada Revised Statutes (the “Act”), the Board of Trustees of the District (the “Board”) may apply to the Treasurer for a guarantee agreement whereby money in the State Permanent School Fund (the “Permanent Fund”) is used to guarantee the payment of debt service on the Bonds; and

WHEREAS, the Board has applied to the Treasurer for a guarantee agreement; and

WHEREAS, pursuant to the Act, the Treasurer has provided a copy of the application and the supporting documentation to the Executive Director of the State Department of Taxation (the “Executive Director”) and the Executive Director has submitted a report to the State Board of Finance indicating that the District has the ability to make timely payment of the debt service on the Bonds; and

WHEREAS, the Treasurer has determined that the total principal amount of the Bonds, together with the total amount of outstanding bonds guaranteed by the Permanent Fund, does not exceed the limitations established by the Act; and

WHEREAS, on November 8, 2016, the State Board of Finance adopted a resolution approving the report submitted by the Executive Director and the form of this guarantee agreement (the “Guarantee Agreement”); and

WHEREAS, the Bonds are authorized to be issued by a resolution of the Board (the “Bond Resolution”) adopted on June 27, 2017; and

WHEREAS, the District and the Treasurer wish to enter into this Guarantee Agreement in order to set forth the respective responsibilities of each party with respect to the Permanent Fund guarantee of the payment of debt service on the Bonds.

NOW, THEREFORE, the District and the Treasurer, in consideration of the mutual covenants herein contained, agree as follows:

Section 1. The Board hereby appoints the Treasurer, or Wells Fargo Bank, N.A., a commercial bank hereby designated by the Treasurer, as the paying agent (the "Paying Agent") for the Bonds. The Paying Agent may be replaced on the terms set forth in the Bond Resolution with the prior written approval of the Treasurer.

Section 2. No later than 5 business days prior to each date scheduled for the payment of principal and/or interest on the Bonds as set forth in the Bond Resolution, the District shall transfer to the Paying Agent sufficient moneys to pay the debt service coming due on the Bonds. The Board hereby agrees to deposit the amount of money due for each scheduled debt service payment with the Paying Agent no later than 5 business days prior to each scheduled debt service payment date, as set forth in the Bond Resolution. The District shall provide in the Bond Resolution that:

A. the Paying Agent must immediately notify the Treasurer if the Paying Agent has not received from the District the debt service payment on the fifth business day prior to the scheduled debt service payment date; and

B. the Paying Agent must give notice to the Treasurer of any optional redemption or defeasance of the Bonds.

Section 3. In the event the District determines that it will be unable to make a deposit with the Paying Agent as required in Section 2 hereof, the Superintendent of the District shall provide written notice to the Treasurer and the Paying Agent at least 60 days before such payment is due.

Section 4. In the event the District for any reason fails to make a timely payment of debt service on the Bonds as required by Section 2 hereof, the Treasurer shall withdraw a sufficient amount of money from the Permanent Fund to make the debt service payment on the Bonds, transfer to the Paying Agent no later than 1 business day prior to the scheduled debt service payment date a sufficient amount of money to make the debt service payment when due, and promptly notify the Executive Director of the payment. Such payment shall be made by the Treasurer regardless of whether the District provides written notice to the

Treasurer pursuant to Section 3 hereof. Such withdrawal from the Permanent Fund and payment of debt service on the Bonds shall constitute a loan to the District in the amount of the debt service paid on the Bonds. The loan shall be a special obligation of the District payable only from the sources set forth in Section 5 below. The loan shall bear interest at a rate determined by the Treasurer, which rate shall not exceed 1% above the average rate of interest yielded on investments in the Permanent Fund on the date the loan is made.

Section 5. In the event the Treasurer makes a loan to the District pursuant to Section 4 hereof, the District agrees to repay the loan from the following sources and in the following order of priority:

A. As soon as they are available, from District moneys available to pay debt service on the Bonds, unless payment from that money would cause the District to default on other outstanding bonds or medium-term obligations entered into pursuant to the provisions of Sections 350.087 to 350.095, inclusive, Nevada Revised Statutes (“NRS”); and

B. Immediately, until the loan is fully repaid (including any accrued interest on the loan), the Treasurer shall withhold payments of money that would otherwise be distributed to the District from:

(a) the interest earned on the Permanent Fund that is distributed among the various school districts pursuant to State law;

(b) distributions of the Local School Support Tax, which must be transferred by the State Controller upon notification by the Treasurer; and

(c) distributions from the State Distributive School Account.

C. The Treasurer shall apply the moneys received or withheld from the District pursuant to paragraphs (A) and (B) above first to the interest due on the loan and, when the interest is paid in full, then to the principal balance. When the interest and balance on the loan are repaid, the Treasurer shall resume making the distributions set forth in (a) through (c) above that would otherwise be due to the District.

D. The Treasurer shall notify the District of amounts withheld pursuant to paragraph (B) above and also shall notify the District when the loan is paid in full.

Section 6. The District shall not enter into any medium-term obligations pursuant to the provisions of NRS 350.087 to 350.095, inclusive, or otherwise borrow money during the period in which the loan remains unpaid unless the District obtains the prior written approval of the Executive Director.

Section 7. This Guarantee Agreement shall be effective upon issuance of the Bonds and shall remain in effect until the Bonds are retired and all amounts owed by the District hereunder have been paid in full or otherwise discharged. Any amount owed by the District hereunder shall not be deemed paid in full or otherwise discharged if such amount has been recovered from the State or a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Section 8. The holders of the Bonds are third party beneficiaries of this Guarantee Agreement and are entitled to enforce the provisions of this Guarantee Agreement. Nothing in this Guarantee Agreement is intended or shall be construed to confer upon, or give to any person or entity, other than the District, the State of Nevada, acting by and through the State Board of Finance or the State Treasurer, and the holders of the Bonds, any right, remedy or claim under or by reason of this Guarantee Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations and agreements in this Guarantee Agreement shall be for the sole and exclusive benefit of the District, the State of Nevada and the holders of the Bonds.

Section 9. This Guarantee Agreement may not be modified or amended in any manner after the Bonds are issued if the amendment or modification would materially or adversely affect the holders of the Bonds. This Guarantee Agreement may only be amended or modified by a written amendment signed by the parties and approved by the State Board of Finance and the Board of the District. Notice of any such amendment must be sent to: Moody's Investors Services and Standard & Poor's Rating Services.

Section 10. It is mutually understood and agreed that this Guarantee Agreement shall be governed by the laws of the State of Nevada.

Section 11. If any section, paragraph, clause or provision of this Guarantee Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or enforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Guarantee Agreement.

Section 12. Nothing in this Agreement prohibits or otherwise limits or inhibits the reasonable exercise in the future by the State and its governmental bodies of the police powers and powers of taxation inherent in the sovereignty of the State or the exercise by the United States of the powers delegated to it by the United States Constitution.

Section 13. Notices sent pursuant to the provisions of this Guarantee Agreement shall be sent to:

The District:

Lyon County School District
25 E. Goldfield Avenue
Yerington, Nevada 89447
Attn: Superintendent

The State:

Office of the State Treasurer
Capitol Building
101 N. Carson St., Suite 4
Carson City, Nevada 89701
Attn: Chief Deputy State Treasurer

The Paying Agent:

Wells Fargo Bank, N.A.
Corporate Trust Services - CMES
707 Wilshire Blvd., MAC E2818-176, 17th Floor
Los Angeles, CA 90017

Moody's:

Moody's Investors Service
99 Church Street
New York, New York 10007
Attn: Public Finance Rating Desk

Standard & Poor's:

Standard and Poor's Rating Services
25 Broadway, 21st Floor
New York, New York 10004
Attn: Public Finance Rating Desk

IN WITNESS WHEREOF, the Treasurer and the District have caused this Guarantee Agreement to be duly executed and delivered as of the day and year first above written.

LYON COUNTY SCHOOL DISTRICT,
NEVADA

By: _____
President, Board of Trustees

STATE OF NEVADA

By: _____
State Treasurer

APPENDIX F

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of this Official Statement contains general information concerning the historic economic and demographic conditions in the District. This portion of this Official Statement is intended only to provide prospective investors with general information regarding the District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

Population and Age Distribution

Population. The table below shows the population growth of Lyon County and the State since 1970. Between 2000 and 2010, Lyon County's population increased 50.7%, and the State increased 35.1%.

<u>Population</u>				
Year	Lyon County	Percent Change	Nevada	Percent Change
1970	8,221	--	488,738	--
1980	13,594	65.4%	800,493	63.8%
1990	20,001	47.1	1,201,833	50.1
2000	34,501	72.5	1,998,257	66.3
2010	51,980	50.7	2,700,551	35.1
2011	52,443	0.9	2,721,794	0.8
2012	52,245	(0.4)	2,750,217	1.0
2013	52,960	1.4	2,800,967	1.8
2014	53,344	0.7	2,843,301	1.5
2015	53,277	(0.1)	2,897,584	1.9
2016	53,644	0.7	2,953,375	1.9
2017	53,884	0.4	2,98,636	1.0

Sources: United States Department of Commerce, Bureau of the Census (1970–2010); and Governor Certified Population Estimates of Nevada's Counties, Cities and Towns 2000 to 2016 and 2017 projection per March 1, 2017 County Population Projections 2017-2021, NV Department of Taxation.

Age Distribution. The following table sets forth a projected comparative age distribution profile for Lyon County, the State and the nation as of January 1, 2017.

Age Distribution

Age	Lyon County	Nevada	United States
0-17	21.6%	23.0%	22.8%
18-24	8.0	8.8	9.7
25-34	10.5	13.9	13.4
35-44	11.1	13.4	12.6
45-54	12.7	13.3	13.1
55-64	15.0	12.4	12.9
65-74	13.8	9.4	9.1
75 and Older	7.3	5.8	6.4

Source: © 2017 Claritas.

Income

The following two tables reflect the Median Household Effective Buying Income (“EBI”), and also the percentage of households by EBI groups. EBI is defined as “money income” (defined below) less personal tax and nontax payments. “Money income” is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

Median Household Effective Buying Income Estimates⁽¹⁾

Year	Lyon County	Nevada	United States
2013	\$34,035	\$40,617	\$41,358
2014	41,673	42,480	43,715
2015	41,482	44,110	45,448
2016	41,502	46,230	46,738
2017	44,351	47,914	48,043

⁽¹⁾ The difference between consecutive years is not an estimate of change from one year to the next; combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Sources: © The Nielsen Company, *SiteReports*, 2013-2016; and © 2017 Claritas.

Percent of Households by Effective Buying Income Groups – 2017 Estimates

Effective Buying Income Group	Lyon County Households	Nevada Households	United States Households
Under \$24,999	22.5%	22.6%	24.0%
\$25,000 - 49,999	35.3	29.7	28.2
\$50,000 - 74,999	20.6	21.2	19.3
\$75,000 - 99,999	13.4	13.3	13.0
\$100,000 - 124,999	5.0	5.9	6.0
\$125,000 - 149,999	1.5	2.7	3.5
\$150,000 or More	1.7	4.6	6.0

Source: © 2017 Claritas.

The following table sets forth the annual per capita personal income levels for the residents of the County, the State and the nation. Per capita personal income levels in the County have consistently exceeded state and national levels during the period shown.

Per Capita Personal Income⁽¹⁾

Year	Lyon County	Nevada	United States
2011	\$29,495	\$37,986	\$42,461
2012	29,389	39,211	44,282
2013	30,098	38,939	44,493
2014	31,254	40,565	46,464
2015	32,822	41,992	48,190
2016	n/a	43,637	49,571

⁽¹⁾ County figures posted November 2016, state and national figures posted March 2017. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The Lyon County average annual labor force summary as prepared by the State's Department of Employment, Training and Rehabilitation ("DETR") is as follows:

Average Annual Labor Force Summary
Lyon County, Nevada

Calendar Year	2012	2013	2014	2015	2016	2017 ⁽¹⁾
TOTAL LABOR FORCE	22,495	22,813	22,900	21,912	21,719	21,210
Unemployment	3,325	2,843	2,334	2,048	1,601	1,324
Unemployment Rate ⁽²⁾	14.8%	12.5%	10.2%	9.3%	7.4%	6.2%
Total Employment ⁽³⁾	19,170	19,970	20,566	19,864	20,118	19,886

(1) Figures through May 31, 2017.

(2) The U.S. unemployment rates for the years 2012-2016 were 8.1%, 7.4%, 6.2%, 5.3%, and 4.9%, respectively.

(3) Adjusted by census relationships to reflect number of persons by place of residence.

Sources: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Bureau of Labor, Bureau of Labor Statistics.

The following table indicates the number of persons employed, by type of employment, in non-agricultural industrial employment in Lyon County.

Establishment Based Industrial Employment
Lyon County, Nevada

Calendar Year	2012	2013	2014	2015	2016
Natural Resources and Mining	750	809	946	939	815
Construction	450	453	550	614	704
Manufacturing	2,010	2,015	2,063	2,133	2,162
Trade, Transportation and Utilities	2,786	3,051	3,219	2,242	2,165
Information	27	22	16	31	n/a
Financial Activities	262	320	349	356	277
Professional and Business Services	645	657	753	797	812
Education and Health Services	516	465	467	472	504
Leisure and Hospitality	1,349	1,380	1,470	1,455	1,508
Other Services	267	263	279	318	330
Government	<u>2,094</u>	<u>2,061</u>	<u>2,031</u>	<u>72</u>	<u>2,146</u>
TOTAL ALL INDUSTRIES ⁽¹⁾	<u>11,159</u>	<u>11,497</u>	<u>12,142</u>	<u>11,429</u>	<u>11,464</u>

(1) Totals may not add due to rounding. Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The table below lists the largest fifteen employers in the County. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the County.

Largest Employers - Lyon County, Nevada
As of 3rd Quarter - 2016

Employer	Employees	Industry
Lyon County School District	1,000 - 1,499	Public education
MSC Industrial Supply Co.	300 - 399	General warehousing
Lyon County	300 - 399	Local government
Wal-Mart Supercenter	200 - 299	Retail supercenter
Lowe's Home Center LLC	100 - 199	Home center
The Webstaurant Store Inc.	100 - 199	General warehousing
QG Printing Corp.	100 - 199	Commercial printing
David Peri Family Farms LLC	100 - 199	Farming
Production Pattern & Foundry	100 - 199	Aluminum foundry
Trex Company Inc.	100 - 199	Wood product manufacturing
Nevada Cement Company	100 - 199	Cement manufacturing
Nevada Automotive Testing Center	100 - 199	Testing laboratory
South Lyon Medical Center	100 - 199	Medical hospital
Smith's	100 - 199	Supermarket
Sherwin-Williams	100 - 199	Paint/coating manufacturing

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table sets forth the firm employment size breakdown for the County.

Size Class of Industries⁽¹⁾
Lyon County, Nevada
(Non-Government Worksites)

CALENDAR YEAR	4 th Qtr. 2016	4 th Qtr. 2015	Percent Change 2016/2015	Employment Totals 4 th Qtr. 2016
TOTAL NUMBER OF WORKSITES	987	948	4.1%	9,400
Less Than 10 Employees	759	726	4.5%	2,115
10-19 Employees	123	116	6.0	1,660
20-49 Employees	67	69	(2.9)	1,967
50-99 Employees	24	23	4.3	1,559
100-249 Employees	13	12	8.3	1,770
250-499 Employees	1	2	(50.0)	329
500-999 Employees	0	0	0.0	0
1000+ Employees	0	0	0.0	0

⁽¹⁾ Subject to revisions.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Retail Sales

The following table sets forth a history of taxable sales in the County.

Taxable Sales in the County

Fiscal Year ⁽¹⁾	Lyon County Total ⁽²⁾	Percent Change	State Total ⁽²⁾	Percent Change
2012	\$346,511,052	--	\$42,954,750,131	--
2013	305,525,152	(11.8)%	45,203,408,413	5.2%
2014	356,889,794	16.8	47,440,345,167	4.9
2015	396,524,754	11.1	50,347,535,591	6.1
2016	380,805,051	(4.0)	52,788,295,421	4.8
Jul 15 – Mar 16	\$277,700,756	--	\$39,143,701,220	--
Jul 16 – Mar 17	329,287,889	18.6%	42,058,657,891	7.4%

(1) Fiscal year runs from July 1st to the following June 30th.

(2) Subject to revision.

Source: State of Nevada, Department of Taxation.

Agriculture

Ranching and farming have been a cornerstone of the County's economy for more than 100 years. Lyon County is home to 462 farms and ranches, 60 percent of which are 49 acres or smaller. According to the 2017 publication, *An Economic Analysis of the Food and Agriculture Sector in Nevada*, prepared by the Nevada Department of Agriculture, Lyon County's food and agriculture sector contributed \$330 million to the county's economy in 2015 and exported \$197.3 million. Lyon County's total agriculture production output value was \$174.6 million in 2015 and its total food manufacturing output value was \$62 million. Top production agriculture industries include beef cattle ranching/farming, vegetable and melon farming, and dairy cattle and milk production. The food and agriculture sector accounts for 1,084 jobs. The agriculture production sector of Lyon County is a positive economic sector contributing to the favorable balance of trade.

Construction

The following table sets forth a history of the number of all building permits issued in the County and their valuations, with the exception of the Cities of Fernley and Yerington which issue their own permits. Construction valuation is a value placed on a project in order to determine permit and fees, and has no relationship to assessed valuation.

Building Permits - Lyon County, Nevada

Year	New Single Family		New Commercial		All Permits	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2012	51	\$ 9,634,712	9	\$5,135,820	479	\$25,029,980
2013	94	17,798,644	18	2,846,628	523	27,231,750
2014	128	25,639,060	25	8,715,464	581	41,152,517
2015	142	29,909,738	12	4,848,565	653	42,259,642
2016	133	29,316,169	12	2,466,010	615	47,664,543
2017 ⁽¹⁾	57	12,540,964	7	898,348	287	12,185,602

(1) As of May 31, 2017.

Source: Lyon County Building Division.

Transportation

Three primary transportation routes transect Lyon County: Interstate 80 parallels the northwest border, and continues west to San Francisco (via Reno/Sparks) and east to Salt Lake City. U.S. Highway 50 crosses east-west through the county, westbound through Carson City and eastbound through Ely. U.S. Highway 95A spurs off I-80 and runs north-south, southbound to Las Vegas passing through Yerington. The extension of USA Parkway is expected to be completed by the end of 2017, and such extension will connect Interstate 80 and U.S. 50 near Silver Springs further increasing regional mobility. Approximately sixty regional and national carriers are available for shipments in and out of Lyon County.

Both Yerington and Dayton have airports capable of handling corporate jets. In addition, Yerington has full service fixed base operations (FBO) with fuel, maintenance, avionics, café, lighted runway, beacon, and unicom. Charter air service is available to Yerington. Commercial air service is available in Reno. Rail service is provided to Fernley, Silver Springs, and Wabuska by Union Pacific.

Development Activity

The Northern Nevada Development Authority (NNDA) serves to promote economic development activity in the Sierra Region which includes Carson City, Douglas, Lyon and Storey counties.

Complementing the area's emphasis on economic diversification are the numerous business advantages unique to the State. Competitive wage rates, low workers' compensation costs, an expanding labor force, centralized location and attractive transportation costs to other prominent western markets, and the State's incentive programs combine to give business and industry an attractive incentive to move to, relocate or expand in the Sierra Region of Nevada.

APPENDIX G

OFFICIAL NOTICE OF BOND SALE

\$18,240,000*

**LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
REFUNDING BONDS (PSF GUARANTEED)
SERIES 2017A**

PUBLIC NOTICE IS HEREBY GIVEN that the Board of Trustees of the Lyon County School District, Lyon County, Nevada (the “Board,” the “District,” the “County” and the “State,” respectively), on **Wednesday, July 19, 2017 at 8:30 a.m. local time**, in the office of bond counsel for the District:

**Sherman & Howard L.L.C.
50 W. Liberty Street, Suite 1000
Reno, Nevada 89501**

will cause to be received and publicly opened sealed bids and cause to be received electronically via PARITY (see “MANNER OF BID SUBMITTAL” below) for the purchase of the bonds of the District, particularly described below. Sealed bids must be delivered via messenger (no bids will be received by mail) at location specified above addressed to the Director of Finance and Facilities for the District (the “Director of Finance”), and must be received on or before 8:30 a.m., local time, on such day of sale.

BOND PROVISIONS

THE BONDS: Lyon County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed), Series 2017A, in the aggregate principal amount of \$18,240,000* (the “Bonds”) will be dated as of the date of delivery of the Bonds, will be issued in fully registered, book entry form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be issued by means of a book entry system with no physical distribution of bonds to the public. See “BOOK ENTRY TRANSFER AND EXCHANGE” below.

MATURITIES: The Bonds (except as otherwise provided in “MANDATORY SINKING FUND REDEMPTION” below) will mature in each of the amounts of principal designated in the maturity schedule (the “Maturity Schedule”) set forth in the preliminary official statement relating to the Bonds dated July 10, 2017 (the “Preliminary Official Statement”) subject to adjustment as provided below in “ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID.”

ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID: The aggregate principal amount and the principal amount of each maturity of the Bonds

* Preliminary; subject to change.

are subject to adjustment by the District, after the determination of the best bid. Changes to be made will be communicated to the successful bidder by time of written award of the Bonds, and will not reduce or increase the amount of the Bonds payable in any year by more than ten percent or \$100,000, whichever is greater, from the amounts shown in the Maturity Schedule. The price bid (i.e., par less the discount bid or plus the premium bid) by a successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits. The price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the District (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in the Maturity Schedule.

To facilitate any adjustment in the principal amounts and price bid, the successful bidder is required to indicate by email to JNA Consulting Group, LLC (the “Financial Advisor”) on behalf of the District, marty@jnaconsultinggroup.com, no later than one-half hour after the bid opening, the amount of any original issue discount or premium on each maturity of the Bonds, the amount received from the sale of the Bonds to the public that will be retained by the successful bidder as its compensation, and in the case of a bid submitted with bond insurance, the cost of the insurance premium. A bidder who intends to insure the Bonds shall also state, in that email, whether the amount of the insurance premium will change as a result of changes in the principal amount of the Bonds or the amount of principal maturing in any year, and the method used to calculate any such change in the insurance premium.

PAR OR PREMIUM REQUIRED: A bidder must offer to purchase the Bonds at par or at premium.

REOFFERING PRICES: Within one-half hour of the bid opening, the successful bidder or bidders (or manager of the successful purchasing account or accounts) must notify the District by email transmission to the District’s Financial Advisor, marty@jnaconsultinggroup.com, of the initial offering prices of the Bonds to the public. The notification must be confirmed in writing in form and substance satisfactory to Bond Counsel prior to the delivery of the Bonds. The confirmation will be part of the “Purchaser’s Certificate” which will be in substantially the same form as Exhibit A attached hereto in the event the District receives 3 or more bids that conform to the requirements of the Official Notice of Sale for the Bonds; and in substantially the same form as Exhibit B attached hereto in the event the District does not receive 3 or more such bids for the Bonds.

OPTIONAL PRIOR REDEMPTION: The Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after June 1, 2028 are subject to redemption prior to their respective maturities, at the option of the District, on and after June 1, 2027, in whole or in part at any time, from any maturities selected by the District and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date.

MANDATORY SINKING FUND REDEMPTION: A bidder may request that one or more Bonds maturing on and after June 1, 2028, be included in one or more term Bonds (“Term Bonds”). Amounts included in a single Term Bond must consist of consecutive maturities of Bonds, must bear the same rate of interest and must include the entire principal amount between a serial maturity and mandatory sinking fund redemption. Any such Term Bond will be subject to mandatory sinking fund redemption in installments in the same amounts and on the same dates as the Bonds would have matured if they were not included in a Term Bond. Bonds redeemed pursuant to the mandatory sinking fund redemption provisions will be redeemed at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date in the manner and as otherwise provided in the Bond Resolution (as defined below). Any election to designate the Bonds as being included in a Term Bond must be made via electronic bidding or in the printed official bid form (see “**BID PROPOSALS**” below).

INTEREST RATES AND LIMITATIONS: The following interest limitations are applicable to the Bonds:

(A) Interest on the Bonds will be payable on June 1 and December 1 of each year commencing on December 1, 2017.

(B) The interest rate specified for any maturity of the Bonds and the True Interest Cost (see “Basis of Award” below) of the Bonds may not exceed by more than 3% the “Index of Twenty Bonds” which is most recently published in The Bond Buyer before the bids are received.

(C) The interest rate specified for any Bonds maturing June 1, 2020, to and including, June 1, 2027, must be at least 5.00%.

(D) Only one interest rate can be stated for any maturity, i.e., all Bonds with the same maturity date must bear the same rate of interest.

(E) Each interest rate specified must be stated in a multiple of 1/8th or 1/20th of 1% per annum.

(F) Each Bond as initially issued will bear interest from its dated date to its stated maturity or prior redemption date at the interest rate stated in the bid. A zero rate of interest may not be named.

It is permissible to bid different interest rates for the Bonds, but only as stated in the bid and subject to the above limitations.

PAYMENT: The principal of the Bonds shall be payable at the office of Wells Fargo Bank, N.A., as Paying Agent, or such other office as designated by the Paying Agent, to the registered owner thereof as shown on the registration records of Wells Fargo Bank, N.A., as Registrar, upon maturity or prior redemption thereof, upon presentation and surrender of such Bond at such Paying Agent. Payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or if such date is not a business day, on the next succeeding business date), to the registered owner

thereof at the address as it appears on the registration records of the Registrar as of the close of business on the fifteenth day of the calendar month next preceding each interest payment date for the Bonds (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"). If any Bond is not paid upon presentation at maturity, it will draw interest at the same rate until the principal is paid in full. Alternative arrangements for the payment of interest may be made upon agreement between the Paying Agent and any registered owner. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

BOOK ENTRY/TRANSFER AND EXCHANGE: The Bonds will be issued as fully registered book entry bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be issued in registered form and bond certificates for each maturity will be issued to The Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book entry system will be employed, evidencing ownership of the Bonds in principal amounts of \$5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Paying Agent by wire transfer or in same day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the District nor the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

AUTHORIZATION AND PURPOSE OF BONDS: The Bonds are authorized to be issued, in part, pursuant to an election held in the District on November 7, 2006 (the "Election"), Chapter 293 of NRS (the "Election Act"), Chapter 387 of NRS (the "Project Act"), Chapter 350 of NRS (the "Bond Act") and Chapter 348 of NRS (the "Supplemental Bond Act"). The Bonds are being issued for the purpose of refunding certain outstanding bonds of the District (the "Project").

SECURITY AND PAYMENT: The Bonds will, in the opinion of Bond Counsel, be direct general obligations of the District, payable as to all principal of, any prior redemption premiums and interest thereon (the "Bond Requirements") from general (ad valorem) taxes (herein "General Taxes") levied against all taxable property within the District except to the extent that other revenues are made available therefore, subject to the limitations imposed by the statutes and Constitution of the State (see "CONSTITUTIONAL TAX LIMITATIONS," and "STATUTORY TAX LIMITATION," below).

The Bonds will be a debt of the District, and the Board shall pledge the full faith and credit of the District for their payment.

STATE GUARANTEE: Payment of the principal of and interest on the Bonds when due will be guaranteed by the State of Nevada pursuant to the provisions of NRS 387.513

to 387.528, inclusive. If the District fails to make a timely payment on the debt service of the Bonds, the State Treasurer shall (a) withdraw from the State Permanent School Fund the amount of money due for the payment on the debt service; (b) make the payment on the debt service; and (c) report the payment to the Executive Director of the State Department of Taxation. The amount of money withdrawn by the State Treasurer to make the payment shall be deemed a loan to the District. If the District is not able to repay fully the loan, including any accrued interest, in a timely manner, the State Treasurer shall withhold the payments of money that would otherwise be distributed to the District from: (a) the interest earned on the State Permanent School Fund; (b) distributions of the local school support tax; and (c) distributions from the State Distributive School Account until the loan is repaid. Upon receipt of notice that such a loan has been made to the District by the State Treasurer, the Executive Director of the State Department of Taxation shall proceed pursuant to the provisions of NRS 354.685 relating to severe financial emergencies.

RATING LETTERS: The District will pay for the fees for ratings on the Bonds from S&P Global Ratings.

BOND RESOLUTION: The resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Trustees of the District on June 27, 2017, and sets forth, among other matters, the form, terms and conditions of the Bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, the security therefore, and other details concerning the Bonds, the Project, and the District, including, without limitation, covenants and agreements in connection therewith. Copies of the Bond Resolution are on file with the Superintendent and will be available for public inspection at his office at the Lyon County School District Administration Building, 25 E. Goldfield Avenue, Yerington, Nevada.

ISSUANCE OF ADDITIONAL SECURITIES: The Board reserves the privilege of issuing additional general obligation bonds at any time and from time to time for any lawful purpose.

FEDERAL TAX EXEMPTION: In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described in the Preliminary Official Statement.

STATE TAX EXEMPTION: In the opinion of Bond Counsel, under present laws of the State, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

CONSTITUTIONAL TAX LIMITATION: Section 2, article 10, State Constitution, provides:

“The total tax levy for all public purposes including levies for bonds, within the state, or any subdivision thereof, shall not exceed five cents on one dollar of assessed valuation.”

STATUTORY TAX LIMITATION: NRS 361.453 provides:

“Except as otherwise provided in NRS 354.705, 354.723, 387.3288 and 450.760, the total ad valorem tax levy for all public purposes must not exceed \$3.64 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the state board of examiners if the state board of examiners is directed by law to fix a lesser or greater amount for that fiscal year.”

STATUTORY PRIORITY FOR THE BONDS: NRS 361.463 provides:

“1. In any year in which the total taxes levied by all overlapping units within the boundaries of the state exceed the limitation imposed by NRS 361.453, and it becomes necessary for that reason to reduce the levies made by any of those units, the reduction so made must be in taxes levied by those units (including the state) for purposes other than the payment of bonded indebtedness, including interest thereon.

2. The taxes levied for the payment of bonded indebtedness and the interest thereon enjoy a priority over taxes levied by each such unit (including the State) for all other purposes where reduction is necessary to comply with the limitation imposed by NRS 361.453.”

STATUTORY PROVISIONS FOR TAX LEVIES: NRS 350.592 provides in relevant part:

“1. There must be levied annually in due season a special tax on all property, both real and personal, subject to taxation within the boundaries of the municipality, fully sufficient together with the revenue which will result from application of the rate to the net proceeds of minerals, without regard to any statutory or charter tax limitation, other than the limitation set forth in NRS 361.453, to pay the interest on the general obligation municipal securities and to pay and retire the securities as provided in the Local Government Securities Law and in any act supplemental hereto. The amount of money to be raised by the tax must be included in the annual estimate or budget for each county within the state for each year for which the tax is hereby required to be levied. The tax must be levied and collected in the same manner and at the same time as other taxes are levied and collected.

2. The proceeds thereof levied to pay interest on the securities must be kept by the treasurer in a special fund, separate and apart from all other funds, and the proceeds of the tax levied to pay the principal of the securities must be kept by the treasurer in a special fund, separate and apart from all other funds. The two special funds must be used for no other purpose than the payment of the interest on the securities and the principal thereof, respectively, when due; * * *.”

TIMES OF LEVIES: NRS 350.594 provides:

“Such tax shall be levied immediately after the issuance of any general obligation securities issued in accordance with the provisions of the Local Government Securities Law, and annually thereafter, at the times and in the manner provided by law, until all of the securities, and the interest thereon, have been fully discharged. Such tax may be first levied after the municipality has contracted to sell any securities but before their issuance.”

USE OF GENERAL FUND: NRS 350.596 provides:

“Any sums coming due on any general obligations municipal securities at any time when there are not on hand from such tax levy or levies sufficient funds to pay the same shall be promptly paid when due from the general fund of the municipality, reimbursement to be made to such general fund in the sums thus advanced when the taxes herein provided for have been collected.”

USE OF OTHER FUNDS: NRS 350.598 provides:

“Nothing contained in the Local Government Securities Law shall be so construed as to prevent the municipality from applying any funds (other than taxes) that may be available for that purpose to the payment of the interest on or the principal of any general obligation municipal securities as the same respectively mature, and regardless of whether the payment of the general obligation municipal securities is additionally secured by a pledge of revenues, and upon such payments, the levy or levies of taxes provided in the Local Government Securities Law may thereupon to that extent be diminished.”

STATUTORY APPROPRIATIONS: NRS 350.602 provides:

“There is by the Local Government Securities Law, and there shall be by ordinance authorizing the issuance of any indebtedness contracted in accordance with the provisions of the Local Government Securities Law, specially appropriated the proceeds of such taxes to the payment of such principal and interest; and such appropriations shall not be repealed nor the taxes postponed or diminished (except as herein otherwise expressly provided) until the principal of and interest on the municipal securities evidencing such debt have been wholly paid.”

NO PLEDGE OF PROPERTY: The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District.

IMMUNITY OF INDIVIDUALS: NRS 350.606 provides:

“No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with any bonds or other municipal securities or for any claim based thereon or otherwise upon the ordinance authorizing their issuance or other instrument appertaining thereto, against any individual member of the governing body or any officer or other agent of the municipality, past, present or future, either directly or indirectly through the governing body or the municipality, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the securities and as a part of the consideration of their issuance specially waived and released.”

ACTS IRREPEALABLE: NRS 350.610 provides:

“The faith of the state is hereby pledged that the Local Government Securities Law, any law supplemental or otherwise appertaining thereto, and any other act concerning the bonds or other municipal securities, taxes or the pledged revenues or any combination of such securities, such taxes and such revenues shall not be repealed nor amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding municipal securities, until all such securities have been discharged in full or provision for their payment and redemption has been fully made, including without limitation the known minimum yield from the investment or reinvestment of moneys pledged therefor in federal securities.”

TERMS OF SALE

BID PROPOSALS: Each bidder must use the printed official bid form or submit a bid electronically via PARITY. Any bid in any other form may be disregarded. A bidder is required to submit an unconditional bid for all the Bonds specifying:

- (1) The lowest rate or rates of interest and the premium or discount at which the bidder will purchase all of the Bonds.

It is also requested for informational purposes only, but is not required, that each bid disclose:

- (2) The True Interest Cost (i.e, actuarial yield) on the Bonds expressed as a nominal annual percentage rate. (See “BASIS OF AWARD”, below).

Bids submitted on an official bid form must be in a sealed envelope marked on the outside:

“Proposal for Bonds”

and addressed to

**Director of Finance and Facilities
Lyon County School District**

Electronic bids may only be submitted through PARITY. If any provisions in this Official Notice of Sale conflict with information or terms provided or required by PARITY, this Official Notice of Sale (and any amendments thereto provided by PARITY or Munifacts or Bloomberg wire services) shall control. Each bidder shall be solely responsible for making necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale. Neither the District nor the Financial Advisor shall have any duty or obligations to provide or assure such access to any bidder, and neither the District nor the Financial Advisor shall be responsible for proper operation of, or have any liability for, any delays or interruptions of, or any damages caused by, use of PARITY. The District is using PARITY as a communication mechanism, and not as the District’s agent, to conduct the electronic bidding for the Bonds.

GOOD FAITH DEPOSIT: Except as otherwise provided below, a good faith deposit (“Deposit”) in the form of a certified or cashier’s check drawn on a solvent commercial bank or trust company in the United States of America, made payable to

Lyon County School District, Nevada

in the amount of

\$200,000

is required for each bid to be considered. If a check is used, it must accompany each bid. If the apparent winning bidder on the Bonds is determined to be a bidder who has not submitted a Deposit in the form of a check, as provided above, the Financial Advisor will request the

apparent winning bidder to immediately wire the Deposit and provide the Federal wire reference number of such Deposit to the Financial Advisor within 90 minutes of such request by the Financial Advisor. The Bonds will not be officially awarded to a bidder who has not submitted a Deposit, as provided above, until such time as the bidder has provided a Federal wire reference number for the Deposit to the Financial Advisor.

Except as provided below, no interest on the Deposit will accrue to any bidder. The Deposit of the winning bidder of the Bonds will be applied to the purchase price of the Bonds. In the event a winning bidder fails to honor its accepted bid, the Deposit plus any interest accrued on the Deposit will be retained by the District. Any investment income earned on the good faith deposit will be paid to such successful bidder in the event the District is unable to deliver the Bonds as provided under “MANNER AND TIME OF DELIVERY”, below. Deposits accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bidder.

CUSIP NUMBERS: The Bonds will be assigned separate CUSIP identification numbers. It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser to accept delivery of any payment for the Bonds. All expenses relating to printing the CUSIP numbers on the Bonds will be paid by the District; but the CUSIP Service Bureau charge for the assignment of the numbers will be the responsibility of and must be paid by the purchaser.

SALE RESERVATIONS: The Board reserves the privilege:

- A. Of waiving any irregularity or informality in any bid;
- B. Of rejecting any and all bids; and
- C. Of reoffering the Bonds for sale, as provided by law.

If bids are not taken or if all bids are rejected on July 19, 2017, the District may reoffer the Bonds for sale any time thereafter. The time and date of any subsequent Bond sale will be announced via PARITY, Munifacts and/or the BLOOMBERG System before the time of the sale.

BASIS OF AWARD: The Bonds, subject to such sale reservations, will be sold by the Board to the responsible bidder making the best bid for all the Bonds.

The best bid will be determined by computing the True Interest Cost on the Bonds (i.e., using an actuarial or true interest cost method) for each bid received. An award on the Bonds will be made (if any is made) to the responsible bidder submitting the bid which results in the lowest true interest cost on the Bonds. “True Interest Cost” on the Bonds, as used herein, means that yield which if used to compute the present worth as of the date of the Bonds of all payments of principal and interest to be made on the Bonds from their date to their respective maturity dates (or any mandatory sinking fund redemption dates), using the interest rates specified in the bid, and in using the principal amounts shown in the Maturity Schedules, produces an amount equal to the principal amount of the Bonds, plus any premium bid or less any discount bid. No adjustment shall be made in such calculation for accrued interest on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360

day year and a semiannual compounding interval. If there are two or more equal bids and such equal bids are the best bids received, the Director of Finance, or in his absence, the Superintendent will determine which bid will be accepted.

PLACE AND TIME OF AWARD: Bids will be opened on behalf of the Board at the time and place stated. The Superintendent or the Director of Finance of the District will take action, upon the determination of the best bid for the Bonds not later than 36 hours after the time stated for opening bids. A bid may not be withdrawn before that time (i.e., a bid may not be withdrawn until 36 hours after the time stated for opening bids). An award may be made after the stated period if the bidder shall not have given to the Director of Finance notice in writing of the withdrawal of its bid.

MANNER AND TIME OF DELIVERY: The Deposit will be credited to the purchaser at the time of delivery of the Bonds (without accruing interest). If the successful bidder for the Bonds fails, neglects, or refuses to complete the purchase of the Bonds on the date on which the Bonds are made ready and are tendered by the District for delivery, the amount of its Deposit will be forfeited (as liquidated damages for noncompliance with the bid) to the District. In that event, the District may reoffer the Bonds for sale, as provided by law. The Bonds will be made available for delivery by the District to the purchaser as soon as reasonably possible after the date of the sale, and the District contemplates delivering the Bonds on or about **August 8, 2017**. The purchaser of the Bonds will be given 72 hours' notice of the time fixed by the Board for tendering the Bonds for delivery.

PAYMENT AT AND PLACE OF DELIVERY: The successful bidder will be required to accept delivery of the Bonds at DTC in New York, New York. Payment of the balance of the purchase price due for the Bonds at the time of their delivery must be made in Federal Reserve Bank funds or other funds acceptable to the Board for immediate and unconditional credit to the account of the District, at a bank designated by the Director of Finance, so that such Bond proceeds may be deposited or invested, as the Director of Finance may determine, simultaneously with the delivery of the Bonds. The balance of the purchase price must be paid in such funds and not by any waiver of interest, and not by any other concession as a substitution for such funds.

INFORMATION: This Official Notice of Bond Sale, an official statement, the Bond Resolution and financial and other information concerning the District and the Bonds may be obtained prior to the sale from:

The District's Financial Advisor:

JNA Consulting Group, LLC
410 Nevada Way, Suite 200
Boulder City, Nevada 89005
(702) 294-5100
marty@jnaconsultinggroup.com

or

The Director of Finance:

Shawn Heusser
Lyon County School District
25 E. Goldfield Avenue
Yerington, Nevada 89447
(775) 463-6800

DISTRICT REPRESENTED BY INDEPENDENT REGISTERED MUNICIPAL ADVISOR: The District has engaged, is represented by and will rely on the advice of the Financial Advisor, an independent registered municipal advisor, to advise it on the issuance of the Bonds and other aspects of the financing for which the Bonds are being issued. The District intends that this statement constitutes the “required representation” for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3) and prospective bidders and other market participants may rely on this written statement and receive and use it for purposes of that exemption. Each bidder should consult with its own advisors in determining whether the exemption is available to that bidder and other requirements applicable for the exemption to be available to that bidder.

LEGAL OPINION, BONDS AND TRANSCRIPT: The validity and enforceability of the Bonds will be approved by:

Sherman & Howard L.L.C.
50 West Liberty Street, Suite 1000
Reno, Nevada 89501
(775) 323-1980

whose final, approving opinion, together with the printed Bonds, a certified transcript of the legal proceedings, including a certificate stating that there is no litigation pending affecting the validity of the Bonds as of the date of their delivery (the “Closing Date”), and other closing documents, will be furnished to the initial purchaser of the Bonds without charge by the District. The form of the approving opinion of Bond Counsel appears as Appendix D in the Preliminary Official Statement for the Bonds.

OFFICIAL STATEMENT: The District has prepared the Preliminary Official Statement which is deemed by the District to be final as of its date for purposes of allowing bidders to comply with Rule 15c2-12(b) of the Securities and Exchange Commission (the “Rule”), except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendment and completion in a final official statement (the “Final Official Statement”).

The District will prepare a Final Official Statement, dated the date of its delivery to the winning bidder, as soon as practicable after the date of the award to the winning bidder. The District will provide the Final Official Statement to the winning bidder of the Bonds electronically, on or before seven business days following the date of the award to the winning bidder.

The District authorizes the winning bidder to distribute the Final Official Statement in connection with the offering of the Bonds.

For a period beginning on the date of the Final Official Statement and ending twenty five days following the date the winning bidder shall no longer hold for sale any of the Bonds (such date shall be the Closing Date unless the winning bidder advises the District in writing of another date), if any event concerning the affairs, properties or financial condition of the District shall occur as a result of which it is necessary to supplement the Final Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, at the request of the winning bidder, the District shall forthwith notify that winning bidder of any such event of which it has knowledge and shall cooperate fully in the preparation and furnishing of any supplement to the Final Official Statement necessary, in the reasonable opinion of the District and the winning bidder, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time.

DISCLOSURE CERTIFICATES: The final certificates included in the transcript of legal proceedings will include:

1. A certificate, dated the Closing Date, and signed by the President and Clerk of the Board, the Superintendent of the District, the Director of Finance, and the Attorney for the District, in which each of them states, after reasonable investigation, that to the best of his or her knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of the knowledge of each of them, threatened, in any way contesting the completeness or accuracy of the Final Official Statement, (b) the Final Official Statement as it pertains to the District and the Bonds does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (c) no event affecting the District has occurred since the date of the Final Official Statement which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the District does not make any representations concerning pricing information contained in the Final Official Statement; and

2. A certificate, dated the Closing Date, and signed by the Director of Finance, stating after reasonable investigation, that, to the best of his knowledge, as of the date of the Final Official Statement and on the date of such certificate, the information contained in the Final Official Statement relating to revenues and expenditures of the District is true and correct and does not contain any untrue statement of a material fact or omit any information necessary to be included therein in order that the Final Official Statement be not misleading for the purpose for which it is to be used.

CONTINUING DISCLOSURE UNDERTAKING: Pursuant to the Rule, the District will undertake in a continuing disclosure certificate, which is authorized in the Bond Resolution, to provide certain ongoing disclosure, including annual operating data and financial information, audited financial statements and notices of the occurrences of certain material events. A copy of the continuing disclosure certificate is included as Appendix C to the Preliminary Official Statement.

CONSENT TO JURISDICTION: A bid submitted by sealed bid or electronic bidding, if accepted by the Director of Finance or Superintendent on behalf of the District, forms a contract between the winning bidder and the District subject to the terms of this Official Notice of Bond Sale. By submitting a bid, the bidder consents to the exclusive jurisdiction of any court of the State of Nevada located in Lyon County or the United States District Court for the State of Nevada for the purpose of any suit, action or other proceeding arising as a result of the submittal of the bid, and the bidder irrevocably agrees that all claims in respect to any such suit, action or proceeding may be heard and determined by such court. The bidder further agrees that service of process in any such action commenced in such State or Federal court shall be effective on such bidder by deposit of the same as registered mail addressed to the bidder at the address set forth in the bid.

Dated this July 10, 2017.

LYON COUNTY SCHOOL DISTRICT, NEVADA

/s/ Shawn Heusser
Director of Finance and Facilities

Exhibit A

LYON COUNTY SCHOOL DISTRICT, NEVADA GENERAL OBLIGATION (LIMITED TAX) REFUNDING BONDS (PSF GUARANTEED) SERIES 2017A

Purchaser's Certificate

IT IS HEREBY CERTIFIED by the undersigned on behalf of _____ (the "Purchaser"), as representative of the underwriters for the "Lyon County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed), Series 2017A" (the "Bonds"):

1. We acknowledge receipt of the Bonds in the aggregate principal amount of \$_____, bearing interest and maturing as provided in the bond resolution adopted and approved on June 27, 2017 by the Board of Trustees of Lyon County School District, Nevada (the "District"), and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Bonds on the Sale Date at the Prices shown on the inside cover page of the Official Statement for the Bonds. Those Prices are the reasonably expected initial offering Prices of each maturity of the Bonds to the Public which were used by the Purchaser in formulating its bid to purchase the Bonds. For purposes of Paragraphs 2, 3, and 4, the following defined terms shall have the meaning assigned thereto as set forth below:

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party.

"Sale Date" means the date the Purchaser's bid for the Bonds was accepted on behalf of the District.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

If a yield is shown on the inside cover page of the Official Statement for any maturity, "Price" herein means the dollar price that produces that yield.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

5. The District and its counsel may rely on these certifications in concluding that the Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the “Code”), relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate.

DATED as of _____, 2017.

_____, as
Representative of the Underwriters

By: _____
Title: _____

Exhibit B

LYON COUNTY SCHOOL DISTRICT, NEVADA GENERAL OBLIGATION (LIMITED TAX) REFUNDING BONDS (PSF GUARANTEED) SERIES 2017A

Purchaser's Certificate

IT IS HEREBY CERTIFIED by the undersigned on behalf of _____ (the "Purchaser"), as representative of the underwriters for the "Lyon County School District, Nevada, General Obligation (Limited Tax) Refunding Bonds (PSF Guaranteed), Series 2017A" (the "Bonds"):

1. We acknowledge receipt of the Bonds in the aggregate principal amount of \$_____, bearing interest and maturing as provided in the bond resolution adopted and approved on June 27, 2017 by the Board of Trustees of Lyon County School District, Nevada (the "District"), and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Bonds on the Sale Date at the Prices shown [on the inside cover page of the Official Statement for the Bonds][in Exhibit 1]. The first Price at which a Substantial Amount of each maturity of the Bonds was sold to the Public is the Price shown [on the inside cover page of the Official Statement][in Exhibit 1] for that maturity of the Bonds. For this purposes of this Paragraph 2, the following defined terms shall have the meaning assigned thereto as set forth below:

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party.

"Sale Date" means the date the Purchaser's bid for the Bonds was accepted on behalf of the District.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the District(or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

"Substantial Amount" is 10% or more of each maturity.

If a yield is shown on the inside cover page of the Official Statement for any maturity, "Price" herein means the dollar price that produces that yield.

3. The District and its counsel may rely on these certifications in concluding that the Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the "Code"), relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and

we are not providing any interpretations of law or regulations in executing and delivering this certificate.

DATED as of _____, 2017.

_____, as
Representative of the Underwriters

By: _____
Title: _____

Exhibit 1
(Offering Prices of Bonds)