$69,020,000
WASHOE COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT BONDS
SERIES 2019A

NEW ISSUE
BOOK-ENTRY ONLY

INSURANCE RATING: S&P "AA"
UNDERLYING RATINGS: S&P "AA"
Moody's "A1"
INSURANCE: Build America Mutual Assurance Company
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. See "TAX MATTERS."

$69,020,000
WASHOE COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) SCHOOL IMPROVEMENT BONDS
SERIES 2019A

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 herein, payable on December 1, 2019, and semiannually thereafter on June 1 and December 1 of each year. Interest will be paid to and including the maturity dates shown herein (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 principal operations office of Zions Bancorporation, National Association or its successor as the paying agent for the Bonds. See "THE BONDS – Payment Provisions."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

BAM
BUILD AMERICA MUTUAL

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."

Proceeds of the Bonds will be used to: (i) acquire, construct, improve and equip school facilities in the District; 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."

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., also has acted as special counsel to the District in connection with preparation of 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 Municipal 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 September 26, 2019.

Official Statement dated September 10, 2019

MATURITY SCHEDULE
(CUSIP© 6-digit issuer number: 940859)

$69,020,000
WASHOE COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) SCHOOL IMPROVEMENT BONDS
SERIES 2019A

Maturing (June 1)	Principal Amount	Interest Rate	Yield†	CUSIP© Issue Number	Maturing (June 1)	Principal Amount	Interest Rate	Yield†	CUSIP© Issue Number
2022	$1,000,000	5.000%	1.200%	DQ1	2034	$3,015,000	3.000%	2.200%(1)	EC1
2023	1,770,000	5.000	1.230	DR9	2035	3,105,000	3.000	2.300(1)	ED9
2024	1,860,000	5.000	1.320	DS7	2036	3,200,000	3.000	2.400(1)	EE7
2025	1,955,000	5.000	1.370	DT5	2037	3,295,000	3.000	2.450(1)	EF4
2026	2,050,000	5.000	1.430	DU2	2038	3,395,000	3.000	2.500(1)	EG2
2027	2,155,000	5.000	1.480	DV0	2039	3,495,000	3.000	2.550(1)	EH0
2028	2,260,000	5.000	1.540	DW8	2040	3,600,000	3.000	2.600(1)	EJ6
2029	2,375,000	5.000	1.590	DX6	2041	3,705,000	3.000	2.630(1)	EK3
2030	3,545,000	5.000	1.650(1)	DY4	2042	3,820,000	3.000	2.660(1)	EL1
2031	3,700,000	3.000	2.000(1)	DZ1	2043	3,935,000	3.000	2.690(1)	EM9
2032	3,810,000	3.000	2.050(1)	EA5	2044	4,050,000	3.000	2.700(1)	EN7
2033	3,925,000	3.000	2.100(1)	EB3					

(1) Priced to the first optional redemption date for the Bonds of June 1, 2029
† Provided by R.W. Baird & Co., Inc., the initial purchaser of the Bonds. See "UNDERWRITING."

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside 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 believes 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.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility of the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "SECURITY FOR THE BONDS – Bond Insurance" and Appendix E – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.

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.

WASHOE COUNTY SCHOOL DISTRICT, NEVADA

MUNICIPAL ADVISOR
JNA Consulting Group, LLC
Boulder City, Nevada

BOND AND SPECIAL COUNSEL
Sherman & Howard L.L.C.
Reno, Nevada

REGISTRAR AND PAYING AGENT
Zions Bancorporation, National Association
Los Angeles, California

TABLE OF CONTENTS

Page

Page

INDEX OF TABLES

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

OFFICIAL STATEMENT

$69,020,000
WASHOE COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT BONDS
SERIES 2019A

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by the Washoe County School District, Nevada (the "District"), to provide information about the District and its $69,020,000 General Obligation (Limited Tax) School Improvement Bonds, Series 2019A (the "Bonds"). The Bonds will be issued pursuant to a bond resolution adopted by the Board of Trustees of the District (the "Board") on August 27, 2019 (the "Bond Resolution").

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 Washoe County (the "County"). The District covers an area of approximately 6,600 square miles in the northwestern portion of the State of Nevada (the "State"). The District serves the residents of the City of Reno ("Reno"), the City of Sparks ("Sparks") and the unincorporated areas of the County, including the unincorporated communities of Incline Village, Wadsworth and Gerlach. See "WASHOE 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 of this Official Statement. The payment of principal and interest on the Bonds is described in "THE BONDS – Payment Provisions."

The Bonds are subject to redemption prior to maturity at the option of the District as described in "THE BONDS – Redemption Provisions."

Authority for Issuance

The Bonds are being issued pursuant to: the constitution and laws of the State, particularly Nevada Revised Statues ("NRS") 350.500 through 350.720, designated as the "Local Government Securities Law" (the "Bond Act"), NRS Chapter 348 (the "Supplemental Bond Act"), the Bond Resolution and legislation enacted by the 2015 Nevada Legislature which deemed approval by the District's electors at a November 5, 2002 election to constitute approval of the issuance of the general obligation bonds by the Board pursuant to Subsection 4 of NRS 350.020.

Purpose

Proceeds of the Bonds will be used to: (i) acquire, construct, improve and equip school facilities in the District (the "Improvement Project"); and (ii) pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

Security for the Bonds

General Obligations. 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 and any premium in connection with a mandatory redemption of the Bonds (the "Bond Requirements"), subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. Generally, the combined overlapping tax rate is limited by statute to $3.64 per $100 of assessed valuation. See "SECURITY FOR THE BONDS – General Obligations." Pursuant to State law, taxes levied for the payment of bonded indebtedness, including the Bonds, enjoy a priority over taxes levied by each overlapping taxing unit for all other purposes where reduction is necessary in order to comply with the statutory limitations described in "PROPERTY TAX INFORMATION – Property Tax Limitations."

Professionals

Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel in connection with the Bonds and also has 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 municipal advisory services to the District. See "MUNICIPAL ADVISOR." The fees being paid to the Municipal 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 Eide Bailly, certified public accountants, Reno, Nevada. See "INDEPENDENT AUDITORS." Zions Bancorporation, National Association, Los Angeles, California, will act as Registrar and Paying Agent for the Bonds.

Tax Matters

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. See "TAX MATTERS – Federal Tax Matters."

In the opinion of Bond Counsel, 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 "Disclosure Certificate") at the time of the closing for the Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the Bonds. The District will covenant in the Bond Resolution to comply with the terms of the Disclosure Certificate. The Disclosure 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: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; each as more particularly described in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix C. In the last five years, the District has not failed to materially comply with any prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

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.

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 amount of ad valorem property taxes collected will be dependent upon the assessed valuation of land within the District and in part on the abatement caps calculated pursuant to NRS 361.4722. It is not possible to predict future property values, the impact of foreclosures or delinquencies on property tax payments or the impact of the annual abatement cap. It is not possible to predict future property values, foreclosures or delinquencies in property tax payments. Specifically, it is not possible to predict whether property values in the District will decline in the future, whether foreclosure rates will continue to rise or whether any increase in foreclosures will cause significant delinquencies in property tax payments and the realization of property tax revenues by the District.

Changes in Law. Various State laws apply to the imposition, collection, and expenditure of property taxes (sometimes referred to as "General Taxes") as well as to the operation and finances of the District, including State funding of education.

The Nevada State Legislature (the "Legislature") determines the amount of State funds that will be distributed to school districts for operating purposes in each year pursuant to statutory funding formulas. The Legislature has increased funding to the District in fiscal years 2015, 2016, 2017, 2018 and 2019.

As discussed more fully under "DISTRICT FINANCIAL INFORMATION – General Fund – Future Pupil-Centered Funding Plan", effective with the 2021-2023 biennium, the method by which District operations will be funded will change. Future actions taken by the Legislature may further 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," " – Debt Service Fund," " – Fiscal Year 2020 Budget Considerations," and any statements throughout this Official Statement referring to budgeted, interim or unaudited information for fiscal year 2019 or future years, contains 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 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 Improvement 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 Municipal Advisor at the addresses set forth as follows:

Washoe County School District
Attn: Chief Financial Officer
425 East 9th Street
Reno, Nevada 89520
775-348-0313

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

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds of the Bonds are expected to be applied in the manner set forth in the following table.

Sources and Uses of Funds

SOURCES:	
Principal amount	$69,020,000
Plus: original issue premium	6,963,521
Total	$75,983,521
USES:	
The Improvement Project	$75,003,238
Costs of issuance (including underwriting discount and insurance premium)	980,283
Total	$75,983,521

Source: The Municipal Advisor.

The Improvement Project

The Bond proceeds will be used to acquire, construct, improve and equip school facilities in the District, including the acquisition of real property and the costs of issuing the Bonds.

THE BONDS

General information describing the Bonds appears below and throughout this Official Statement. This summary information is qualified in its entirety by the provisions of the Bond Resolution, which is available from the sources listed in "INTRODUCTION – Additional Information."

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 bear interest (calculated on the basis of a 360-day year of twelve 30-day months) and mature 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 December 1 and June 1 (each an interest payment date), commencing December 1, 2019, by check or draft mailed by the Paying Agent on the interest payment date, or if such day is not a business day, on the next succeeding business day, to the person in whose name each Bond is registered (*i.e.*, Cede & Co.) on the 15th day of the month preceding the interest payment date (the "Regular Record Date"), at the address shown on the registration records maintained by the Registrar as of the close of business on the Regular Record Date. However, if there is a default in payment or provision of interest due with respect to a Bond on any interest payment date, such interest thereafter will be paid to the registered owner of such Bond as of a special record date (the "Special Record Date") to be established by the Registrar whenever moneys become available for payment of the defaulted interest. The Special Record Date will be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest and notice of the Special Record Date will be given to the registered owners of the Bonds not less than 10 days prior thereto by first-class mail to each 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 selected for the payment of the defaulted interest. Principal on the Bonds will be payable at maturity or earlier redemption at the corporate trust office of the Paying Agent (or at such other office designated by the Paying Agent) upon presentation and surrender thereof. Any Bond not paid upon presentation and surrender at or after maturity or redemption 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.

Redemption Provisions

Optional Redemption. The Bonds, or portions thereof ($5,000 or any integral multiple), maturing on and after June 1, 2030 are subject to redemption before their respective maturities, at the option of the District, on or after June 1, 2029, 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, plus accrued interest thereon to the redemption date.

Notice of Redemption. Notice of any redemption prior to maturity of the Bonds will be given by the Registrar, electronically, as long as Cede & Co. is the 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 Bonds, all or a part of which is called for redemption, at his address as it last appears on the registration records of the Registrar, in the manner and upon the conditions to be provided in the Bond Resolutions. The notice will identify the Bonds or portions thereof (in the case of redemption of the Bonds in part but not in whole) to be redeemed, specify the redemption date and state that on the redemption date, the principal amount thereof, accrued interest and premium, if any, thereon will become due and payable at the office of the Paying Agent, or such other office as may be designated by the Paying Agent, and that after the redemption date, no further interest will accrue on the principal of any Bonds called for redemption. Actual receipt of notice by the owners of Bonds is not a condition precedent to redemption of such Bonds.

A notice of redemption may contain a statement that the redemption is conditioned 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 given.

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 project financed or 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 for 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. The foregoing covenants 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-described covenants 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 under the Bond Resolution shall be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of the Bond Resolution. There will 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 purpose of this paragraph, "Federal Securities" shall be as defined in NRS 350.222, and shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the holder thereof.

Amendment of the Bond Resolution

The Bond Resolution may be amended by the District: (1) without the consent of or notice to the holders of the Bonds for the purpose of curing any ambiguity or formal defect or omission therein; and (2) with the consent of a majority of the Bondholders or with the consent of the insurer, if any, of the Bonds in connection with any other amendment.

Notwithstanding the foregoing, no such amendment, unless consented to by the Bondholder adversely affected thereby, shall permit: (1) a change in the maturity or in the terms of redemption of the principal of any outstanding Bond or any installment of interest thereon; (2) a reduction in the principal amount of any Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or (3) the establishment of any 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 in each series, as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity coming due thereon, 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 <u>NOT</u> MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Registrar and 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 – District General Obligation Bond Total Debt Service Requirements" for information on the debt service due on all of the District's outstanding general obligation bonds payable from the District's debt service levy. See "SECURITY FOR THE BONDS – Debt Service Tax Levy."

The Bonds – Bond Debt Service Requirements[1]

Fiscal Year	Principal	Interest	Total
2020	--	$1,667,361	$1,667,361
2021	--	2,450,000	2,450,000
2022	$1,000,000	2,450,000	3,450,000
2023	1,770,000	2,400,000	4,170,000
2024	1,860,000	2,311,500	4,171,500
2025	1,955,000	2,218,500	4,173,500
2026	2,050,000	2,120,750	4,170,750
2027	2,155,000	2,018,250	4,173,250
2028	2,260,000	1,910,500	4,170,500
2029	2,375,000	1,797,500	4,172,500
2030	3,545,000	1,678,750	5,223,750
2031	3,700,000	1,501,500	5,201,500
2032	3,810,000	1,390,500	5,200,500
2033	3,925,000	1,276,200	5,201,200
2034	3,015,000	1,158,450	4,173,450
2035	3,105,000	1,068,000	4,173,000
2036	3,200,000	974,850	4,174,850
2037	3,295,000	878,850	4,173,850
2038	3,395,000	780,000	4,175,000
2039	3,495,000	678,150	4,173,150
2040	3,600,000	573,300	4,173,300
2041	3,705,000	465,300	4,170,300
2042	3,820,000	354,150	4,174,150
2043	3,935,000	239,550	4,174,550
2044	4,050,000	121,500	4,171,500
Total	$69,020,000	$34,483,411	$103,503,411

(1) Totals may not add due to rounding.

Source: The Municipal 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 statutes 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 County, any city, or any special district) in each year. Generally, the combined overlapping tax rate is limited by statute to $3.64 per $100 of assessed valuation. 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."

Debt Service Tax Levy

The District currently levies a debt rate of $0.3885, and expects to repay all of its outstanding general obligation bonds, including the Bonds, but excluding its medium-term general obligations, without increasing its debt rate of $0.3885. However, if necessary, the District may increase that rate to pay debt service on its outstanding general obligation bonds (excluding medium-term bonds), subject to the State constitutional and statutory limitations discussed throughout this Official Statement.

The District has approval to levy a debt service tax rate until all of the Bonds have been repaid. In 2015 the State legislature enacted legislation that reauthorized bonding authority for the next 10 years. The Bonds are to be issued pursuant to such authorization.

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) and, if then permitted by the 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. The Reserve Account must be established and maintained in an amount at least equal to the lesser of: 25% 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, 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. Currently, amounts on deposit in the Reserve Fund may be utilized only for the payment of debt service. However, the registered voters of the District at an election on the question or the Legislature may allow amounts in the Reserve Account to 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 $18,008,628 which amount is in excess of the Reserve Requirement. See "DISTRICT FINANCIAL INFORMATION – Debt Service Fund." 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.

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 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 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.

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

Bond Insurance

Bond Insurance Policy. Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (''BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the ''Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company. BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of' BAM. BAM's admitted assets, total liabilities, and total capital and surplus, as of June 30, 2019 and·as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $525 million, $114 million and $411 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained , without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "SECURITY FOR TH E BONDS – Bond Insurance."

Additional Information from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (*e.g.*, general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that include bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

PROPERTY TAX INFORMATION

Property Tax Base

The State Department of Taxation reports that the total assessed valuation of property within the District for the fiscal year ending June 30, 2020, is $18,885,156,842 (including the assessed valuation attributable to the Reno Redevelopment Agency and the Sparks Redevelopment Agency (the "Redevelopment Agencies"). That assessed valuation represents a 9.1% increase over the assessed valuation for fiscal year 2019.

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). While the 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, it is the policy of the Washoe County Assessor to reappraise all real and secured personal property in the District each year. State law requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the Legislature. Based upon the assessed valuation for fiscal year 2020 the taxable value of all taxable property within the District is $53,957,590,977 (including the taxable value attributable to the Redevelopment Agencies).

"Taxable value" is defined in the statutes as the full cash value in the case of land, as the replacement cost less applicable straight-line depreciation and obsolescence in the case of improvements to land, and as the replacement cost less applicable depreciation and obsolescence (determined in accordance with the regulations of the Nevada Tax Commission) with respect to taxable personal property; but the computed taxable value of any property must not exceed its 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 County are capped and there is no longer a direct correlation between changes in assessed value and property tax revenue.

History of Assessed Value

Fiscal Year Ending June 30	Assessed Value of the District[1]	Percent Change
2016	$14,565,467,238	--
2017	15,708,997,534	7.9%
2018	16,473,900,197	4.9
2019	17,303,080,339	5.0
2020	18,885,156,842	9.1

(1) Includes the assessed value attributable to Net Proceeds of Minerals.

Sources: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2015-16 through 2019-20.

Property Tax Collections

General. 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 County, the District, 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 County, but may not be relied upon to depict the amounts of ad valorem property taxes available to the County in each year. There is no assurance that collection rates will be similar to the historic collection rates depicted below.

Beginning in late August 2011, the County recalculated and refunded approximately $44.8 million in property taxes, plus interest, to taxpayers in the Incline Village/Crystal Bay area of the County. All of the parcels subject to refunds have been adjusted and refunds for all of the parcels have been processed. In the following table, all of the refunds associated with those adjustments are included in the "Delinquent Tax Collections" column.

Property Tax Levies, Collections and Delinquencies – Washoe County, Nevada

Fiscal Year Ending June 30	Net Secured Roll Tax Levy[1]	Current Tax Collections	% of Levy (Current) Collected	Delinquent Tax Collections	Total Tax Collections	Total Tax Collections as % of Current Levy[2]
2014	$411,287,837	$407,469,285	99.07%	$5,571,288	$413,040,573	100.43%
2015	423,991,386	421,124,537	99.32	4,714,586	425,839,123	100.44
2016	440,248,128	438,074,171	99.51	3,260,957	441,335,128	100.25
2017	451,010,874	449,929,921	99.76	3,012,814	452,942,735	100.43
2018	472,929,524	471,229,251	99.64	3,299,153	474,528,404	100.34
2019	533,683,366	530,712,691	99.45	2,725,411	533,448,103	99.96

(1) Represents the real property tax roll levies and collections. Subject to adjustments.
(2) Figured on collections to net levy (actual levy less stricken taxes).

Source: Washoe County Treasurer'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 four 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. State law provides alternative remedies for the collection of taxes in certain instances, including judicial foreclosure (which may take place before the expiration of the two-year redemption period) and the issuance of a tax lien to the County Treasurer which may be sold before the expiration of the two-year redemption period (but remains subject to redemption).

Taxpayer Appeals. Under State law, property owners may protest the value assigned to their property by the County Assessor by appealing the valuation to the County Board of Equalization (the "CBOE").

A case was initially filed in 2003 by the Incline Village/Crystal Bay taxpayers to compel the State Board of Equalization ("SBOE") to perform its statutorily-mandated "equalization" function. Following two dismissals by the District Court, and two subsequent appeals to the Nevada Supreme Court, the case was returned to the District Court with instructions to direct the SBOE to perform this function. As a result of the District Court's direction, the SBOE conducted statewide equalization hearings in September, November and December of 2012.

Those hearings ultimately resulted in an Order from the SBOE in which it directed the Washoe County Assessor to reappraise the Incline Village/Crystal Bay properties for the tax years in question. The Incline Village/Crystal Bay taxpayers challenged the SBOE's Order in the District Court, by filing both objections to the composition and jurisdiction of the SBOE and a separate petition for judicial review. On July 1, 2013, the District Court dismissed the taxpayers' objections and petition for review as being premature because there was no final action taken. Dissatisfied with this result, the taxpayers filed an appeal with the Supreme Court the next day. In January 2017, the Supreme Court ruled that the SBOE does not have authority to order reappraisals, reversed the District Court's order dismissing the taxpayers' petition and remanded the matter to the District Court to conduct further equalization proceedings. In July 2017, the District Court remanded the matter to the SBOE which, after conducting another hearing in August 2017, determined that Incline Village/Crystal Bay taxpayers are not entitled to any adjustment of property values or corresponding refunds of property taxes. The Incline Village/Crystal Bay taxpayers have appealed the order remanding the case to the SBOE, claiming that the District Court, not the SBOE, was to conduct further equalization proceedings. That appeal was dismissed finding that the Incline Village/Crystal Bay taxpayers were not aggrieved parties. The Incline Village/Crystal Bay taxpayers also petitioned for judicial review of the SBOE decision not to change any values. That case was fully briefed and oral argument presented in May/June 2019. It is highly likely that whichever way the District Court rules, that ruling will be appealed to the Nevada Supreme Court. There is, at this time, no way to accurately estimate the impact of this case on any of the taxing agencies although, if the taxpayers ultimately prevail in their desire to roll back 2003, 2004 and 2005 property values to their 2002 level, it could well be that the financial impact of necessary refunds will be significant.

Largest Taxpayers in the District

The following table represents the ten largest property-owning taxpayers in the District based on fiscal year 2018-19 assessed valuations. The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (defined generally as taxable property which does not attach to the real estate, such as business equipment and fixtures, mobile/manufactured homes and airplanes). 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 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 2018-19

Taxpayer	Type of Business	Assessed Value	% of Total Assessed Value(1)
NV Energy	Utility	194,349,717	1.12%
Peppermill Hotel Casino	Hotel/Casino	117,881,822	0.68
Apple Inc	Technology	100,101,328	0.58
Icon Reno Property Owner Pool 3	Real Estate	67,140,492	0.38
Ruby Pipeline LLC	Natural Gas Pipeline	64,123,964	0.37
Golden Road Motor Inn Inc	Hotel	53,333,174	0.31
ATT/Nevada Bell	Utility	48,668,430	0.28
Circus & Eldorado Joint Venture	Hotel/Casino	47,265,544	0.27
Union Pacific Railroad	Railroad	46,143,073	0.27
MPT of Reno LLC	Real Estate	42,036,938	0.24
TOTAL		781,044,482	4.50%

(1) Based on the County's fiscal year 2019 total assessed valuation of $17,303,080,339 (which includes the assessed valuation of the Redevelopment Agencies).

Source: Nevada Department of Taxation, Division of Local Government Services.

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 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 are also allowed additional levies for voter-approved debt service (including debt service on the Bonds) 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. 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. Nevada local governments receiving certain sales tax revenues also may levy a property tax to make up any shortfalls between sales tax revenues estimated by the Nevada Department of Taxation and actual sales tax revenues available to local governments.

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 6 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 statue) 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.

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. In accordance with such calculations, the increase in ad valorem property tax revenues owed by taxpayers for other properties in fiscal year 2020 is limited to 4.8%. 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 not 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 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 County, 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 Reno, the most populous city in the County. The overlapping rates for incorporated and unincorporated areas within the County vary depending on the rates imposed by applicable taxing jurisdictions. The highest overlapping tax rate in the County currently is $3.6600 in Reno, Sparks and in portions of the Palomino Valley General Improvement District and Truckee Meadows Fire Protection District.

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

Fiscal Year Ended June 30	2016	2017	2018	2019	2020
Average Statewide rate	$3.1360	$3.1500	$3.1615	$3.1572	$3.2218
Washoe County	1.3917	1.3917	1.3917	1.3917	1.3917
Washoe County School District	1.1385	1.1385	1.1385	1.1385	1.1385
City of Reno	0.9598	0.9598	0.9598	0.9598	0.9598
Combined Special Districts	0.0000	0.0000	0.0000	0.0000	0.0000
State of Nevada(2)	0.1700	0.1700	0.1700	0.1700	0.1700
Total	$3.6600	$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, 2015-16 through 2019-20.

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 October 1, 2019.

Estimated Overlapping Net General Obligation Indebtedness

Entity[(1)]	Total General Obligation Indebtedness[(2)]	Presently Self-Supporting General Obligation Indebtedness	Net Direct General Obligation Indebtedness	Percent Applicable[(3)]	Overlapping Net General Obligation Indebtedness[(4)]
Washoe County	$98,352,392	$74,928,392	$23,424,000	100.00%	$23,424,000
City of Reno	81,655,375	81,270375	,385,000	100.00	385,000
City of Sparks	31,252,301	17,922,301	13,330,000	100.00	13,330,000
North Lake Tahoe Fire District	2,361,000	1,831,000	530,000	100.00	530,000
RSCVA	89,597,805	89,873,149	0	100.00	0
Incline Village GID	4,962,361	4,962361	0	100.00	0
State of Nevada	1,251,390,000	273,233,000	978,157,000	14.09	138,341,103
Total	$1,559,571,234	$544,020,578	$1,015,826,000		$176,010,103

(1) Other taxing entities overlap the District and may issue general obligation debt in the future.
(2) Includes medium-term bonds and other obligations.
(3) Based on fiscal year 2019 assessed valuation in the applicable jurisdiction. The percent applicable is derived by dividing the assessed valuation of the governmental entity into the assessed valuation of the District.
(4) 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 Municipal Advisor; percentages calculated using information from Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2018-19 and the State Treasurer's office.

The following table sets forth the total net direct of the District (without taking the issuance of the Bonds into account) and overlapping general obligation indebtedness attributable to the District as of October 1, 2019.

Net Direct & Overlapping General Obligation Indebtedness

Total Direct General Obligation Indebtedness[(1)]	$734,811,929
Plus: Overlapping Net General Obligation Indebtedness	176,010,103
Net Direct & Overlapping Net General Obligation Indebtedness	$910,822,032

(1) Does not include the issuance of the Bonds. See "DEBT STRUCTURE – Outstanding Debt and Other Obligations."

Selected Debt Ratios

The following table illustrates selected debt ratios for the District.

Selected Debt Ratios for the District

Population(1)	465,735
Net Direct Debt(2)	$734,811,929
Overlapping Debt(3)	176,010,103
Total Direct Debt & Overlapping Debt	$910,822,032
Per Capita Net Direct Debt	$1,578
Per Capita Net Total Direct Debt & Overlapping Debt	1,956
2020 Assessed Valuation	$18,885,156,842
% Net Direct Debt to Assessed Valuation	3.89%
% Net Total Direct Debt & Overlapping Debt to Assessed Valuation	4.82%
2020 Taxable Value	$53,957,590,977
% Net Direct Debt to Taxable Value	1.36%
% Net Total Direct Debt & Overlapping Debt to Taxable Value	1.69%

(1) United States Census Bureau, Population Division, as of July 1, 2018.
(2) As of October 1, 2019, does not include the issuance of the Bonds. See "DEBT STRUCTURE – Outstanding Debt and Other Obligations."
(3) As of October 1 2019. 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 General Obligation Debt."
(4) See "Property Tax Base and Tax Roll Collection" for an explanation of the Assessed Value and Taxable Value. Excludes the aggregate assessed valuation attributable to the Redevelopment agencies.

Source: Nevada State Demographer and Nevada Department of Taxation, Property Tax Rates for Nevada Local Governments.

WASHOE 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. Incorporated municipalities served by the District are Reno and Sparks. The District also serves the unincorporated areas of the County, including the unincorporated communities of Incline Village, Wadsworth and Gerlach. According to the State Demographer's office, the estimated population of the County (which has boundaries identical to the District) was 465,735 as of July 1, 2018 (most recent figure available).

Board of Trustees

The District has a seven-member board of trustees. Five members are elected from geographic districts and two members are elected at-large. All members serve four-year terms. The Board elects a President, Vice President and 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.

Board Member and Title	District Represented	Expiration of Term
Katy Simon Holland, President	District G (At-Large)	2020
Malena Raymond, Vice President	District D	2020
Ellen Minetto, Member	District B	2022
Andrew Caudill, Member	District C	2022
Jacqueline Calvert, Member	District F (At-Large)	2022
Scott Kelley	District A	2020
Angela Taylor	District E	2020

Administration

The Board establishes District policy and oversees the budget. The Board appoints the Superintendent as its chief executive officer to administer the day-to-day operations of the District. Brief biographies for the Superintendent and the Chief Financial Officer, each of whom is directly involved in the issuance of the Bonds, are set forth below.

Interim Superintendent – Kristen McNeill. 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 curricula, 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. The Board has authorized a national search to be commenced for a Superintendent. Dr. Kristin McNeill is currently serving as the Interim Superintendent.

Prior to being appointed Interim Superintendent of the District on July 1, 2019, Dr. McNeill worked for more than two decades in public education. She taught grades 2 through 6 before becoming a principal at Lois Allen Elementary School and Marvin Moss Elementary School. She became the District's Director of State and Federal Programs/K-16 Initiatives in 2008 and then was named Chief Strategies Officer in 2010. She assumed the duties of Chief of Staff for the District in 2012. In September of 2015, Dr. McNeill was appointed as the Deputy Superintendent, in which role she oversaw the Chief Officers in the areas of School Performance, Academics, Student Support Services and Options, Accountability, and Grants. Throughout her career she has participated in various district, state, and national committees on educational issues. She has also served as a District representative and supported efforts in the Nevada Legislature on education-related matters. Dr. McNeill serves on many non-profit Boards with a child-centered focus within the Truckee Meadows region. Dr. McNeill holds a Bachelor's of Science Degree in Hotel Administration from UNLV, a Master's degree in Instructional and Curricular Studies from the University of Nevada, Las Vegas, and received her educational leadership credential at the University of Nevada, Reno. Dr. McNeill recently received her doctorate of educational leadership from UNR as well.

Chief Financial Officer – Mark Mathers. Mark Mathers was appointed as the District's Chief Financial Officer on October 23, 2017. Prior to being appointed by the District, Mr. Mathers served as Budget Manager for Washoe County, Nevada, from January 2015 through October 2017. Previously, he served first as Senior Deputy Treasurer and then Chief Deputy Treasurer for the State of Nevada from 2010 to 2014, Chief Deputy Treasurer for the State of Missouri from 2008 to 2009 and Director of Investments for the State of Missouri from 2004 to 2008. His local government experience also includes 10 years with the County of San Bernardino, California, in which he served as assistant debt manager helping to manage a debt portfolio of more than $1.5 billion, and chief investment officer and cash manager. He holds a Bachelor's degree magna cum laude in Public Administration from California State University, Fullerton, and a Masters of Public Administration from Golden Gate University, California. Mr. Mathers is a Certified Treasury Professional (CTP) and has served on the Government Finance Officers Association Standing Committee on Cash Management.

Facilities

The District operates 99 schools which include 63 elementary schools, 16 middle schools, and 14 comprehensive high schools, plus one adult achievement school, four alternative schools (K-12) and one school for mentally fragile students. The District also offers one middle/high online school and sponsors seven charter schools.

Capital Improvement Plan

Recognizing a critical need for repairs and expansion of schools, the Board of County Commissioners submitted a question to the voters of the County at the general election held on November 8, 2016 asking whether a non-expiring 0.54% sales and use tax increase (the "WC-1 Sales and Use Taxes") should be imposed in the County to fund capital projects of the District (the "Ballot Question"). The Ballot Question was approved by the County voters. Revenues from the WC-1 Sales and Use Taxes may be used only for capital projects. Such capital projects can be funded on a pay-as-you-go basis or by general obligation bonds, additionally secured by the WC-1 Sales and Use Taxes (the "WC-1 Bonds"). The District has already issued $285 million of WC-1 Bonds pursuant to such authorization.

Nevada statutory law requires local governments, including school districts, to file a five-year capital improvement plan ("CIP") along with a debt management policy and statement of indebtedness to the State and county debt management commission by August 1 of each year. The District's most recently filed Five-Year CIP for Fiscal Years 2020 through 2024 provides for a total of $933.6 million of capital projects and associated costs over the next five years. These projects are proposed to be financed through a combination of debt financing and pay-as-you-go funding supported by property tax collections dedicated to debt and WC-1 Sales and Use Taxes. See "DEBT STRUCTURE – Contemplated Debt." Total funding sources are estimated to be $976.8 million.

The CIP includes planning or construction of three additional new elementary schools, one new middle school, expansion or reconstruction of two middle schools and a high school, and construction of a new high school. In addition, an annual capital renewal plan of $21 million to $53 million per year is funded.

Enrollment

The following table shows an enrollment history for the District.

Enrollment History[(1)]

Academic Year	Total Enrollment	Percent Change
2012-13	62,424	--
2013-14	62,986	0.8%
2014-15	63,108	0.2
2015-16	63,724	1.0
2016-17	63,991	0.4
2017-18	64,089	0.2
2018-19	63,876	(0.3)

(1) The enrollment information was obtained on the fourth Friday of the school year for academic years 2013 through 2017. Enrollment data was obtained on the Tuesday after Labor Day for academic years 2018 and 2019.

Source: The District.

Although Washoe County has experienced population increases over the last three years, the District's enrollment has remained relatively flat during this time. This is attributable to several factors. First, the County has experienced demographic changes among new residents, as evidenced by lower household sizes, and specifically a lower number of school–aged children in new single and multi-family developments. Secondly, enrollment in public charter schools has increased and is expected to continue to increase in 2019. Although the Economic Development Authority of Northern Nevada has estimated possible population growth in the region between 1.7% and 2.4% as a result, in part, of Tesla and other companies locating in northern Nevada, this may not necessarily result in equivalent enrollment growth in the District.

Employee Relations and Pension Benefits

Employee Relations. As of June 30, 2019, the District had approximately 7,100 regularly scheduled employees and 1,266 substitute teachers. The 7,100 regularly scheduled employees are comprised of 4,090 certified educators, 2,532 education support professionals, 443 administrators and 35 school police officers. The District is an equal opportunity employer with five employee bargaining units: school police, principals, professional-technical/psychologist administrators, certified (teachers), and educational support staff.

The District had agreements with school police which expired June 30, 2019, principals which expired June 30, 2019, professional-technical which expired June 30, 2019, certified (teachers) which expired June 30, 2019 and education support staff which expired June 30, 2019. The District is in the process of negotiating new agreements with all these units, and none of such negotiations have been referred to mediation or arbitration. The District believes that its relationship with all bargaining units is good.

Benefits. The District provides long term disability and life insurance, health insurance, paid vacation, sick leave, holidays, and reimbursement for certain educational expenses to its employees.

Pension Matters. The State's 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 for four-year terms. **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 established by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits and death benefits. The following table illustrates the PERS service credit multiplier which reflects the benefit allowances for members as computed as certain percentages of average compensation for each accredited year of service depending upon when membership commenced (Membership Date) and during which period services were earned (Service Credit Multiplier). For the purpose of illustration, a public employee whose Membership Date occurred prior to July 1, 2001 would receive the Service Credit Multiplier of 2.50% for employment prior to July 1, 2001 and a Service Credit Multiplier of 2.67% for employment thereafter.

PERS Benefit Multiplier

	Service Credit Multiplier				
Membership Date	Before 07/01/01	After 07/01/01	After 01/01/10	After 07/01/15	Highest Contiguous Average Over
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 for regular members.

Nevada PERS Retirement Eligibility

Membership Date	Regular	
	Age	Years of Service
Before January 1, 2010	65	5
	60[(1)]	10
	Any	30
After January 1, 2010, before July 1, 2015	65	5
	62	10
	Any	30
After July 1, 2015	65	5
	62	10
	55	30
	Any	33 1/3

(1) Age 55 for police or firefighters.

State 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 performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2018. 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, 2018	June 30, 2017	June 30, 2016
UAAL	$13.73 billion	$13.27 billion	$12.56 billion
Market Value Funding Ratio	75.2%	74.4%	72.2%
Actuarial Value Funding Ratio	75.1%	74.5%	74.1%
Assets Market Value	$41.42 billion	$38.69 billion	$35.00 billion
Assets Actuarial Value	$41.34 billion	$38.72 billion	$35.90 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.

Effective with fiscal year 2018, the District was required to apply the GASB Statement No. 82, Pension Issues – An Amendment of GASB Statements No. 67, No. 68 and No. 73 to its audited financial statements. This statement clarifies that payments made by an employer to satisfy contribution requirements should be classified as plan member contributions for Statement 67 and as employee contributions for Statement 68. As a result, the District was required to recognize a prior period adjustment to its Net Position as of July 1, 2017 in the government-wide financial statement and proprietary fund statements.

The following presents the net pension liability of PERS as of June 30, 2018, and the District's proportionate share of the net pension liability of PERS as of June 30, 2019, calculated using the discount rate of 7.50%, 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 (6.50%) or one percentage point higher (8.50%) than the current discount rate:

Net Pension Liability

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
PERS Net Pension Liability	$20,808,662,703	$13,649,400,164	$7,700,469,943
District Share of PERS Net Pension Liability	$1,109,784,624	$727,690,977	$410,687,763

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 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; however, in accordance with State law, non-police/fire employees share the annual increases equally with the employer (unless otherwise prohibited by contract). A history of contribution rates is shown below.

	Fiscal Years 2012 and 2013	Fiscal Years 2014 and 2015	Fiscal Years 2016 and 2017	Fiscal Years 2018 and 2019	Fiscal Years 2020 and 2021
Regular members	23.75%	25.75%	28.00%	28.00%	29.25%
Police/fire members	39.75	40.50	40.50	40.50	42.50

GASB 82 changed the way that retirement contributions are calculated. The District employs two different contribution plans for PERS: the employer-paid plan where the district contributes the full contribution required on behalf of the employee, and the employer/employee paid plan where the employee and the district contribute equal amounts towards the required contribution. GASB 82 changed the classification of the contributions made by the employer-paid plan. This change meant that the District could only claim half of the contributions made as employer contributions, resulting in the large Fiscal Year 2017 decrease in the PERS Contributions table, below.

PERS Contributions

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017 (Restated)	Fiscal Year 2018
Contribution	$76,836,279	$76,700,035	$85,833,815	$49,549,341	$49,519,127

See Note 8 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/Retiree Health Insurance Subsidy. For the year ended June 30, 2018, the District was required to apply Governmental Accounting Standards Board Statement ("GASB") No. 75, Accounting and Financial Reporting Postemployment Benefit Plans Other Than Pension Plans ("GASB 75"). GASB 75 replaces requirements of GASB Statement Nos. 45 and 57 as they relate to OPEB plans that are through trusts or equivalent arrangements that meet certain criteria. The objective of GASB 75 is to improve the usefulness of information about postemployment benefits other than pensions ("OPEB") included in the external financial reports. It requires enhancements to footnote disclosure and required supplementary information for OPEB plans.

Prior to the new standard, the accounting and reporting requirements of the OPEB liabilities followed a long-term funding policy perspective. The new standard separates the accounting and reporting requirements from the funding decisions. The standard applies for financial reporting purposes only and do not apply to contribution amounts for OPEB funding purposes.

With the implementation of GASB 75, the District reported net OPEB liability, deferred inflows of resources, deferred inflows of resources, and fiduciary net position in its Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended June 30, 2018. The total OPEB liability for financial reporting was determined on the same basis as the Actuarial Accrued Liability measure for funding.

State law requires the District to conduct an actuarial valuation showing the Net OPEB Liability. The District conducts the actuarial valuation bi-annually with the most recent valuation done June 30, 2017. The following table reflects some of the key valuation results from the last two actuary studies:

Washoe County School District OPEB Actuarial Report

Key Valuation Results	June 30, 2018	June 30, 2017
Net OPEB Liability	$123.76 million	$123.38 million
Actuarial Funding Ratio	32.0%	33.6%
Assets Actuarial Value	$58.28 million	$62.40 million

The following presents the net OPEB liability of the District as of June 30, 2018, calculated using the discount rate of 4.57%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.57%) or one percentage point higher (5.57%) than the current discount rate:

Net OPEB Liability

	1% Decrease in Discount Rate (3.57%)	Discount Rate (4.57%)	1% Increase in Discount Rate (5.57%)
Net OPEB Liability	$151,541,000	$123,757,000	$99,212,000

See Note 9 in the audited financial statements attached hereto as Appendix A for additional information about the District's OPEB and OPEB Trust Fund.

Compliance with Federal Laws

General. As a public entity, the District is subject to various federal laws, including those relating to environmental matters and accommodation of those with disabilities.

The District has a department with the specific task of complying with the requirements of the Asbestos Hazard Emergency Response Act of 1986 ("AHERA"). The District has completed a program of removing all friable material and a substantial amount of non-friable material from its facilities. The District will continue to budget for asbestos removal in the regular course of its operations and maintenance programs or through future bond proposals as additional asbestos removal may be prudent or required by law. The District also has safety and environmental protection sections within the Plant Facilities divisions that handle hazardous material issues on an ongoing basis. In addition to asbestos-containing materials, which have been handled as described above, the District also tests paint and provides training for workers and precautions are taken not to disturb lead containing materials. No other environmental problems, other than these, have been identified.

The District is also subject to the Americans with Disabilities Act ("ADA"). The District has an ongoing plan for bringing District facilities into compliance with ADA, much of which is being funded from the District's capital programs. The District believes that the plan it has in place will, upon completion of the steps outlined therein, bring the District's facilities into compliance with ADA.

The landscape in federal education law significantly changed when President Obama signed the bipartisan Every Student Succeeds Act ("ESSA"), which reauthorizes the Elementary and Secondary Education Act ("ESEA") of 1965. ESSA was to be implemented as law beginning in fiscal year 2017-18. During fiscal years 2017 through 2019, work continues to be done at the federal, state, and local education agency ("LEA") level to fully understand the new legislation. Consequently, its implementation and reporting requirements have yet to be fully incorporated into the District's procedures. The ESSA builds upon the critical work state and LEAs have implemented over the last few years. The reauthorized law sets high standards and contains policies that are intended to help prepare all students for success in college and future careers. It prioritizes excellence and equity and recognizes the importance of supporting great educators in the nation's schools.

The major premises of ESSA are:

- Ensure states set high standards so that children graduate high school, ready for college and career.

- Maintain accountability by guaranteeing that, if students fall behind, states will target resources to help them and their schools improve with a particular focus on the lowest-performing 5% of schools, high schools with high dropout rates, and schools where subgroups of students are struggling.

- Empower state and local decision-makers to develop strong systems for school improvement based upon evidence, rather than imposing sanctions such as in No Child Left Behind ("NCLB").

- Preserve annual assessments and reduce the burden of unnecessary and ineffective testing on students and teachers, making sure that standardized tests do not crowd out teaching and learning without sacrificing clear, annual information parents and educators need to make sure children are learning.

There are some other major differences from NCLB/ESEA to the new ESSA as it pertains to Categorical funds:

- Removes the federal highly qualified teacher requirements although educators must still comply with the state certification and licensure policies.

- The federal requirements for educator evaluations is eliminated; however, states must implement educator equity plans to ensure economically disadvantaged and minority students are not disproportionately served by ineffective, out-of-field, or inexperienced teachers, principals, and other school leaders.

- Allows schools with less than 40% poverty to operate schoolwide programs with state waiver.

- Prohibits the secretary of the US Department of Education from establishing, defining, or prescribing the specific methodology a LEA must use and does not require LEAs to identify individual costs or services supported under Title I in order to comply with supplement, not supplant requirements.

- Expands the allowable use of Title II with greater flexibility in professional development, capacity building, induction and mentoring programs.

- Revises the state grant formula to reflect greater support for states with high numbers of students in poverty.

- Requires states to describe the standardized statewide entrance and exit procedures for English Learners, how the state will assist and monitor the progress of eligible entities in meeting long-term goals and measures of interim progress for ELs on English language proficiency and academic assessments.

- Provide more children access to high-quality preschool, giving them a strong start to their education.

- Establish new resources to test promising practices and replicate proven strategies that will drive opportunity and better outcomes for America's students.

<u>Sequestration</u>. The District is subject to developments at the federal level with respect to the Budget Control Act of 2011, also known as "sequestration," which requires spending cuts.

With regard to the District's RZEDB subsidy, a Department of the Treasury IRS notice dated August 8, 2017 pursuant to IRS Code section 6431 stated that the sequestration reduction to the interest subsidies will be 6.2% for federal fiscal year beginning October 1, 2018 through September 30, 2019. Under a federal budget bill enacted in November 2015, the sequestration reduction will continue through federal fiscal year 2025. The sequestration reduction rate remains subject to change should additional laws be enacted which impact the sequester. See "DEBT STRUCTURE – District General Obligation Bond Total Debt Service Requirements" for an illustration of expected subsidies (without taking sequestration into account).

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 this federal legislation on the District.

DISTRICT FINANCIAL INFORMATION

Budgeting

On or before April 15 of each year, the District is required to submit to the Nevada Department of Taxation the tentative budget for the next fiscal year, commencing on July 1. The tentative budget contains the proposed expenditures and means of financing them.

After reviewing the tentative budget, the Nevada Department of Taxation is required to notify the District upon its acceptance of the budget.

Following acceptance of the proposed budget by the Nevada Department of Taxation, the District is required to conduct public hearings on its budget no sooner than the third Monday in and no later than the last day in May and adopt the final budget on or before June 8. The District has 30 days from the close of the biennial legislative session to adopt an amended final budget.

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 money appropriated for specific capital projects or Federal and State grant expenditures, all unencumbered appropriations lapse at the end of the fiscal year.

Annual Reports

General. The District prepares a comprehensive annual financial report ("CAFR") setting forth the financial condition of the District as of June 30 of each fiscal year. The CAFR, which includes the District's basic audited financial statements, is the official financial report of the District. It is prepared following generally accepted accounting principles ("GAAP"). The latest completed report is for the year ended June 30, 2018. See Note 1 in the audited 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, 2018, 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."

Certificate of Achievement. The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This is the 18th consecutive year the District has received this recognition. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and acceptable legal requirements.

The GFOA further awarded a Popular Annual Financial Report for the fiscal year ended June 30, 2017 to the District for a second consecutive year. The GFOA recognized the District for implementing the new Best Practices in School Budgeting for the fiscal year ending June 30, 2018 for demonstrating progress towards implementing GFOA's budget process guidelines.

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. Ad valorem taxes, Local School Support sales and use taxes ("LSST"), governmental service taxes and distributive school fund revenues are considered "measurable and available" if they are collected within 60 days of the end of the current fiscal year and grant revenues are recognized within 75 days of 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.

General Fund

General. The purpose of the General Fund is to finance the general operations of the District and to finance those operations not provided for in 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 are derived primarily from local and State sources as dictated by State law. School districts also receive federal revenues and revenues from miscellaneous sources.

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 equal to 2.60% of taxable sales. The LSST tax rate was increased under State law from 2.25% to 2.60% starting in fiscal year 2010, and this rate was made permanent moving forward in the 2015 legislative session.

The District received $105,531,582 from ad valorem taxes and $198,072,854 from the LSST in fiscal year 2018 and received $111,137,089 (estimated) from ad valorem taxes and $207,264,569 (estimated) from the LSST in 2019. The District has budgeted to receive $116,970,855 in property taxes and $218,447,651 in LSST for fiscal year 2020. Other local operating sources to the General Fund include governmental services taxes, earnings on investments and utility franchise fees.

State Sources. State revenue sources consist of payments from the State Distributive School Account (the "Distributive School Account") received pursuant to the Nevada Plan for School Finance (the "Nevada School Finance Plan"). The revenue for the Distributive School Account is received from the following seven 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; (e) sales tax currently at a rate of 2.60% on out-of-state sales that cannot be attributed to a particular county; (f) room tax revenue; and (g) revenue from recreational and medical marijuana taxes.

Existing law declares that "the proper objective of state financial aid to public education is to ensure each Nevada child a reasonably equal educational opportunity." Each school district's share of State aid is set by the State legislature for the biennium in accordance with a formula set forth in the Nevada School Finance Plan. The Nevada School Finance Plan was adopted by the 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 Nevada School Finance Plan contains four basic calculations: equalized basic support ratios, wealth adjustment factors, transportation allotments, and guaranteed basic support. As part of the Nevada School Finance Plan, the Legislature establishes, during each legislative session and for each school year of the biennium, an estimated statewide average basic support guarantee per pupil. This is the per pupil amount that is "guaranteed" on a statewide basis through a combination of state money and certain local revenues, supplemented by other local revenues which are not "guaranteed" by the state. The basic support guarantee for each school district is computed by multiplying the basic support guarantee per pupil that is established by law for the school district for each school year by pupil enrollment. In addition to the basic support guarantee per pupil, state financial aid to public education is provided through various programs, commonly known as "categorical funding," that target specific purposes or populations of pupils for additional 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 quarterly average daily 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 Legislature may amend the provisions of the Nevada School Finance Plan at any time, including the various funding formulas embedded within it, and has done so on numerous occasions in the past, including during the 2019 legislative session as described below.

The per-pupil State guaranteed support for the District for fiscal years 2015, 2016, 2017, 2018 and 2019 were $5,582, $5,612, $5,658, $5,677 and $5,737 respectively. For fiscal year 2020, the per-pupil State guaranteed support is estimated to be $6,034. The District received $136,684,502 (estimated) or 30% of total General Fund revenue in State funding for fiscal year 2018 and $121,594,892 (estimated) or 26% of total General Fund revenue in State funding for fiscal year 2019. The District has budgeted State revenue of $124,104,540 for fiscal year 2020. See "Fiscal Year 2020 Budget Considerations" below.

The Nevada School Finance Plan has provided a substantial guarantee of revenue support for the District's General Operating Fund budget. Under the Nevada School Finance Plan, the District has been 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."

Future Pupil-Centered Funding Plan. Effective with the 2021-2023 biennium, Senate Bill 543 ("SB 543"), which was adopted by the Legislature in its 2019 legislative session, will replace the Nevada School Finance Plan with the Pupil-Centered Funding Plan. The new Pupil-Centered Funding Plan will combine money raised pursuant to State law at the local level with State money to provide a certain basic level of support to each pupil in the State which is adjusted: (1) to account for variation in the local costs to provide a reasonably equal educational opportunity to pupils; and (2) for the costs of providing a reasonably equal educational opportunity to pupils with certain additional educational needs. SB 543 creates the State Education Fund and identifies numerous sources of revenues to be deposited into the State Education Fund, in addition to direct legislative appropriations from the State General Fund, and also authorizes the Superintendent of Public Instruction to create one or more accounts in the State Education Fund for the purpose of administering money received from the federal government. SB 543 also creates the Education Stabilization Account in the State Education Fund and provides for the funding of the Education Stabilization Account and the use of the money in such account. SB 543 directs certain sources of revenues to the State Education Fund and makes conforming changes for the direction of such sources of revenues to the State Education Fund and the replacement of the State Distributive School Account with the State Education Fund. The New State Education Fund will eventually replace the current Distributive School Account.

SB 543 directs all major local sources of school district funding, including the operating portion of locally collected property taxes and school districts' portion of the LSST to the State Education Fund. Thus, the distinction in the current Nevada Plan between State sources of revenues, which are held in the Distributive School Account and are guaranteed, and local revenue sources, which are not guaranteed, will cease effective on July 1, 2021. At that point, the State will make equal monthly distributions to school districts from the State Education Fund, which will equal one-twelfth of budgeted revenues less any amount set aside as a reserve.

Further, under SB 543, school districts' base per-pupil funding amount will no longer be guaranteed. SB 543 creates the Education Stabilization Account in the State Education Fund and provides for the funding of the Education Stabilization Account. Once the Stabilization Account is funded, SB 543 provides for possible use of the money in such account to provide relief to school districts when collection of revenues will result in the State Education Fund receiving less than 97 percent of what has been budgeted.

SB 543 requires the Legislature, after making a direct legislative appropriation to the State Education Fund, to determine the statewide base per pupil funding amount for each fiscal year of the biennium. SB 543 expresses the intent of the Legislature that the statewide base per pupil funding amount should, to the extent practicable, increase each year by not less than inflation, however, there is no requirement for the State to do so. SB 543 further requires the Legislature to appropriate the whole of the State Education Fund, less the money in the Education Stabilization Account or any account created by the Superintendent of Public Instruction to receive federal money, to fund, in an amount determined to be sufficient by the Legislature: (1) the operation of the State Board of Education, the Superintendent of Public Instruction and the Department of Education; (2) the food service, transportation and similar services of the school districts; (3) the operation of each school district for all pupils generally through adjusted base per pupil funding for each pupil enrolled in the school district; (4) the operation of each charter school and university school for profoundly gifted pupils for all pupils generally through a statewide base per pupil funding amount for each pupil enrolled in such a school, with an adjustment for certain schools; and (5) the additional educational needs of

English learners, at-risk pupils, pupils with disabilities and gifted and talented pupils through additional weighted funding for each such pupil.

SB 543 specifies that additional weighted funding be expressed as a multiplier to be applied to the statewide base per pupil funding amount and that a pupil who belongs to more than one category receive only the additional weighted funding for the single category with the highest multiplier. Additional weighted funding is to be provided in the following categories: English Learners, at-risk pupils, pupils with a disability, and Gifted and Talented pupils. SB 543 generally prohibits the use of additional weighted funding for collective bargaining and further generally prohibits the use of a school district's ending fund balance for collective bargaining.

SB 543 establishes certain factors which are applied to the statewide base per pupil funding amount to create the adjusted base per pupil funding for each school district and certain charter schools and university schools for profoundly gifted pupils. Specifically, SB 543 establishes a cost adjustment factor by which the statewide base per pupil funding amount is adjusted for each school district and certain charter schools and university schools for profoundly gifted pupils to account for variation between the counties in the cost of living and the cost of labor. SB 543 establishes an adjustment for each necessarily small school in a school district to account for the increased cost to operate certain schools which must necessarily be smaller than the school could be most efficiently operated, and also establishes a small district equity adjustment by which the statewide base per pupil funding amount is adjusted for each school district to account for the increased cost per pupil to operate a school district in which relatively fewer pupils are enrolled.

SB 543 requires each school district to account separately for the adjusted base per pupil funding received by the school district and deduct an amount of not more than the amount prescribed by the Department of Education by regulation of the adjusted base per pupil funding for the administrative expenses of the school district. SB 543 also requires the remainder of the adjusted base per pupil funding to be distributed to the public schools in the school district in a manner that ensures each pupil in the school district receives a reasonably equal educational opportunity. Similarly, SB 543 requires each school district to account separately for all weighted funding received by the school district and requires all weighted funding to be distributed directly to each school in which the relevant pupils are enrolled. SB 543 also: (1) requires each public school to account separately for the adjusted base per pupil funding and each category of weighted funding the school receives; (2) requires weighted funding to be used for each relevant pupil to supplement the adjusted base per pupil funding for the pupil and provide such educational programs, services or support as are necessary to provide the pupil a reasonably equal educational opportunity; and (3) limits the use of weighted funding for at-risk pupils and English learners to certain services.

SB 543 generally requires the Governor, when preparing the proposed executive budget and to the extent practicable, to reserve an amount of money in the State General Fund for transfer to the State Education Fund which is sufficient to fully fund certain increases in the amount of money in the State Education Fund if the Economic Forum projects an increase in state revenue in the upcoming biennium. If the Economic Forum projects a decrease in state revenue, SB 543 requires the Governor to reserve an amount of money in the State General Fund sufficient to ensure that the amount of money transferred from the State General Fund to the State Education Fund does not decrease by a greater percentage than the projected decline in

State revenues. SB 543 creates the Commission on School Funding (the "Commission"). SB 543 requires the Governor, to the extent practicable, to include in the proposed executive budget the Commission's recommendations for the statewide base per pupil funding amount and the multiplier for each category of pupils for an optimal level of school funding. However, SB 543 authorizes the Governor to include in the proposed executive budget a funding amount for the public schools if the Governor determines that preparing a proposed executive budget recommended by the Commission would be impracticable.

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

General. The following table provides a history of the audited financial operations for the District's General Fund for fiscal years 2015 to 2018. The table also provides estimated financial information for fiscal year 2019 and final budget information for fiscal year 2020. The information for fiscal years 2015 through 2018 was derived from the District's CAFR for each of those years. The estimated information for fiscal year 2019 was prepared by the District's Financial Services Department. The final budget information for fiscal year 2020 was adopted on June 25, 2019 after going through the customary budget process over several months.

The information in this table should be read together with the District's audited financial statements for the year ended June 30, 2018, 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."

Current Board policy sets a target for the District to maintain unrestricted reserves in the General Fund in an amount equal to 8% to 10% of General Fund expenditures and transfers. The District ended fiscal year 2018 with an unrestricted reserve of approximately 8.6% of General Fund expenditures and transfers out.

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 "Spendable." 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. "Spendable" fund balance includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Pursuant to District policy, Spendable amounts may be spent by the Superintendent or the Chief Financial Officer under the authorization of the Board.

Washoe County School District - General Fund History of Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ending June 30	2015 Audited	2016 Audited	2017 Audited	2018 Audited	2019 Estimated	2020 Budgeted
Revenues						
Local sources	$275,661,420	$292,481,483	$304,953,413	$319,074,062	$344,868,586[1]	$363,625,265
State sources	144,117,760	134,836,971	128,259,530	136,684,502	121,594,892[2]	124,104,540
Federal sources	539,532	995,019	502,675	615,980	577,546	490,000
Other sources	--	--	--	--	--	--
Total Revenues	420,318,712	428,313,473	433,715,618	456,374,544	467,041,024	488,219,805
Expenditures						
Instructional Programs	223,059,987	228,779,148	228,075,354	237,928,567	239,263,564	246,829,967
Student support	27,458,211	29,398,572	31,318,268	31,766,681	32,894,105	34,717,592
Instructional staff support	15,233,751	15,889,423	16,580,390	15,195,251	18,313,776	20,033,358
General Administration	6,241,133	6,201,991	6,167,302	6,154,378	5,990,289	6,263,338
School Administration	33,418,288	34,779,573	36,029,691	35,297,243	37,162,301	39,645,510
Central Services	21,224,830	22,259,046	20,738,078	23,053,603	23,772,460	25,324,380
Operation & Maintenance of Plant	45,715,303	46,180,970	46,036,134	46,969,177	47,067,207	51,794,847
Student Transportation	18,196,338	18,229,285	15,861,129	19,621,614	16,280,251	17,477,507
Total Expenditures	390,547,841	401,718,008	400,806,346	415,986,514	420,743,953[3]	442,086,499
Excess of Revenues over Expenditures	29,770,871	26,595,465	32,909,272	40,388,030	46,297,071	46,133,306
Other Financing Sources (Uses)						
Proceeds from Capital Lease	--	--	--	--	--	--
Medium-Term Financing	2,372,277	3,100,000	--	3,100,000	--	--
Proceeds from sale of property	96,783	91,235	53,846	55,923	36,366	80,000
Transfers In	7,541,296	--	39,096	--	--	--
Contingency	--	--	--	--	--	(928,557)
Transfers Out	(37,284,345)	(37,701,518)	(42,989,789)	(45,965,403)	(45,150,330)	(45,284,749)
Total Other Financing Sources/(Uses)	(27,273,989)	(34,510,283)	(42,896,847)	(42,809,480)	(45,113,964)	(46,133,306)
Excess (deficiency) of Revenues over Expenditures and Other Financing Sources (Uses)	2,496,882	(7,914,818)	(9,987,575)	(2,421,450)	1,183,107	--
FUND BALANCE, JULY 1	$58,709,668	$61,206,550	$53,291,732	$43,304,157	$40,882,707	$36,280,047[5]
FUND BALANCE, JUNE 30	$61,206,550	$53,291,732	$43,304,157	$40,882,706	$42,065,814[4]	$36,280,047
Non-spendable	$ 1,141,214	$ 1,126,938	$ 1,194,740	$ 1,283,456	$ 1,283,456	$ 1,283,456
Spendable	$60,065,336	$52,164,794	$42,109,417	$39,599,250	$40,782,358	$34,996,591

[Footnotes on following page]

(1) June 2019 sales tax should be received by September 3, 2019. The June estimate for sales tax is approximately $18.7 million and is included in the 2019 estimated Local sources above.

(2) The Distributive School Account true-up should be received by September 3, 2019. The fiscal year 2019 Distributive School Account true-up estimate included in the 2019 estimated State sources above is $5.6 million. There is an outstanding issue regarding the Minimum Expenditure requirement for textbook purchases in fiscal year 2018. This estimate assumes the State will not deduct approximately $2 million from the Distributive School Account true-up. The 2019 estimated State sources above also reflect the pending receipt of an additional $6.6 million due to a State Average Daily Enrollment adjustment.

(3) Total expenditures should not differ materially from this estimate when the fiscal year 2019 CAFR is finalized in October 2019. However, there are multiple closing entries that will change many of these major categories between now and then. It is not possible to estimate these immaterial changes at this preliminary point in the preparation of the fiscal year 2019 CAFR.

(4) Reflects an estimate of the ending fund balance when the fiscal year 2019 CAFR is finalized in October 2019. The ending fund balance is projected to increase by approximately $1.1 million to approximately $42.1 million.

(5) The beginning fund balance for fiscal year 2020 does not match the ending fund balance for fiscal year 2019 because the District is citing the figures in the adopted amended fiscal year 2020 budget, which estimated a deficit for fiscal year 2019. The District will process a budget adjustment in December 2019 to adjust this.

Source: Derived from the District's CAFRs for fiscal years 2015 through 2018, the District's Financial Services Department for fiscal year 2019 and from the District's 2019-2020 Budget for fiscal year 2020.

Debt Service Fund

The District maintains two Debt Service Funds to account for the accumulation of resources and payment of principal and interest on general obligation bonds, bonds payable by the Sales and Use Taxes and other District obligations, including general obligation medium-term obligations. The District pays debt service on the medium-term obligations through transfers in from the Government Services Tax capital projects fund and pays debt service on the Parity Bonds through transfers in from the WC-1 capital projects fund. 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 Funds. Fund balance in excess of the Reserve Requirement (described under "SECURITY FOR THE BONDS – Reserve Account") may be transferred for capital projects until March 2025.

The following table provides a history of the audited revenues, expenditures and changes in fund balance in the District's Debt Service Fund for fiscal years 2015 to 2018. The table also provides estimated financial information for fiscal year 2019 and final budget information for fiscal year 2020. The estimated information for fiscal year 2019 was prepared by the District's Financial Services Department. The source for budget information for fiscal year 2020 is the final amended budget adopted on June 25, 2019. The District's final budget was amended in June to account for the fiscal impact of legislation passed in the biennial legislative session, as allowed by State law after going through the customary budget process over several months.

The information in this table should be read together with the District's audited financial statements for the year ended June 30, 2018, 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."

Washoe County School District – Debt Service Fund History of Revenues, Expenditures and Changes in Fund Balance

Fiscal Year Ending June 30	2015 Audited	2016 Audited	2017 Audited	2018 Audited	2019 Estimated	2020 Budgeted
Revenues						
Property taxes	$48,960,291	$52,083,754	$53,049,837	$55,455,088	$58,572,922	$61,764,490
WC-1 Sales Tax(1)	--	--	10,145,752	43,781,973	--	--
Investment earnings(2)	1,509,792	1,896,966	1,979,710	2,498,238	2,677,040	1,580,087
Net Increase/(Decrease) in fair value of investments	426,557	288,345	(441,986)	(490,411)	1,599,805	--
Total Revenues	$50,896,640	$54,269,065	$64,733,313	$101,244,888	$62,849,766	$63,344,577
Expenditures						
Principal	32,544,072	32,013,930	31,433,537	32,205,405	34,069,874	36,150,739
Interest	21,835,980	21,113,454	21,149,462	25,524,877	31,938,658	41,544,742
Bond issuance costs	874,016	383,214	126,697	429,753	--	--
Other	13,798	47,281	42,608	13,500	10,750	1,100,000
Excess (Deficiency) of Revenues Over Expenditures	(4,371,236)	711,186	11,981,009	43,071,353	(3,158,766)	(15,450,904)
Other Sources (Uses)						
Proceeds of refunding bonds	94,520,000	39,215,000	11,885,000	58,320,000	--	--
Premium on bonds sold	16,158,776	8,569,006	2,437,019	9,708,204	--	--
Payments for refunded bonds	(109,758,444)	(47,705,710)	(14,469,684)	(40,099,313)	(26,955,000)	--
Operating Transfers Out	--	--	--	(25,000,000)(3)	--	--
Operating Transfers In	3,921,984	3,244,139	2,990,759	2,720,387	2,204,352	48,310,867
Total Other Sources (Uses)	4,842,316	3,322,435	2,843,094	5,649,278	(24,750,648)	48,310,867
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Sources (Uses)	(471,080)	4,033,621	14,824,103	48,720,631	(27,909,414)	32,859,963
Beginning Fund Balance(4)	19,985,661	20,456,741	24,490,362	39,314,465	88,035,096	51,214,505(6)
Ending Fund Balance	$20,456,741	$24,490,362	$39,314,465	$88,035,096(5)	$60,125,682	$84,074,468

(1) Beginning in fiscal year 2019, WC-1 sales tax revenues are recorded in the WC-1 capital projects fund. Debt service on the bonds secured by such sales tax revenues in the future is to be paid from transfers in from the WC-1 capital projects fund.

(2) Includes interest subsidies on certain District Recovery Zone Economic Development Bonds and direct-pay qualified school construction bonds. See "DEBT STRUCTURE."

(3) In fiscal year 2018, $25 million was transferred from the WC-1 debt service fund to a WC-1 capital projects fund for pay-as-you-go projects funded by WC-1 sales tax revenues.

(4) Includes the statutorily-mandated Reserve Account described in "SECURITY FOR THE BONDS – Reserve Account." the Reserve Account is not associated with the District's medium-term general obligations.

(5) The significant increase in the ending fund balance for fiscal year 2018 is primarily attributable to a cross-over refunding in which a portion of the net proceeds of the 2017D Bonds being placed into an escrow account established for the purpose of (i) paying the interest on the 2017D Bonds through and including June 1, 2019 and (ii) paying all of the principal of the 2009B Bonds maturing on and after June 1, 2020 on June 1, 2019.

(6) The beginning fund balance for fiscal year 2020 does not match the ending fund balance for fiscal year 2019 because the District is citing the figures in the adopted amended fiscal year 2020 budget, which estimated a deficit for fiscal year 2019. The District will process a budget adjustment in December 2019 to adjust this.

Source: Derived from the District's CAFRs for fiscal years 2015 through 2018, the District's Financial Services Department for fiscal year 2019 and from the District's 2019-2020 Budget for fiscal year 2020.

Estimated Fiscal Year 2019 Results

For many years, school districts in Nevada including the District faced a number of funding challenges. These challenges existed before the Great Recession beginning in late 2007, but during this recession, school districts' finances were critically pressed as the State's per-pupil basic support guarantee fell during this time. For the District, the per-pupil basic support guarantee, which represents close to 80% of General Fund revenues, fell short of inflation for the most recent 10-year period. During that time, inflation increased a total of 11%, while the District's per-pupil guarantee amount increased just 4%. The funding of new categorical grant programs over the last several years to address areas like at-risk students, early grade results in reading, and technology have assisted in expanding resources for students in the District, but the District's General Fund continued to be fiscally stressed.

The District's General Fund budget for Fiscal Year 2018 utilized a combination of one-time and ongoing reductions of more than $20 million to partially close a $40.5 million budget deficit. During the Fiscal Year 2019 budget cycle, however, the Board of Trustees and management acknowledged that new budget approaches were needed in order for the District to attain a structurally balanced budget. In recognition of this, the following actions were taken by the Board and staff to begin the process of reaching budget sustainability:

- The Board approved a policy requiring a structurally balanced budget within three fiscal years, by Fiscal Year 2021.

- As directed by the Board, the Office of Business and Financial Services prepared new budget policies, which set forth budget principles and which established new practices and policies that match recommended best practices of the GFOA. These major budget policy revisions were approved by the Board in February 2019.

- The District embarked on a new budgeting process, Priority Based Budgeting ("PBB"), which analyzes each service and program the District performs and allocate resources towards programs that mostly closely align with the District's Strategic Plan. Although nearly 200 local governments have used PBB to make more strategic budgeting decisions, the District is the first public school district in the nation to work with the Center for Priority Based Budgeting to implement this process.

- The budgeting process for the Fiscal Year 2019 budget used a number of new approaches to help close the District's funding gap. These approaches included cost benchmarking, calculation of academic return on investment, resetting departments' base budgets to more closely align with historical expenditures (*i.e.*, "re-basing expenditure budgets), and accounting for vacancy savings.

Overall, the Fiscal Year 2019 General Fund budget incorporated reductions of $13.4 million, $9.2 million of which consisted of budget re-basing and $4.2 million of position reductions and other cuts. However, the District also faced some critical additional needs, and the Board approved $1.2 million for additional funding of critical positions. Total net reductions to the preliminary General Fund budget, therefore, was $12.2 million. A total of 46 positions were eliminated; however, there were no layoffs of District personnel. Overall, the Fiscal Year 2019 budget closed the gap between ongoing expenses (which do not include one-time expenses) and ongoing revenues, to $7.2 million. This was significantly ahead of the Board' policy to reduce the District's structural deficit by one-third each year from the initial estimate of a deficit of $40.5 million in Fiscal Year 2018.

After the completion of the June 30, 2018 CAFR, the District augmented the Fiscal Year 2019 General Fund budget on December 11, 2018, to reflect an anticipated decrease of $311,975 in net Distributive School Account revenue for the fiscal year, due to a slight drop in enrollment and increased payments to charter schools, and an increase of $9,782,706 to the opening fund balance of the General Fund.

The Fiscal Year 2019 General Fund budget was augmented again on June 25, 2019, to reflect additional revenues of $3,267,297. These additional revenues included $650,000 of additional investment earnings, $1,050,000 of additional Government Services Tax revenues, and $1.6 million of additional special appropriations from the State. The estimated total deficit for the General Fund was revised down from $7.5 million in the originally adopted budget to $4.6 million.

The District now estimates that it will end Fiscal Year 2019 with a surplus of $1,183,107. Total revenues and other financing sources are estimated to be $467,077,390 and thus are expected to exceed budgeted revenues in the June 25, 2019 Augmented Budget by a net of $703,069. Major variances between budgeted and actual revenues include an additional estimated $748,800 of property tax revenues, $434,527 in higher sales tax revenues, and $378,123 of additional investment earnings. This is partially offset by an estimated reduction of $790,702 in Distributive School Account revenue, since any additional increase in sales tax revenues and in one-third of property taxes are credited against per-pupil basic support revenues funded by the State. All of the District's major revenues for Fiscal Year 2019 have been received except for sales tax revenues for the month of June, due to a two-month lag between collections of this revenue and remittance of these monies to the District, and the final distribution of Distributive School Account revenues from the State. The State calculates a final "true-up" payment to school districts in August based on local revenues deposited to the Distributive School Account and average daily enrollment figures for each district, which are not available until after June 30.

Included in this "true-up" calculation is a determination of whether each school district met its "Minimum Expenditure Requirement" ("MER") for textbooks, instructional supplies, instructional software and instructional hardware for a fiscal year, as required by NRS 387.206. If a school district fails to meet the MER, NRS 387.2062 requires the Department of Education to reduce the basic support allocation of such school district in the following fiscal year. The minimum per pupil requirement for Fiscal Year 2018 was $121.27 per student, which for Washoe County School District equates to a total required expenditure of $7,707,343. The amount the District expended in the General and Special Education funds was $5,267,976. However, as described below, when other District funds and commitments are considered, the District believes that the total spent or committed on eligible purchases exceeded this requirement.

NRS 387.2065 allows school districts to request a waiver of the MER. Accordingly, in June 2019, the Board approved a written request to the Department of Education for a waiver of the MER requirement as a contingency. District staff are continuing to meet with Department of Education staff on this issue and are seeking clarification on several issues, in order to determine the need to submit a request for a waiver of the MER. However, if the

Department of Education rules that the District did not meet its MER obligation for Fiscal Year 2018 and a waiver is denied, the Department of Education could reduce the final Distributive School Account distribution to the District in Fiscal Year 2019 by $2,439,367, which is the difference between the total requirement in Fiscal Year 2018 and expenditures in the General and Special Education funds. This reduction would materially affect Fiscal Year 2019 financial results.

Estimated expenditures for Fiscal Year 2019 are $420,743,953, or $4,729,868 less than the adjusted June 25, 2019 budget. Areas in which costs are estimated to be significantly under budget include: Regular Education Instruction ($2,156,031 in savings), Instructional Staff Support ($424,415), General Administration ($240,144), Central Services ($379,805), Operations and Maintenance ($994,458) and Student Transportation ($369,589). Overall, the District estimates that total salaries and benefits will be $892,731 under budget and that other operating non-personnel costs will be $3,837,138 under budget. The District also estimates that Transfers Out to other funds, which is primarily support to the Special Education Fund, will be $344,051 under budget.

Fiscal Year 2020 Budget Process

The Fiscal Year 2020 budget process began on September 2018 with a preliminary forecast of anticipated expenses, including an estimate of the additional operating costs of three new schools scheduled to open in August 2019. The District's structural deficit, which had been reduced to $7.5 million in the Fiscal Year 2019 budget, was noted. Because the Fiscal Year 2020 budget process coincided with the legislative session, there were many uncertainties regarding the level of funding in the State budget for K-12 education and the impact of potential legislation to the District's general fund budget.

In contrast to the budget processes used by the District in prior years, the Fiscal Year 2020 process utilized PBB, as described above under "Fiscal Year 2019 Budget and Estimated Results." The District began the process of implementing PBB in January 2019 and completed the process in December 2019. PBB provides greater transparency of community priorities and how budget decisions are made relative to those priorities. PBB identifies the services and programs that offer the highest value and continues to provide funding for them while reducing service levels or costs for lower value programs. Thus, PBB takes a fresh look at all programs and starts with the revenues available to the agency, rather than last year's expenditures.

In order to engage the community and gather feedback from parents, staff, students, and community members regarding the Fiscal Year 2020 budget, the District conducted a community survey and organized a series of community forums. The community budget survey was open from December 3, 2018 through January 7, 2019, and asked a series of questions pertaining to program priorities, strategic plan priorities, and partial solutions to the budget deficit. The survey received 4,939 responses. Following the survey, staff from the Offices of the Chief of Staff, Business and Finance, and Communications organized five community forums in locations across the District. At each forum, Trustees, along with District staff, presented an overview of the budget deficit, explained the PBB process, and briefly summarized the community survey results. Feedback from the forms was collected in the form of worksheets that participants filled out. Approximately 380 people participated in the forums.

The budget survey results, feedback from the community forums and a presentation of the District's estimated deficit were presented to the Board on February 26, 2019. Based on the estimated additional operating costs for three new schools of $3.4 million and the budget deficit in the Fiscal Year 2019 budget of $7.5 million, the total opening deficit for the District was $10.9 million without considering the level of state funding for the next biennium. By shifting debt service costs for medium term obligations from the General Fund to the Government Services Tax capital project fund and as a result of greater salary savings, staff was able to reduce the ongoing deficit to $6.3 million. In the first year of PBB, the District focused on central services, operations, support services, and school administration and staff scored a total of $205.8 million of programs. Based on a quantitative scoring process which rated each program based on its alignment to strategic plan goals, programs were then separated into four quartiles. For the Fiscal 2020 budget process, staff focused on non-mandated programs that scored in the lower two quartiles. The total cost of these programs was $46.8 million. The Board received departments' assessments of the service level impacts of varying levels of reductions to these lower-quartile programs. In March, based on a review of these programs, the Board approved reductions to staffing and other operating costs totaling $1.27 million.

On April 9, 2019, District staff presented its analysis of the State's proposed budget and its impact on K-12 funding, along with updated revenue projections for local revenues. Two scenarios were presented: one based on a 3% cost-of-living-adjustment ("COLA") for employees, which was presented based on the Governor's stated desire to provide funding for a 3% COLA to school employees, and one based on a lower COLA. The Board approved a tentative budget based on the former scenario. Unfortunately, in this scenario, total revenues and other sources were $17.8 million less than projected expenditures and other applications. The major factor causing the deficit was a shortfall in the per-pupil basic support guarantee provided by the State, which was assumed to be 1.42%, and when combined with local revenues, was projected to increase revenues by $11.4 million versus projected salary and benefit costs assuming a 3% COLA of $20.4 million. The Board directed staff to file the Tentative Budget for Fiscal Year 2020 based on these full costs but noted that there had been no final decision on the level of salary increase for employees or the level of reductions necessary to reduce or eliminate the structural deficit. A Tentative Budget was filed with the State, showing a tentative General Fund deficit of $17.8 million.

For the Final Budget that was presented to the Board on May 28, 2019, executive staff presented the Board with $9.6 million in cost offsets and additional revenues to reduce the estimated budget deficit for the General Fund. These offsets included: a one-time deferral of textbook purchases or a shift of these costs to capital project funds; elimination of the District's early separation incentive program, which requires negotiation with employee associations; a shift of General Fund expenses to new categorical programs, which required state legislation; reduced teacher allocations due to lower enrollment for certain categories of students; and increased Government Services Tax and Medicaid revenues. These cost offsets were approved by the Board in the Final Budget, which helped reduce the General Fund budget deficit to $7.89 million. However, fiscal staff indicated to the Board that it intended to submit an amended budget for the Board's consideration in June, based on the final outcome of the 2019 legislative session.

Between the presentation of the Final Budget on May 28, 2019, and the end of the 2019 legislative session on June 3, 2019, as anticipated, there were many changes made during the legislative session. These changes included new requirements for reserving monies for negotiated salary increases, the shifting of certain categorical grants to a block grant, and allowance for a waiver of the MER for textbooks and other instructional supplies and hardware next biennium. Significantly, the legislature and Governor identified and appropriated additional funding for K-12 education, which staff had not previously budgeted. Additional funding was identified and appropriated by the State by redirecting the retail excise tax on marijuana sales, which had previously been deposited to the State's Rainy Day Fund, to the Distributive School Account, and by pledging a portion of the State's modified business taxes imposed by Senate Bill 551 to K-12, among a number of changes. Due to these increased revenues, the per-pupil basic support guarantee for the District for Fiscal Year 2020 was set at $6,034 per student, a 4.7% increase over the adjusted per-pupil rate for Fiscal Year 2019.

The passage of these bills and increased State funding for K-12 education, in combination with District savings for health insurance costs, allowed the District to completely offset the budget deficit as follows:

Additional Revenues or Cost Savings	
Per Pupil Basic Support Guarantee Increase	$6,991,094
AB 309 - Additional Shift of Costs	200,000
SB 551 Additional Revenue	5,294,592
Health Insurance Savings	1,302,058
Subtotal	13,787,744
Additional Expenses	
Technical Adjustments	(434,563)
Position Contingency	(173,136)
Add back in Textbook costs to General Fund	(5,200,000)
Increase Contingency	(94,592)
Subtotal	(5,902,291)
Total Changes	$7,885,453

With the additional net funding of $7.9 million identified above, executive staff presented and the Board approved a structurally balanced General Fund budget for Fiscal Year 2020 on June 25, 2019. The balanced amended budget was filed with the State by the required deadline of thirty days after the adjournment of the legislative session.

Cybersecurity

The District operates a large and complex information technology infrastructure to support internal and external operations. As is the case with any such environment, the threat of cybersecurity incidents is a constant one. These incidents may arise from multiple sources, including unintentional events or actions, intentional insider threat, and deliberate malicious attacks or actions from outside entities. The effect of these threats may include unauthorized access to District systems, data or resources, inappropriate exposure or use of District information, disruption of District services, and damage to District systems.

The District continuously assesses its vulnerability to intentional and unintentional data and cybersecurity breaches, and has deployed an active information security team comprised of three full-time employees tasked with active monitoring, incident response, risk mitigation, and user education. These staff members regularly participate in training and conferences to maintain currency in the field. The District has established a security risk register to assist in high level decision-making regarding risk avoidance and mitigation, and is in the process of refining a comprehensive district information and cyber security plan and accompanying policies, along with an Executive-Level Information and Cyber Security Governance Committee. The District deploys state-of-the-art, artificial intelligence-driven threat protection, and industry standard firewall protection. The District communicates regularly with MS-ISAC (Multi-State Information Sharing Analysis Center), vendor partners, and local governmental agencies to protect its information systems. All District staff undertake cybersecurity training annually. The District has also created a Digital Citizenship curriculum to assist teachers and student users to develop appropriate digital literacy skills.

Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District reports all of its risk management activities in the Internal Service Funds in accordance with Governmental Accounting Standards Board Statement Numbers 10 and 30.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated annually by an outside actuary who takes into consideration recently settled claims, the frequency of claims and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using the expected future investment yield of 2.8% to 5.2%. At June 30, 2019, the Internal Service Funds, total unrestricted net position, which does not include restricted OPEB assets held in trust, was $20.1 million (estimated).

The District combines both self-insurance and commercial insurance to protect against risks. There was no significant reduction in those insurance coverages purchased by the District from the previous year. Settled claims have not exceeded this commercial coverage in any of the past three years. See Note 10 in Appendix A for further information on the District's risk management activities as of June 30, 2018. The District's insurance coverages for fiscal year 2019 are substantially similar to those described in Note 10, with adjustments for cybercrime coverage.

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	Debt Limit	Outstanding General Obligation Debt	Additional Statutory Debt Capacity
2016	$14,565,467,238	$2,184,820,086	$472,473,223	$1,712,346,863
2017	15,708,997,534	2,356,349,630	464,145,659	1,892,203,971
2018	16,473,900,197	2,471,085,030	519,332,881	1,951,752,149
2019	17,303,080,339	2,595,462,051	708,954,502	1,886,507,549
2020	18,885,158,842	2,832,773,526	734,811,929(1)	2,097,961,597

(1) As of October 1, 2019, excludes the issuance of the Bonds.

Source: Nevada Department of Taxation, Property Tax Rates for Nevada Local Governments, fiscal years 2016 through 2020, and the District; compiled by JNA Consulting Group, LLC.

Outstanding Debt and Other Obligations

Outstanding General Obligation Bonds. The following table presents the outstanding general obligation indebtedness of the District as of October 1, 2019 without taking the issuance of the Bonds into account.

Outstanding General Obligation Bonds[1]

	Date Issued	Original Amount	Amount Outstanding
GENERAL OBLIGATION BONDS[2]			
School Improvement Bonds, Series 2009A	02/18/09	$45,000,000	$1,650,000
School Improvement Bonds, Series 2010A (RZEDB)	04/01/10	10,515,000	7,515,000
School Improvement Bonds, Series 2010D (QSCB)	04/01/10	3,550,000	2,800,000
School Improvement Bonds, Series 2010E (QSCB)	10/06/10	5,415,000	4,415,000
Refunding Bonds, Series 2010F	10/06/10	41,515,000	19,330,000
School Improvement and Refunding Bonds, Series 2011A	07/06/11	43,450,000	3,725,000
School Improvement Bonds, Series 2011B	11/17/11	45,000,000	3,590,000
Refunding Bonds, Series 2012A	03/20/12	71,855,000	52,075,000
School Improvement Bonds, Series 2012C	10/23/12	45,000,000	42,210,000
Refunding Bonds, Series 2013	10/10/13	18,085,000	9,975,000
School Refunding Bonds, Series 2014A (PSF)	06/15/14	40,000,000	40,000,000
School Refunding Bonds, Series 2014B	06/15/14	9,145,000	1,680,000
School Refunding Bonds, Series 2015	03/31/15	45,375,000	43,870,000
School Improvement and Refunding Bonds, Series 2016A	02/02/16	59,215,000	58,405,000
School Improvement Bonds 2016B	11/10/16	15,000,000	14,500,000
School Improvement Bonds 2017A	02/09/17	55,000,000	55,000,000
School Improvement and Refunding Bonds, Series 2017B	04/05/17	26,885,000	26,885,000
Refunding Bonds, Series 2017D[4]	11/21/17	58,320,000	58,320,000
Total General Obligation Bonds			$445,945,000
GENERAL OBLIGATION REVENUE BONDS			
School Improvement Bonds, Series 2017C	11/21/17	$200,000,000	$200,000,000
School Improvement Bonds, Series 2018	12/05/18	85,000,000	85,000,000
Total General Obligation Revenue Bonds			$285,000,000
MEDIUM-TERM GENERAL OBLIGATIONS[3]			
Medium-Term Lease	04/26/16	$3,100,000	$790,000
Medium-Term Lease	08/04/17	3,100,000	1,576,929
Medium-Term Lease	02/21/19	1,500,000	1,500,000
			$3,866,929
Total Medium-Term General Obligations			
Total General Obligation Debt			$734,811,929

(1) As of October 1, 2019 (does not take the issuance of the Bonds into account). Does not include lease-purchase agreements, certificates of participation, Qualified Zone Academy Bonds ("QZABS"), accrued compensated absences, deferred amounts from bonds issuance, arbitrage, other post-employment benefits, remediation, or claims and judgments.

(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.

(3) General obligations secured by the full faith, and credit and payable from all legally available funds of the District. The ad valorem tax rate available to pay these bonds is limited to the statutory and the constitutional limit as well as to the District's maximum operating levy and any legally available tax overrides.

Source: The District Finance Department; compiled by JNA Consulting Group, LLC.

Obligations. The District records long-term liabilities for compensated absences, early separation incentive stipends, arbitrage payable and capital lease obligations. See Note 6 in the audited basic financial statements attached hereto as Appendix A for a depiction of those liabilities as of June 30, 2018.

District General Obligation Bond Total Debt Service Requirements

The following table illustrates the debt service requirements for the District's outstanding general obligation bonds as of October 1, 2019. This table excludes medium-term bonds.

Outstanding Debt Service Requirements(1)(2)

Fiscal Year Ended June 30	General Obligation Bonds (paid with property taxes) Principal	Interest(3)	Total	General Obligation Revenue Supported Bonds Principal	Interest	Total	Grand Total
2020	$34,225,000	$18,258,649	$52,483,649	--	$5,867,325	$5,867,325	$58,350,973
2021	36,420,000	18,398,331	54,818,331	$3,695,000	11,642,275	15,337,275	70,155,606
2022	38,650,000	16,805,986	55,455,986	5,385,000	11,415,275	16,800,275	72,256,261
2023	39,835,000	15,040,254	54,875,254	5,660,000	11,139,150	16,799,150	71,674,404
2024	40,950,000	13,057,124	54,007,124	5,950,000	10,848,900	16,798,900	70,806,024
2025	40,745,000	11,103,313	51,848,313	6,255,000	10,543,775	16,798,775	68,647,088
2026	37,515,000	9,077,471	46,592,471	6,575,000	10,223,025	16,798,025	63,390,496
2027	33,765,000	7,233,471	40,998,471	6,915,000	9,885,775	16,800,775	57,799,246
2028	23,485,000	5,552,256	29,037,256	7,270,000	9,531,150	16,801,150	45,838,406
2029	19,665,000	4,629,906	24,294,906	7,645,000	9,158,275	16,803,275	41,098,181
2030	16,215,000	3,822,456	20,037,456	8,030,000	8,766,400	16,796,400	36,833,856
2031	16,895,000	3,196,506	20,091,506	8,445,000	8,354,525	16,799,525	36,891,031
2032	9,210,000	2,559,744	11,769,744	8,875,000	7,921,525	16,796,525	28,566,269
2033	9,545,000	2,225,206	11,770,206	9,300,000	7,500,650	16,800,650	28,570,856
2034	5,590,000	1,878,231	7,468,231	9,710,000	7,093,775	16,803,775	24,272,006
2035	5,795,000	1,661,831	7,456,831	10,135,000	6,668,825	16,803,825	24,260,656
2036	6,005,000	1,456,913	7,461,913	10,520,000	6,278,925	16,798,925	24,260,837
2037	4,715,000	1,244,588	5,959,588	10,875,000	5,927,325	16,802,325	22,761,912
2038	2,530,000	1,068,800	3,598,800	11,240,000	5,558,684	16,798,684	20,397,484
2039	2,625,000	967,600	3,592,600	11,630,000	5,172,269	16,802,269	20,394,869
2040	2,730,000	862,600	3,592,600	12,025,000	4,772,406	16,797,406	20,390,006
2041	2,840,000	753,400	3,593,400	12,440,000	4,358,662	16,798,662	20,392,062
2042	2,955,000	639,800	3,594,800	12,875,000	3,924,687	16,799,687	20,394,487
2043	3,070,000	521,600	3,591,600	13,330,000	3,469,625	16,799,625	20,391,225
2044	3,195,000	398,800	3,593,800	13,840,000	2,961,306	16,801,306	20,395,106
2045	3,320,000	271,000	3,591,000	14,410,000	2,393,612	16,803,612	20,394,612
2046	3,455,000	138,200	3,593,200	15,000,000	1,799,912	16,799,912	20,393,112
2047	--	--	--	15,620,000	1,181,781	16,801,781	16,801,781
2048	--	--	--	16,265,000	538,106	16,803,106	16,803,106
2049	--	--	--	5,085,000	104,878	5,189,878	5,189,878
Total	$445,945,000	$142,824,038	$588,769,038	$285,000,000	$195,002,806	$480,002,806	$1,068,771,844

(1) Excludes medium-term obligations.
(2) Totals may not add due to rounding.
(3) The District's 2009B Bonds and 2010A School Improvement Bonds were issued as Recovery Zone Economic Development Bonds ("RZEDB") and its 2010D Bonds and 2010E Bonds were issued as direct-pay qualified school construction bonds ("QSCBs"). The District expects to receive an interest subsidy on the RZEDBs and QSCBs in each year. However, receipt of the subsidy is dependent on numerous factors and it is possible that the District may not receive the credits in future years. The amounts shown reflect interest due on the RZEDBs, not net of the expected credits. The District is required to pay all of the interest of the RZEDBs and the QSCBs even if the credits are not received.

Source: The District Finance Department; compiled by JNA Consulting Group, LLC.

Contemplated Debt

The District received approval from the County Debt Management Commission on May 17, 2019, for the issuance of $200 million of General Obligation (Limited Tax) School Improvement Bonds over the next three years. Subsequent to the issuance of the Bonds, the District expects to issue $65 million of bonds from this $200 million authorization in Fiscal Year 2020-21 and the remaining $60 million of bonds from this authorization in Fiscal Year 2021-22. The repayment of these bonds is expected to be made from the property tax debt rate of $0.3885. See "SECURITY FOR THE BONDS – General Obligations" and " – Debt Service Tax Levy."

The District also received approval from the County Debt Management Commission on May 17, 2019, for an additional $100 million authorization for General Obligation (Limited Tax) School Improvement Bonds (Additionally Secured by Pledged Revenues). The repayment of these bonds is expected to be paid from the imposition of the WC-1 Sales and Use Taxes. See "WASHOE COUNTY SCHOOL DISTRICT – Capital Improvement Plan." The $100 million of additional authorization is anticipated to be combined with $215 million of remaining authorization from 2018 for bonds pledging the WC-1 Sales and Use Taxes. Subject to approval by the Board and fulfillment of all other legal requirements, the District is authorized to issue a total of $315 million of additional bonds secured by additional pledged revenues consisting of the WC-1 Sales and Use Taxes. The District anticipates issuing one or more series of these bonds with a total face value of at least $285 million* between November 2019 and July 2020.

The District may also issue medium term general obligation bonds in 2020 in an estimated amount of approximately $2.3 million* for the purpose of financing buses and white fleet.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning the historic economic and demographic conditions in the County and the District. This portion of the 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.

---

* Preliminary, subject to change.

Population and Age Distribution

Population. The table below shows the population growth of Washoe County and the State since 1970. Between 2011 and 2018, Washoe County's population increased 9.8% and the State increased 11.9% over the same time period.

Population

Year	Washoe County	Percent Change	State of Nevada	Percent Change
1970	121,068	--	488,738	--
1980	193,623	59.9%	800,493	63.8%
1990	254,667	31.5	1,201,833	50.1
2000	339,486	33.3	1,998,257	66.3
2010	421,407	24.1	2,700,551	35.1
2011	424,000	0.6	2,712,799	0.5
2012	427,452	0.8	2,744,566	1.2
2013	431,223	0.9	2,776,972	1.2
2014	436,493	1.2	2,819,012	1.5
2015	442,728	1.4	2,868,666	1.8
2016	450,142	1.7	2,919,772	1.8
2017	457,333	1.6	2,972,405	1.8
2018	465,735	1.8	3,034,392	2.1

Source: United States Census Bureau, Population Division (1970-2010 as of April 1st), (2011-2018 as of July 1st). Estimated populations are subject to periodic revision.

Age Distribution. The following table sets forth a projected comparative age distribution profile for Washoe County, the State and the nation as of January 1, 2019.

Age Distribution

Age	Washoe County	State of Nevada	United States
0-17	21.8%	22.7%	22.5%
18-24	8.7	8.5	9.5
25-34	14.5	14.0	13.5
35-44	12.4	13.3	12.6
45-54	12.5	13.0	12.7
55-64	13.1	12.4	12.9
65-74	10.9	10.0	9.7
75 and Older	6.1	6.1	6.6

Source: Claritas, ©2019 Environics Analytics (EA).

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	Washoe County	State of Nevada	United States
2015	$43,766	$44,110	$45,448
2016	48,459	46,230	46,738
2017	48,320	47,914	48,043
2018	54,436	50,009	50,620
2019	55,290	51,985	52,468

(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.

Source: © The Nielsen Company, *SiteReports*, 2015-2017; and Claritas, ©2018-2019 Environics Analytics (EA).

Percent of Households by Effective Buying Income Groups – 2019 Estimates

Effective Buying Income Group	Washoe County Households	State of Nevada Households	United States Households
Under $24,999	18.7%	20.0%	21.4%
$25,000 - 49,999	26.5	28.1	26.4
$50,000 - 74,999	20.1	20.9	19.7
$75,000 - 99,999	14.9	14.7	14.8
$100,000 - 124,999	8.0	7.1	6.3
$125,000 - 149,999	4.3	3.6	3.8
$150,000 or More	7.5	5.6	7.6

Source: Claritas, ©2019 Environics Analytics (EA).

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

Year	Washoe County	State of Nevada	United States
2013	44,043$	$39,576	$44,851
2014	46,464	41,654	47,060
2015	50,719	44,247	48,985
2016	52,084	44,783	49,883
2017	55,487	46,557	51,731
2018	n/a	48,225	53,712

(1) County figures posted November 2018; state and national figures posted March 2019. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The Washoe 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
Washoe County, Nevada

Calendar Year	2014	2015	2016	2017	2018	2019(1)
Civilian Labor Force	221,757	224,888	229,320	238,443	250,005	259,813
Unemployment	16,793	14,029	11,536	9,986	9,064	8,730
Unemployment Rate(2)	7.6%	6.3%	5.0%	4.2%	3.6%	3.4%
Total Employment	204,965	210,859	217,784	228,457	240,941	251,083

(1) Averaged figures through June 30, 2019.
(2) The U.S. unemployment rates for the years 2014 through 2018 are 6.2%, 5.3%, 4.9%, 4.4%, and 3.9%, respectively.

Sources: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation; and U.S. Department of Labor, Bureau of Statistics.

The following table sets forth the number of persons employed, by type of employment, in non-agricultural industrial employment in Reno, NV Metropolitan Statistical Area ("MSA") which includes the Counties of Story and Washoe.

Establishment Based Industrial Employment
Reno MSA, Nevada(1)
(Estimates in Thousands)

Calendar Year	2014	2015	2016	2017	2018	2019(2)
Natural Resources and Mining	0.2	0.2	0.2	0.3	0.3	0.3
Construction	11.6	13.0	14.6	16.9	18.0	19.0
Manufacturing	12.7	13.0	14.0	17.2	23.3	26.3
Trade (Wholesale and Retail)	30.9	31.8	32.2	33.2	34.2	34.8
Transportation, Warehousing and Utilities	14.3	15.8	17.7	18.8	19.2	19.6
Information	2.4	2.4	2.5	2.6	2.9	2.9
Financial Activities	9.5	10.0	10.4	10.6	10.9	11.1
Professional and Business Services	27.2	28.6	30.1	30.9	32.8	36.2
Education and Health Services	23.5	24.3	25.4	26.1	27.2	27.9
Leisure and Hospitality (casinos excluded)	20.6	21.6	22.6	23.6	24.6	24.5
Casino Hotels	14.7	14.5	14.4	14.3	13.9	13.9
Other Services	6.0	5.9	6.0	6.3	6.5	6.5
Government	28.8	29.3	29.9	30.4	30.1	30.7
Total(3)	202.5	210.4	220.1	231.3	244.0	253.7

(1) Reno, NV Metropolitan Statistical Area includes two counties: Storey and Washoe.
(2) Averaged numbers through June 30, 2019.
(3) Totals may not add due to rounding. All numbers are subject to periodic revision and are non-seasonally adjusted.

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 - Washoe County, Nevada
As of 2nd Quarter – 2019

Employer	Employees	Industry
Washoe County School District	5,000-9,999	Public education
Renown Regional Medical Center	5,000-9,999	Hospital
Washoe County	1,000-4,999	Local government
Peppermill Hotel Casino - Reno	1,000-4,999	Casino
Nugget Casino Resort	1,000-4,999	Casino
Grand Sierra Resort and Casino	1,000-4,999	Casino
Harrah's Reno Casino	1,000-4,999	Casino
St. Mary's Regional Medical Center	1,000-4,999	Hospital
Eldorado Resort Casino	1,000-4,999	Hotels & motels
Silver Legacy Resort Casino	1,000-4,999	Casino
Nevada System of Higher Education	1,000-4,999	Universities &colleges
International Game Technology	1,000-4,999	Manufacturing
Amerco	1,000-4,999	Truck renting & leasing
US Veterans Medical Center	1,000-4,999	Hospital
Circus Circus Reno	1,000-4,999	Casino

Sources: Washoe County School District, Washoe County, and Infogroup ®, Omaha, NE, 800-555-5211 © July 1, 2019 (as compiled by Nevada DETR Research & Analysis Bureau). All Rights Reserved.

The following table sets forth the firm employment size breakdown for the County.

Size Class of Industries(1)
Washoe County, Nevada
(Non-Government Worksites)

CALENDAR YEAR	4th Qtr 2018	4th Qtr 2017	Percent Change 2018/2017	Employment Totals 4th Qtr 2018
TOTAL NUMBER OF WORKSITES	14,919	14,619	2.1%	197,919
Less Than 10 Employees	10,961	10,817	1.3	29,858
10-19 Employees	1,951	1,855	5.2	26,473
20-49 Employees	1,333	1,281	4.1	40,189
50-99 Employees	385	391	(1.5)	26,518
100-249 Employees	222	206	7.8	32,746
250-499 Employees	44	47	(6.4)	14,854
500-999 Employees	14	13	7.7	9,178
1,000+ Employees	9	9	0.0	18,103

(1) Subject to revisions.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Retail Sales

The following table sets forth a record of taxable sales in the County and the State.

Taxable Sales[1]

Fiscal Year[2]	County Total	Percent Change	State Total	Percent Change
2014	$6,370,684,534	--	$47,440,345,167	--
2015	6,817,588,648	7.0%	50,347,535,591	6.1%
2016	7,550,466,734	10.7	52,788,295,421	4.8
2017	7,989,009,111	5.8	56,547,741,530	7.1
2018	8,531,252,745	6.8	58,947,823,520	4.2
Jul 17 – May 18	$7,747,860,768	--	$53,629,307,801	--
Jul 18 – May 19	8,037,860,339	3.7%	56,923,053,488	6.1 %

(1) Subject to revision.
(2) Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada - Department of Taxation.

Construction

The following table sets forth a history of the number of building permits issued in Reno, Sparks and the unincorporated County, and of their valuations.

Building Permits
(Value Amount in Thousands)

Calendar	City of Reno		City of Sparks		Unincorporated Washoe County		Total Washoe County	
Year	Permits	Value	Permits	Value	Permits	Value	Permits	Value
2014	7,504	$662,120	2,818	$127,405	1,734	$258,498	12,056	$1,048,023
2015	8,859	683,068	4,107	232,268	2,119	230,791	15,085	1,146,127
2016	8,778	826,854	3,536	205,134	1,890	266,437	14,204	1,298,425
2017	9,546	905,258	4,079	477,641	3,932	412,842	17,557	1,795,741
2018	10,403	1,029,694	3,756	299,248	4,340	610,178	18,499	1,939,120
2019[1]	n/a[2]	--	2,002	185,032	1,980	325,095	3,982	510,127

(1) As of June 30, 2019.
(2) The City of Reno is implementing a new permitting system and no current data is available for calendar year 2019.

Sources: Cities of Reno and Sparks Building Departments, and Washoe County Building Department.

Gaming

The economy of the State is substantially dependent upon a tourist industry based on legalized casino gambling and related forms of entertainment. Gaming has been legal in Nevada since 1931 and is controlled and regulated by the State. Control is vested in a five-member Gaming Commission and a three-member Gaming Control Board. All of the board and commission members are appointed by the Governor. These bodies investigate and approve all licenses, establish operating rules, and collect gaming taxes due the State.

The County's gross taxable 2018 gaming revenue represents 7.6% of the State's total 2018 gaming revenue. The following table sets forth a five-year history of gross taxable gaming revenues and total gaming taxes collected on a State-wide basis and in the County.

Gross Taxable Gaming Revenue and Total Gaming Taxes[1]
Washoe County, Nevada

Fiscal Year Ended June 30	Gross Taxable Gaming Revenue[2] State Total	Gross Taxable Gaming Revenue[2] County Total	Percent Change County	Gaming Collection[3] State Total	Gaming Collection[3] County	Percent Change County
2014	$10,208,187,598	$742,981,367	--	$912,371,316	$61,093,103	--
2015	10,511,495,144	765,119,036	2.98%	909,857,085	61,900,579	1.32%
2016	10,612,521,966	787,285,353	2.90	876,040,147	63,546,194	2.66
2017	10,964,590,686	805,553,225	2.32	874,777,727	64,328,725	1.23
2018	11,330,712,715	855,877,061	6.25	866,305,681	66,765,548	3.79
Jul 17 – May 18	$10,412,391,867	$778,774,646	--	$733,144,517	$55,614,566	--
Jul 18 – May 19	10,447,309,232	785,101,292	0.81%	793,850,432	55,841,323	0.41%

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.
(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).
(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada, Gaming Control Board.

Convention Activity

The convention business is also an important factor in the area's economy. The Reno-Sparks Convention & Visitors Authority ("RSCVA") operates the Convention Center, the National Bowling Stadium (which is owned by the City of Reno and managed by RSCVA pursuant to an operating agreement), the Livestock Events Center and the Reno Events Center. The following table sets forth a historical summary of usage and attendance of events at these facilities.

Historical RSCVA Convention Facility Usage and Attendance

	Convention Center		Livestock Events Center		National Bowling Stadium		Reno Events Center	
Fiscal Year	Number of Events[1]	Estimated Attendance	Number of Events	Estimated Attendance	Number of Events	Estimated Attendance	Number of Events	Estimated Attendance
2014	94	311,235	80	300,000	78	172,717	52	126,979
2015	97	278,213	70	302,413	93	75,684	49	100,015
2016	102	190,007	71	283,174	83	156,932	55	176,402
2017	110	277,959	75	315,350	112	40,313	54	157,800
2018	112	294,637	76	334,271	94	77,955	56	167,268

(1) Includes all show activity (conventions, trade shows, public consumer shows, concerts and meetings).

Source: Reno-Sparks Convention and Visitors Authority.

Transportation

The Reno/Sparks area is located at a transportation crossroads. Interstate 80, which runs east-west, and U.S. 395, running north-south, provide adequate routes for trucking and personal transportation. The Union Pacific Railroad operates major rail lines through the County and offers connections to other major rail networks, providing both freight and Amtrak passenger service. Intermodal yards and container freight facilities are located in Sparks. Over 65 motor freight companies serve the Reno/Sparks market and approximately 25 licensed common carriers with terminals are in the Reno/Sparks area.

The Reno-Tahoe International Airport (the “Airport”) is a medium hub airport owned and operated by the Reno-Tahoe Airport Authority (the “Airport Authority”). The geographical area served by the Airport primarily encompasses the seven Nevada counties of Churchill, Douglas, Humboldt, Lyon, Pershing, Storey, and Washoe and the major cities of Reno, Sparks, and Carson City. The total air trade area for the Airport also includes the Lake Tahoe area and several communities in northeastern California. The Airport generates $2 billion per year for the region according to an economic impact study released by the University of Nevada’s College of Business in February 2012. In addition to the revenue, the study sets forth that the Airport and the Reno-Stead Airport, a general aviation facility, generate 22,138 jobs in the state, making the airports a major economic driver for the region. Accordingly, the Airport Authority continues to plan and accommodate airport facility needs.

During calendar year 2018, the Airport served a total 4,210,095 passengers, an increase of 4.8% over 2017. The Airport reported an overall (2.2)% decrease in air cargo pounds for the 2018 calendar year over 2017 – 148.9 million pounds 0f air cargo pounds was reported for 2018. During the first six months of 2019, the Airport served 2,113,694 passengers, an increase of 4.4% over 2018; and handled 70.7 million pounds of air cargo, a decrease of (1.2)% when compared to the same period in 2018.

LEGAL MATTERS

Litigation

There are various suits pending in courts within the State to which the District is a party. In the opinion of the District’s general counsel, however, there is no litigation or controversy of any nature now pending, or to the knowledge of the District’s Office of the 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, the pledge or application of any moneys or security provided for the payment of the Bonds. Further, the District’s Office of the General Counsel is of the opinion that current 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 (a) $100,000 per cause of action prior to July 1, 2020, (b) $150,000 per cause of action on or after July 1, 2020, but before July 1, 2022, and (c) $200,000 per cause of action on or after July 1, 2020. 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.

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 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. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Bonds only to the extent such original issue discount is accrued as described herein.

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. 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 has covenanted and represented 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 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 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.

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 (and, to the extent described above for the Discount Bonds, original issue discount) 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 (and, to the extent described above for the Discount Bonds, original issue discount) 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, the tax value of that exclusion for different classes of taxpayers from time to time, 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 Municipal Advisor, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 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.

RATINGS

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P") has given the Bonds the rating of "AA" based upon the issuance of the Policy by BAM. S&P and Moody's Investors Service ("Moody's") have assigned ratings to all Bonds of "AA" and "A1," respectively, without regard to the Policy. Such ratings reflect only the views of such rating agencies. Any explanation of the significance of such ratings should be obtained from S&P at 55 Water Street, New York, New York 10041, from Moody's at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

Such ratings reflect only the views of such rating agencies, and there is no assurance that any rating, once received, will continue for any given period of time or that either rating will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings 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.

INDEPENDENT AUDITORS

The audited basic financial statements of the District as of and for the year ended June 30, 2018, attached hereto as Appendix A, have been audited by Eide Bailly, Reno, Nevada, independent certified public accountants, to the extent and for the period indicated in their report thereon.

The audited basic financial statements of the District, including the auditor's report thereon, are public documents and pursuant to State law, 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 from its auditors. Eide Bailly, the District's independent auditor, has not been engaged to perform and has not performed, since the date of the report included herein, any procedures on the financial statements addressed in that report. Eide Bailly has not performed any procedures relating to this Official Statement.

MUNICIPAL ADVISOR

JNA Consulting Group, LLC, 410 Nevada Way, Suite 200, Boulder City, Nevada 89005, 702-294-5100 is serving as Municipal Advisor to the District in connection with the Bonds. The Municipal Advisor has not audited, authenticated, or otherwise verified the information set forth in this Official Statement, or any other related information set forth in this Official Statement, or any other information available to the District, with respect to the accuracy and completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

UNDERWRITING

The District sold the Bonds at public sale to R.W. Baird & Co. Inc. ("Baird") at a purchase price of $75,268,301.88 (which is equal to the principal amount of the Bonds, plus original issue premium of $6,963,521.20, less underwriting discount of $585,619.32 and less the premium of $129,600.00 paid by Baird for the Policy).

On April 1, 2019, Baird Financial Corporation, the parent company of Baird, acquired HL Financial Services, LLC, its subsidiaries, affiliates and assigns (collectively "Hilliard Lyons"). As a result of such common control, Baird, Hilliard Lyons and Hilliard Lyons Trust Company are now affiliated. It is expected that Hilliard Lyons will merge with and into Baird later in 2019.

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.

WASHOE COUNTY SCHOOL DISTRICT, NEVADA

By: /s/ Mark Mathers
Chief Financial Officer

APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF WASHOE COUNTY SCHOOL DISTRICT, NEVADA FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE: The audited basic financial statements of the District included in this Appendix A have been derived from the District's CAFR for the fiscal year ended June 30, 2018. The table of contents, introductory section, individual fund budgetary statements, and other items referred to in the auditor's report attached hereto has purposely been excluded from this Official Statement. Such information provides supporting details and is not necessary for a fair presentation of the basic financial statements of the District.

Independent Auditor's Report

To the Board of Trustees
Washoe County School District
Reno, Nevada

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washoe County School District (the "District") as of and for the year ended June 30, 2018, 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 from 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, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Special Education Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of an Error

As discussed in Note 13 to the financial statements, certain errors occurred in the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*, resulting in the overstatement of amounts previously reported for deferred outflows of resources and net pension liability-related amounts for the year ended June 30, 2017, and were discovered by management during the current year based on communications from the Public Employees' Retirement System of Nevada (PERS), including a restated Schedule of Employer Allocations for GASB 82 Implementation. Accordingly, amounts for deferred outflows of resources and net pension liability-related amounts, have resulted in a restatement of net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

Change in Accounting Principle

As discussed in Notes 1 and 13 to the financial statements, the District has adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which has resulted in a restatement of the net position as of July 1, 2017. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 22, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 86, the Schedule of District Contributions to Public Employees' Retirement System of the State of Nevada on page 87,the Schedules of Changes in the District's Net Other Postemployment Benefits Liability and Related Ratios on pages 88 through 90, and the Schedule of District Contributions for Other Postemployment Benefits on page 91, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 financial statements. The introductory section, combining and individual fund statements and schedules, Schedules of Capital Assets Used in the Operation of Governmental Funds, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements.

The combining and individual fund statements and schedules, Schedules of Capital Assets Used in the Operation of Governmental Funds, 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 fund statements and schedules and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

We have previously audited, in accordance with accounting standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2017 and 2016 and have issued our report thereon dated October 31, 2017 and October 21, 2016, respectively, which expressed an unmodified opinion on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2017 and 2016, is consistent with the audited financial statements from which it has been derived.

The combining and individual fund statements and schedules related to the 2017 and 2016 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 2017 and 2016 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2017 and 2016 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 a report dated October 29, 2018 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, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
October 29, 2018

Washoe County School District's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activities, (c) identify changes in the District's financial position (its ability to address subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

We encourage readers to read this information in conjunction with the transmittal letter, financial statements and notes to gain a more complete picture of the information presented.

Financial Highlights

- The District's total revenues increased over the prior year by $43.8 million to $708.1 million. The District saw property taxes increase by $6.3 million, local school support taxes (sales tax) by $6.2 million, government services taxes (motor vehicle fees) by $2.4 million, WC-1 sales tax revenue by $33.7 million, and investment earnings by $3.5 million.
- The District's total expenses increased by $2.8 million to $677.0 million. The most significant expenses were in regular instruction at $233.5 million, special education instruction at $92.6 million, other instruction (primarily grants) at $63.7 million and operation and maintenance at $48 million.
- The District's General Fund deficit (the shortfall in revenues compared to expenses and other uses) significantly declined from $10.8 million last fiscal year to $2.4 million in the current fiscal year.
- Capital assets net of depreciation increased by $63.9 million to $745.9 million.
- Fiscal year 2018 was the first full fiscal year that the District received revenues from the 0.54% sales and use tax approved by County voters in November 2016 for school capital projects; a total of $43.8 million was received. In November 2017, the District sold $200 million of general obligation bonds that pledged this new revenue source to pay for the new construction of three schools.
- The District's general obligation bonds payable increased by $192.7 million or 37.6% as the result of issuing $258.3 million in school improvement and refunding bond debt, offset by debt payments and defeasance of $65.6 million.
- Government-wide net position decreased by $160.7 million to -$414.9 million. The negative net position is largely due to reporting requirements of Government Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and GASB Statement No. 82 *Pension Issues, an amendment of GASB Statements No. 67, No. 68 and No. 73*, which requires the District to record the net liability of retiree health benefits and its proportionate share of the net pension liability of the Public Employee's Retirement System of Nevada (PERS), respectively.
- Unrestricted net position decreased by $238.3 million to -$817.0 million. Factors contributing to this include a net increase in the governmental activities pension liability of $42.3 million, a net increase in the other post-employment benefit liability of $157.0 million, and a net increase in bonds payable by $217.1 million. Increases in cash and investments of $157.4 million and receivables from other governments of $13.6 million partially offset the decreases.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide an overview of the District's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all the District's assets, deferred outflows, liabilities, and deferred inflows with the net difference 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions that are supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type 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's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements described above. However, unlike the government-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 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 the government-wide statements, both the governmental funds balance sheet and governmental funds statement of revenues, expenditures and changes in fund balance provide reconciliations between the two statement types.

The focus of the governmental fund statements is on major funds. A fund may qualify as a major fund if the revenues or expenditures, assets or liabilities meet specific criteria when compared to similar funds or the government as a whole. In addition, the District may elect to report funds as major even when they do not meet the criteria; this is generally done for public interest.

The District has 46 individual governmental funds of which the General, Debt Service and 2017C Sales Tax Revenue Bond funds qualify as major funds. The District has elected to report 15 additional funds – Special Education, Debt Service - WC1, and all other funds used for reporting transactions associated with a bond issuance – as major. These funds are disclosed separately in the governmental funds balance sheet and/or in the governmental funds statement of revenues, expenditures and changes in fund balance. The remaining 28 non-major governmental funds are combined into a single aggregated presentation in these statements. Individual fund data for each of the non-major funds is reported in combining statements in the supplementary information section of this report.

Proprietary funds are comprised of enterprise funds and internal service funds. Enterprise funds are used to report an activity where a fee is charged to external users. The District's sole enterprise fund, the Nutrition Services Enterprise Fund, is used to account for the nutrition services operation of the District. 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 its self-insurance of property and casualty, employees' health care and workers' compensation. Because internal service fund operations primarily benefit governmental funds, they are included in the governmental activities column in the government-wide statements.

The proprietary fund financial statements present all three internal service funds in a single, aggregated column along with the enterprise fund in a separate column. Individual fund data for the internal service funds and the enterprise fund is provided in the combining statements in the supplementary information section of this report.

Fiduciary funds account for resources held for other governments or individuals outside of the District. As their resources do not support District activities, they are not included in the government-wide statements. The District has two agency funds: the Student Activity Funds for schools in the District and the Nevada Interscholastic Athletic Association for all school districts in Nevada. Additionally, the District has two trust funds: the Private Purpose Scholarship Trust Fund and the Other Postemployment Benefits (OPEB) Trust Fund. Additional information on the OPEB Trust Fund is in Note 9 on pages 72-80 of this report.

Notes to the Financial Statements

The notes provide descriptions of the accounting and finance-related policies underlying amounts in the financial statements, more detail about or explanations of amounts in the financial statements, and additional information necessary to understand the District's activities.

Other

Supplementary information, including combining and individual fund statements and schedules providing budget to actual and prior year comparisons, is presented after the government-wide financial statements. These schedules test compliance with budgetary constraints and management directives to enhance accountability at the fund and function level.

Statistical information is provided on a ten-year basis, as available, for trend and historical analysis.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

To enhance analysis, comparative information is provided for assets, deferred outflows, liabilities, deferred inflows, net position, revenues and expenses.

WASHOE COUNTY SCHOOL DISTRICT'S NET POSITION

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets	$ 548,292,335	$ 360,615,582	$ 6,831,708	$ 6,330,377	$ 555,124,043	$ 366,945,959
Net capital assets	743,303,046	679,542,545	2,616,512	2,505,230	745,919,558	682,047,775
Total assets	1,291,595,381	1,040,158,127	9,448,220	8,835,607	1,301,043,601	1,048,993,734
Deferred Outflows						
Deferred pension outflows	115,467,391	184,580,717	1,766,935	2,137,558	117,234,326	186,718,275
Deferred OPEB outflows	26,181,682	-	806,913	-	26,988,595	-
Deferred debt charges	21,692,174	19,921,865	-	-	21,692,174	19,921,865
Total deferred outflows	163,341,247	204,502,582	2,573,848	2,137,558	165,915,095	206,640,140
Liabilities						
Current liabilities	146,610,224	134,565,420	1,385,724	1,455,863	147,995,948	136,021,283
Long-term liabilities	1,626,525,540	1,287,778,346	14,298,351	8,521,884	1,640,823,891	1,296,300,230
Total liabilities	1,773,135,764	1,422,343,766	15,684,075	9,977,747	1,788,819,839	1,432,321,513
Deferred Inflows						
Deferred pension inflows	64,681,521	76,383,038	776,411	911,873	65,457,932	77,294,911
Deferred OPEB intflows	26,876,184	-	673,477	-	27,549,661	-
Deferred revenues	17,179	233,893	-	-	17,179	233,893
Total deferred inflows	91,574,884	76,616,931	1,449,888	911,873	93,024,772	77,528,804
Net Position						
Net investment in capital assets	230,621,904	253,125,985	2,616,512	2,505,230	233,238,416	255,631,215
Restricted	168,899,070	68,830,420	-	-	168,899,070	68,830,420
Unrestricted	(809,294,994)	(576,256,393)	(7,728,407)	(2,421,685)	(817,023,401)	(578,678,078)
Total net position	$ (409,774,020)	$ (254,299,988)	$ (5,111,895)	$ 83,545	$ (414,885,915)	$ (254,216,443)

For more detailed information see the government-wide statement of net position and the notes to the financial statements.

Net position. The District's total liabilities and deferred inflows exceeded total assets and deferred outflows by $414.9 million at June 30, 2018 - a $160.7 million decrease of net position from June 30, 2017. There are many changes within the funds that impact the net position, however, the net increase in pension benefits and OPEB liabilities – approximately $42.3 million and $157.0 million, respectively – easily account for the decrease in the government-wide statement. The largest portion of net position, -$817.0 million, reflects negative unrestricted net position due to the pension benefits and OPEB liabilities.

The District's investment in capital assets (e.g. land, buildings, equipment and construction in progress) less any outstanding related debt used to acquire those assets accounts for 56.2% of net position. These capital assets are used to provide services to citizens; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

An additional portion of the District's assets, 40.7%, represents resources that are subject to external restrictions (statutory, bond covenants, or granting agency) on how they may be used. Restricted net position increased by $100.1 million during the fiscal year primarily due to increased WC1 sales tax revenues and restricted cash in the debt service funds, and reclassification of investments for OPEB from the OPEB Trust Fund to a non-fiduciary fund of the District as required by GASB Statement No. 74 *Financial Reporting for Postemployment Benefits Other Than Pension Plans*.

Revenues and expenses of the District are depicted by type of activity in the following table. Total revenues increased by $43.8 million – $43.2 million in governmental activities and $0.6 million in business-type activities. Total expenses increased by $2.4 million in governmental activities and $0.4 million in business-type activities.

WASHOE COUNTY SCHOOL DISTRICT'S STATEMENT OF ACTIVITIES

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	$ 362,047	$ 322,432	$ 5,621,234	$ 5,307,846	$ 5,983,281	$ 5,630,278
Operating grants and contributions	117,673,391	135,571,248	19,153,088	18,833,405	136,826,479	154,404,653
Capital grants and contributions	50,000	896,151	-	52,818	50,000	948,969
General revenues						
Property taxes	160,554,786	154,285,623	-	-	160,554,786	154,285,623
Local school support taxes	198,072,854	181,682,201	-	-	198,072,854	181,682,201
Prior year refund - school support taxes	(8,940,689)	-	-	-	(8,940,689)	-
WC1 sales tax revenue	43,781,973	10,145,752	-	-	43,781,973	10,145,752
Government services taxes	22,562,907	20,177,492	-	-	22,562,907	20,177,492
Franchise taxes	288,011	193,040	-	-	288,011	193,040
Unrestricted investment earnings	5,685,768	2,190,293	-	-	5,685,768	2,190,293
State aid not restricted to specific purposes	130,502,725	128,259,530	-	-	130,502,725	128,259,530
Other	12,709,826	6,358,640	-	-	12,709,826	6,358,640
Total revenues	$ 683,303,599	$ 640,082,402	$ 24,774,322	$ 24,194,069	$ 708,077,921	$ 664,276,471
Expenses						
Instruction						
Regular instruction	$ 233,549,611	$ 226,475,054	$ -	$ -	$ 233,549,611	$ 226,475,054
Special instruction	92,569,058	87,896,895	-	-	92,569,058	87,896,895
Vocational instruction	8,566,133	9,361,869	-	-	8,566,133	9,361,869
Other instruction	63,705,467	79,857,162	-	-	63,705,467	79,857,162
Adult education instruction	1,316,388	1,404,779	-	-	1,316,388	1,404,779
Community services instruction	654,569	650,232	-	-	654,569	650,232
Co-curricular instruction	3,960,386	3,705,083	-	-	3,960,386	3,705,083
Support services						
Instruction	13,213	465	-	-	13,213	465
Student support	32,804,876	32,068,797	-	-	32,804,876	32,068,797
Instructional staff support	15,652,591	17,037,673	-	-	15,652,591	17,037,673
General administration	6,757,817	6,983,366	-	-	6,757,817	6,983,366
School administration	36,169,643	36,768,243	-	-	36,169,643	36,768,243
Central services	28,634,187	26,664,795	-	-	28,634,187	26,664,795
Operation and maintenance	48,013,350	47,241,870	-	-	48,013,350	47,241,870
Student transportation	18,692,812	18,045,075	-	-	18,692,812	18,045,075
Other support	16,005	57,996	-	-	16,005	57,996
Community services operations	12	128	-	-	12	128
Nutrition services	-	-	24,176,889	23,736,302	24,176,889	23,736,302
Facilities	37,600,299	36,610,769	-	-	37,600,299	36,610,769
Interest on long-term debt	23,700,061	19,477,664	-	-	23,700,061	19,477,664
Issuance costs on debt	429,753	126,697	-	-	429,753	126,697
Total expenses	652,806,231	650,434,612	24,176,889	23,736,302	676,983,120	674,170,914
Transfers	34,279,184	-	-	-	34,279,184	-
Increase (decrease) in net position	64,776,552	(10,352,210)	597,433	457,767	65,373,985	(9,894,443)
Net position, beginning	(254,299,989)	(243,947,779)	83,545	(374,222)	(254,216,444)	(244,322,001)
Prior period restatement	(220,250,583)	-	(5,792,873)	-	(226,043,456)	-
Net postion, ending (as restated)	$ (409,774,020)	$ (254,299,989)	$ (5,111,895)	$ 83,545	$ (414,885,915)	$ (254,216,444)

For more detailed information see the government-wide statement of net position and the notes to the financial statements.

Governmental activities. Governmental activities contributed $64.8 million to net position as a result of revenues exceeding expenses, however a -$220.3 million prior period adjustment due to the implementation of GASB Statements 75 and 82 resulted in an overall decrease of $155.5

million to the District's net position for fiscal year 2018. Key elements of the changes are noted on the following table and graphs.

Revenues
Total revenues increased from fiscal year 2017 by 6.8%. Revenues are divided into program revenues and general revenues in the following table. Program revenues are revenues directly related to service activities of a function and include charges for services, operating and capital grants and contributions, and related investment earnings, when restricted for use in programs.

GOVERNMENTAL ACTIVITIES – CHANGES IN REVENUES

	Governmental activities			
	2018	2017	Inc / (Dec) from 2017	% Inc / (Dec) from 2017
Revenues				
Program revenues				
Charges for services	$ 362,047	$ 322,432	$ 39,615	12.3
Operating grants and contributions	117,673,391	135,571,248	(17,897,857)	(13.2)
Capital grants and contributions	50,000	896,151	(846,151)	(94.4)
General revenues				
Property taxes	160,554,785	154,285,623	6,269,162	4.1
Local school support taxes	198,072,854	181,682,201	16,390,653	9.0
Local school support taxes - refund prior year	(8,940,689)	-	(8,940,689)	-
WC1 sales tax revenue	43,781,973	10,145,752	33,636,221	331.5
Government services taxes	22,562,907	20,177,492	2,385,415	11.8
Franchise taxes	288,011	193,040	94,971	49.2
Unrestricted investment earnings	5,685,768	2,190,293	3,495,475	159.6
State aid not restricted to specific purposes	130,502,725	128,259,530	2,243,195	1.7
Other	12,709,826	6,358,640	6,351,186	99.9
Total revenues	$ 683,303,598	$ 640,082,402	$ 43,221,196	6.8

Program revenues represent 17.3% of the total revenues and are used to pay costs of providing program services; they decreased by $18.7 million compared to last year. The 12.3% increase in charges for services is due to increasing enrollment in summer school programs. Operating grants and contributions decreased $17.9 million or 13.2% due to decreased funding for other state and federal programs. Capital grants and contributions decreased by $0.8 million or 94.4% due to project completion in the prior year.

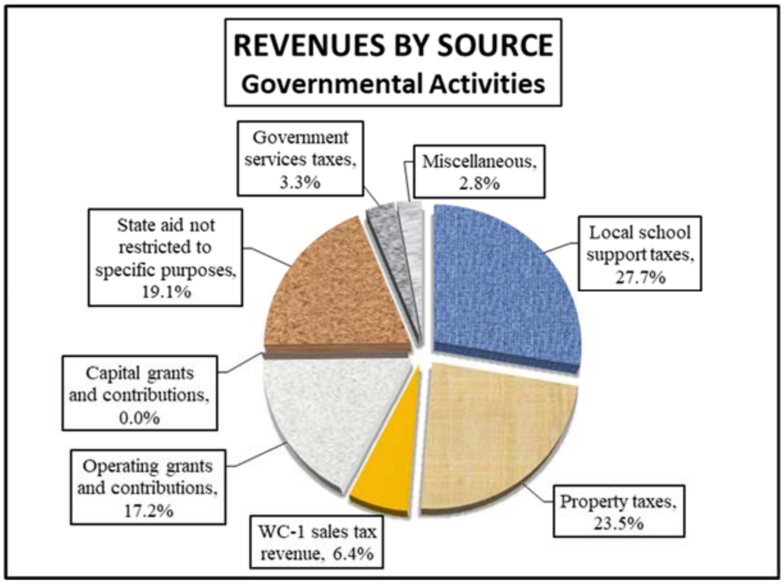
General revenues of governmental activities comprise 82.7% of total revenues and are used to pay the costs of providing non-program services and operations. General revenues increased 12.3% from the prior fiscal year, with increases in all categories.

- The largest and main general revenue sources for the District are local school support taxes of $198.1 million, partially offset by a prior year adjustment decrease of $8.9 million due to a sales tax refund to AT&T, property taxes of $160.6 million and state aid not restricted to specific purposes of $130.5 million. These revenues represent 70.3% of total governmental revenues for the current fiscal year.
- Local school support taxes increased 9.0% due to increases in sales tax collections in Nevada as a result of continued economic improvement.
- Ad Valorem (property) taxes increased 4.1% from the prior year due to higher property tax collections and increases in assessed valuations.
- State revenue, as provided in the Nevada Plan (State aid guaranteed funding), increased 1.7%. The Nevada Plan provides funding for school districts at the per pupil funding rate of $5,677 in fiscal year 2018 (compared to $5,658 in fiscal year 2017) – less local school

support taxes and one-third of general fund property taxes. Increases in local taxes decreased state aid by approximately $9.5 million.

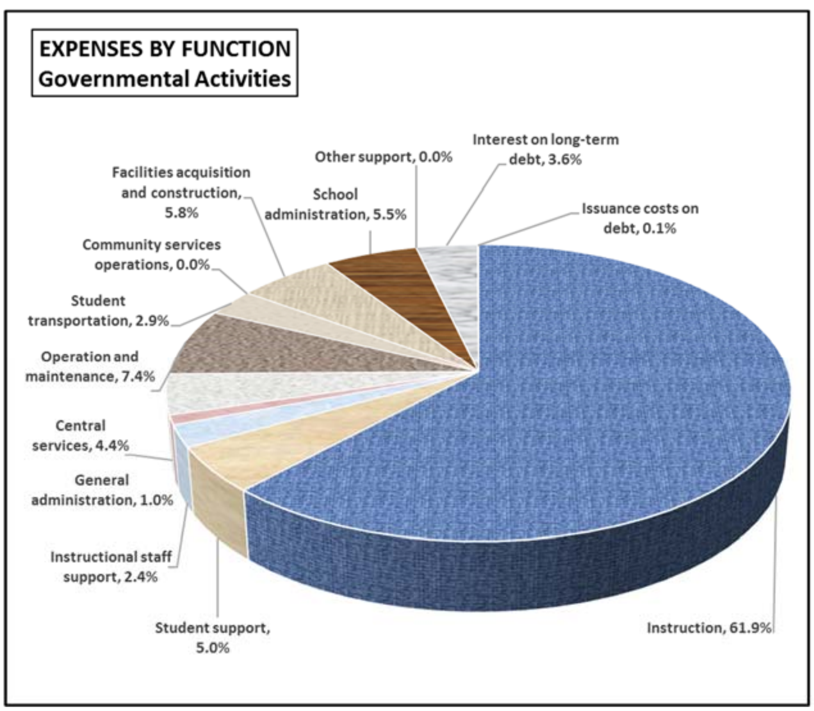
- Government services taxes increased 11.8% due to higher motor vehicle tax collections.

Revenues by source for governmental activities are shown here:



Expenses
Total expenses by function are shown in the accompanying graph. In addition, changes by amount and percentage are shown in the table on the next page.

Instruction expenditures account for 61.9% of all governmental fund expenses with 80.7% of instruction dollars spent for regular and special instruction.



The remaining 38.1% of total governmental fund expenses are used to support the students and instructional staff and operate and maintain the District. The largest support expenditures were operation and maintenance at 7.4%, school administration at 5.5%, facilities acquisition and construction at 5.8%, and student support at 5.0%.

Total instruction costs decreased 1.2% from the prior fiscal year due to decreased funding in other instruction programs, vocational instruction programs, and adult education instruction.

Other instruction program expenses decreased by $16.1 million or 20.2% primarily because full day kindergarten funding was transferred to the general fund by the Nevada Department of Education. Expenditures in certain state grant programs such as Victory and Zoom also decreased slightly due to the carry-over funding from the prior year.

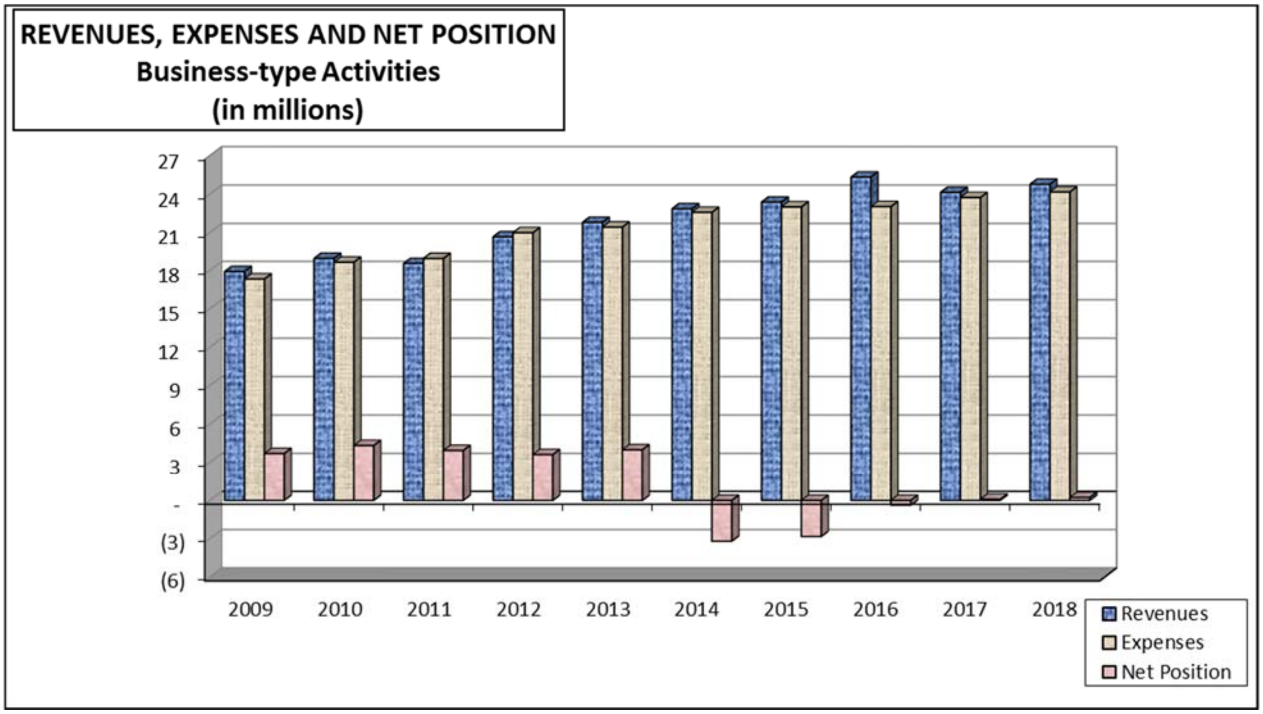
Interest on long-term debt increased by $5.9 million or 30.5% primarily from the issuance of $200 million of general obligation bonds that pledge WC-1 sales tax revenues. Operation and maintenance expenses, student support, facilities, and student transportation expenses also increased slightly over last year.

GOVERNMENTAL ACTIVITIES – CHANGES IN EXPENSES BY FUNCTION

	2018	2017	Inc / (Dec) from 2017	% Inc / (Dec) from 2017
Expenses				
Instruction				
Regular instruction	$ 233,549,611	$ 226,475,054	$ 7,074,557	3.1
Special instruction	92,569,058	87,896,895	4,672,163	5.3
Vocational instruction	8,566,133	9,361,869	(795,736)	(8.5)
Other instruction	63,705,467	79,857,162	(16,151,695)	(20.2)
Adult education instruction	1,316,388	1,404,779	(88,391)	(6.3)
Community services instruction	654,569	650,232	4,337	0.7
Co-curricular instruction	3,960,386	3,705,083	255,303	6.9
Total instruction	404,321,612	409,351,074	(5,029,462)	(1.2)
Support services				
Instruction	13,213	465	12,748	2,741.5
Student support	32,804,876	32,068,797	736,079	2.3
Instructional staff support	15,652,591	17,037,673	(1,385,082)	(8.1)
General administration	6,757,817	6,983,366	(225,549)	(3.2)
School administration	36,169,643	36,768,243	(598,600)	(1.6)
Central services	28,634,187	26,664,795	1,969,392	7.4
Operation and maintenance	48,013,350	47,241,870	771,480	1.6
Student transportation	18,692,812	18,045,075	647,737	3.6
Other support	16,005	57,996	(41,991)	(72.4)
Community services operations	12	128	(116)	(90.6)
Facilities	37,600,299	36,610,771	989,528	2.7
Interest on long-term debt	23,700,061	19,477,664	4,222,397	21.7
Issuance costs on debt	429,753	126,697	303,056	239.2
Total support services	248,484,619	241,083,540	7,401,079	3.1
Total expenses	$ 652,806,231	$ 650,434,614	$ 2,371,617	0.4

Business-type activities. Business-type activities consist solely of the District's Nutrition Services Enterprise Fund. A prior period adjustment decrease of $5.8 million was recorded in fiscal year 2018 for the implementation of GASB Statements 75 and 82. Current fiscal year activity increased net position by $0.6 million. Total revenues for nutrition services are comprised of charges for services 22.7%, federal subsidies 69.7%, commodity food products 7.3%, state matching funds 0.2%, and contributions and donations 0.1%. The majority of expenses are for food and supplies and salaries and benefits to conduct the District's nutrition services operation.

A ten-year history of fund activity follows:



FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The Washoe County School District uses fund accounting and budgetary integration to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Washoe County School District's governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's current funding requirements. In particular, unassigned fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

The District's governmental funds reported combined ending fund balances of $406.1 million, an increase of $190.3 million from the prior year. Of this total, $1.3 million or 0.3% is *nonspendable fund balance* (inventories and prepaids), $362.3 million or 89.2% is *restricted fund balance* (constrained, typically by creditors, grantors, contributors, laws or legislation, to being used for a specific purpose), $2.9 million or 0.7% is *committed fund balance* (constrained by action by the Board of Trustees to be used for a specific purpose), $10.4 million or 2.6% is *assigned fund balance* (amounts intended to be used for a specific purpose), and $29.2 million or 7.2% is *unassigned fund balance* (available for any purpose). A detailed discussion of the fund balance reporting is provided in Note 7 on pages 65-67 of this report.

In 1993, the Nevada State Legislature enacted legislation that requires the special education program (previously accounted for in the General Fund) to be accounted for in a separate special revenue fund. Although reported separately, any deficiencies of revenues under expenditures in the Special Education Fund are compensated for by transfer of monies from the General Fund. Transfers from the General Fund to cover special education expenditures in fiscal year 2018 were $41.6 million. This is an increase of 8.5% over 2017. State funding increased by $3.2 million or 12.4% as a new formula was enacted by the 2017 Legislature. Expenses for all functions of special education, except transportation, increased due to the increase in the number of students qualifying for special education services and the District's increased emphasis on providing additional support to this student population. Because of the size and relationship of the Special Education Fund to the General Fund, it is included in the analysis below.

GENERAL AND SPECIAL EDUCATION FUNDS
EXPENDITURES BY TYPE

	2018	2017
Salaries	$ 314,392,528	$ 303,349,787
Benefits	129,222,400	123,752,796
Purchased services	18,486,946	15,307,763
Supplies	18,811,686	20,921,405
Property	4,001,852	732,222
Other	1,861,252	1,078,732
Totals	$ 486,776,664	$ 465,142,705

- Salaries comprise 64.6% of total expenditures. School districts by their nature are labor intensive.

- Employee benefits averaged 41.1% of salaries and 26.6% of total expenditures. Benefits include contributions on behalf of employees for retirement (Public Employees' Retirement System and Social Security), health insurance, Medicare, old age survivor's disability insurance (part-time employees), life insurance, workers' compensation, and other post-employment benefits.

- Purchased services, supplies, property and other comprise 8.8% of total expenditures. Details regarding variances on a fund level are available in separate reports.

General Fund. At the end of the current fiscal year, the total fund balance was $40.9 million compared to $43.3 million in the prior year. The nonspendable fund balance increased $0.1 million from fiscal year 2017 to $1.3 million. Due to a change in approach on how the fund balance is assigned, the assigned fund balance was $10.4 million compared to $42.1 million in the previous year; however, the unassigned fund balance increased from zero in the previous year to $29.2 million. Importantly, the District's General Fund deficit (the shortfall in revenues compared to expenses and other uses) significantly declined from $10.0 million last fiscal year to $2.4 million in the current fiscal year.

As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. This year's total fund balance represents 8.8% of total fund expenditures as compared to 10.8% in the prior fiscal year.

Listed below are the key factors in fund balance changes during the fiscal year.

- Total revenues of $456.4 million increased from the prior year revenue by $22.7 million or 5.2%. Increases of 9.0% in local school support taxes, 4.3% in ad valorem taxes, and 11.8% in government services taxes were partially offset by decreases in other minor categories.

- Total expenditures of $416.0 million increased from the prior year by $15.2 million or 3.8%. Increases of $11.4 million, or 3.1%, were incurred in salaries and benefits due to scheduled step increases and negotiated cost of living increases by all our bargaining groups, and a 2% increase in health insurance premiums.

- Operating (non-salary) categories increased by $3.8 million or 10.6% from the prior year due to increases in capital asset expenses of $3.3 million and purchased services costs of $2.6 million. These were partially offset by decreases in supplies of $1.9 million. Significant savings in supplies were experienced across a broad base of categories; capital asset purchases increased because of buying school buses and other district vehicles; and purchased services increased as software licenses purchased from another fund in the prior year were paid from this fund.

- The excess of revenues over expenditures was $40.4 million. There were no transfers in. Transfers out to other funds were $46.0 million and included $41.6 million to the Special Education Fund, $2.7 million to the Debt Service Fund and $1.7 million to the Health Insurance Fund.

The Special Education Fund accounts for resources (state-aid and transfers from the General Fund) used to provide special education to eligible students. This fund has no fund balance as the District transfers only the amount needed to cover expenditures not covered by State funding. Resources and expenditures totaled $70.8 million, an increase from the prior year of $6.5 million, or 10.0%. All fund resources were from State aid of $29.2 million and transfers from the General Fund of $41.6 million.

The Debt Service Fund has a total fund balance of $61.9 million, all of which is restricted for the payment of debt service. The fund balance increased by $32.8 million as a result of issuing refunding bonds and increased property tax collections. Costs to defease debt and increases in principal and interest payments partially offset the increases.

The Debt Service – WC1 Fund is used to account for revenues and expenditures relating to the additional sales tax approved by voters during the 2016 election. The one-half percent sales and use tax increase became effective April 1, 2017. At June 30, 2018 the ending fund balance was

$26.1 million. Fiscal year 2018 revenues of $43.8 million were offset by expenses of $2.9 million and $25 million of transfers to the WC1 Sales Tax Revenue Fund.

The WC1 Sales Tax Revenue Fund is used to account for capital projects paid for with funds generated by the November 2016 WC-1 ballot measure imposing a sales and use tax of 0.54% to fund capital projects for the acquisition, construction, repair and renovation of school facilities. Monies received that exceed the amount needed for payment of debt service and any required reserve may be used for pay-as-you-go projects. During fiscal year 2018, $25 million was transferred into this fund from the Debt Service – WC1 Fund. Expenditures of approximately $7.8 million included $7.4 million for student housing, including the expansion of Damonte Ranch High School, and $0.4 million for support services facility upgrades. At June 30, 2018, the ending fund balance was $17.2 million.

The 2017C Sales Tax Revenue Bond Fund is used to account for bond proceeds of the first series of bonds that pledge the WC-1 Sales Tax Revenues for bond principal and interest payments. To date the District has issued one series of bonds in the amount of $200 million. During fiscal year 2018 expenditures of approximately $36.2 million included $34 million for the partial construction of two new middle schools and one new elementary school (16% expended), $16 thousand for support services facility upgrades (3% expended), and $2.2 million for bond issuance costs. The ending fund balance on June 30, 2018 of $181.0 million consists of unspent bond funds and investment income.

Rollover bond funds are funds received from issuing approximately $551 million in voter-approved bonds between 2002 and 2012 without increasing the tax rate to citizens. This measure expired in 2012 and the District was without a source of funding for capital improvement and construction for three years. Nevada legislators, during the 2015 legislative session, authorized districts to continue to issue additional bonds under the 2002 voter approved initiative for 10 more years. These new issues, named **Extended Bond Rollover Funds**, will provide approximately $350 million to address ongoing maintenance and improvement needs.

The rollover bonds have allowed the District to provide, in part, for the upkeep of existing facilities, improvements (including technology infrastructure upgrades) to older existing schools, and construction of new schools, when needed, to address increases in student enrollment. Individual rollover funds are as follows:

The 2017B Extended Bond Rollover Fund issuance in April 2017 for $15 million is being used primarily for student housing in the form of school design, facility upgrades, advanced planning, site acquisition and capital renewal. During fiscal year 2018 expenditures of approximately $2.3

million included $1.1 million for student housing (14% expended), $14 thousand for safety and security (6% expended), $0.1 million for support services facility upgrades (24% expended), $56 thousand for advanced planning (37% expended), $0.5 million for site acquisitions (10% expended), and $0.4 million for capital renewal (10% expended). The ending fund balance on June 30, 2018 of $13.9 million consists of unspent bond proceeds and investment income.

The 2017A Extended Bond Rollover Fund issuance in February 2017 for $55 million is being used primarily for student housing in the form of high school additions and school design, safety and security, facility upgrades, advance planning, site acquisitions, capital renewal, and program administration. During fiscal year 2018 expenditures of approximately $22.9 million included $2.3 million for student housing (45% expended), $37 thousand for safety and security (3% expended), $0.4 million for support services facility upgrades (35% expended), $8.5 million for site acquisitions (100% expended), $11.3 million for capital renewal (57% expended), and $0.3 million for program administration. The ending fund balance on June 30, 2018 of $33.3 million consists of unspent bond proceeds and investment income.

The 2016B Extended Bond Rollover Fund issuance in November 2016 for $15 million is being used primarily for student housing in the form of school design, site acquisitions, and advance planning. During fiscal year 2018 expenditures of approximately $8.9 million included $7.4 million for student housing (80% expended), $194 thousand for advance planning (20% expended), and $1.2 million for site acquisitions (26% expended). The ending fund balance on June 30, 2018 of $5.8 million consists of unspent bond proceeds and investment income.

The 2016A Extended Bond Rollover Fund issuance in February 2016 for $20 million is being used primarily for safety and security projects, student housing and overcrowding relief, advance planning, and various capital renewal projects. During fiscal year 2018 expenditures of approximately $7.9 million included $0.4 million for student housing and overcrowding relief (74% expended), $130 thousand for safety and security (18% expended), $0.5 million for support services facility upgrades (30% expended), $0.3 million for advance planning (96% expended), $2.0 million for revitalizations (99% expended), $3.7 million for capital renewal projects (67% expended), $0.2 million for educational options (52% expended), and $0.7 million for program administration. The ending fund balance on June 30, 2018 of $7.2 million consists of unspent bond proceeds and investment income.

The 2013 Bond Rollover Fund issuance in October 2012 for $45 million is being used primarily for revitalizations and various capital renewal projects. During fiscal year 2018 expenditures of approximately $7.8 million included $119 thousand for technology upgrades (99.8% expended), $371 thousand for revitalizations (99.9% expended), and $7.3 million for capital renewal projects (87% expended). The ending fund balance on June 30, 2018 of $4.5 million consists of unspent bond proceeds and investment income.

The 2012 Bond Rollover Fund issuance in November 2011 for $45 million is being used primarily for revitalizations and various capital renewal projects. During fiscal year 2018 expenditures of approximately $4.7 million included $2.0 thousand for technology (100% expended), $2.4 million for school revitalizations, including $1.3 million for signature academies (100% expended), approximately $1.1 million for capital renewal (99.5% expended), and $1.2 million for program administration. The ending fund balance on June 30, 2018 of $0.5 million consists of unspent bond proceeds and investment income.

The 2011B Bond Rollover Fund issuance in July 2011 for $35 million is being used primarily for technology upgrades, revitalizations and various capital renewal projects. During fiscal year 2018 expenditures of approximately $155 thousand included $82 thousand for revitalizations (99.9% expended) and $73 thousand for various capital renewal projects (100% expended). The ending fund balance on June 30, 2018 of $8 thousand consists of unspent bond proceeds and investment income.

The 2010 Washoe County Recovery Zone Economic Development Bond (RZEDB) issuance in April 2010 for $10.515 million is being used for revitalization/infrastructure improvements and capital renewal projects at schools located within Washoe County. During fiscal year 2018 expenditures of approximately $31 thousand were for revitalizations (99.9% expended). The ending fund balance on June 30, 2018 of $525 consists of unspent bond proceeds and investment income.

The 2009B Washoe County Recovery Zone Economic Development Bond (RZEDB) issuance in November 2009 for $15 million is being used primarily for revitalization/infrastructure improvements and capital renewal projects at schools located within Washoe County. During fiscal year 2018 expenditures of approximately $1.1 million included $0.8 million for revitalizations (98.5% expended) and $0.3 million for capital renewal projects (100% expended). The ending fund balance on June 30, 2018 of $65 thousand consists of unspent bond proceeds and investment income.

The 2009B City of Reno Recovery Zone Economic Development Bond (RZEDB) Fund issuance in November 2009 for $21.9 million is being used primarily for revitalization/infrastructure improvements and capital renewal projects for schools located within Reno city limits. During fiscal year 2018 expenditures of approximately $0.2 million included $19 thousand for revitalization (100% expended), and $0.2 million for capital renewal projects (99.8% expended). The $13 thousand ending fund balance on June 30, 2018 consists of unspent bond proceeds and investment income.

The 2009 Bond Rollover Fund bond issuance for $45 million has been used for revitalization of existing elementary schools, upgrades to information technology hardware/software, and capital renewal projects such as roofing and paving. During fiscal year 2018 expenditures totaled approximately $34 thousand for information technology projects (100% expended). This fund was fully expended as of June 30, 2018.

The 2007 Bond Rollover Fund bond issuance for $65 million was primarily used for construction of Depoali Middle School, the continued renovation of the District's existing facilities, acquisition of mobile classrooms and various technology upgrades. During fiscal year 2018 expenditures totaled approximately $145 thousand for capital renewal (100% expended). This fund was fully expended as of June 30, 2018.

Proprietary funds. The proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

The District's self-insured Property and Casualty, Health Insurance, and Workers' Compensation Internal Service Funds have a combined net position balance of $56.6 million, an increase of $33.2 million from fiscal year 2017. The Property and Casualty Fund had an ending net position of $2.8 million compared to $3.5 million in the prior year; the Health Insurance Fund had an ending net position of $51.9 million compared to the $17.0 million in the prior year; and the Workers' Compensation Fund had an ending net position $1.9 million compared to $2.9 million in the prior year. The decrease in the net position in the Property and Casualty Fund is primarily due to claims/costs from floods. The increase in net position for the Health Insurance Fund is a result of a transfer of funds from the Other Post-Employment Benefits Trust Fund, increased insurance reimbursements for large dollar claims, and an increase in insurance premiums. The decrease in net position in the Worker's Compensation fund is primarily due to increased claims and costs. As insurance funds, by their nature, are very difficult to forecast, the District continues to work to maintain the proper reserves in these funds.

The District's Nutrition Services Enterprise Fund has an ending net position of -$5.1 million compared to $83.5 thousand in the prior year. Current year operating activities increased the net position by $597.4 thousand and a prior period adjustment of -$5.8 million for the implementation of GASB Statements 75 and 82 decreased the net position. Additional factors concerning the finances in this fund were addressed in the discussion of the District's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

Prior to the beginning of the fiscal year, the District adopts its original budget on or before June 8. Because of a legislative year, the District can adopt an amended final budget within 30 days of the legislative adjournment. The District is also required to amend the budget by January 1 of the fiscal year to reflect the first quarter average daily enrollment count. During the year, the Chief Financial Officer is authorized to transfer appropriations between accounts and funds, subject to the subsequent approval by the Board of Trustees. The District may also augment the budget by a majority vote of the Board if anticipated resources become available during the year that exceed those estimated.

Original Budget compared to Final Budget. There were no net changes to revenues between the original adopted budget and final adjusted budget for fiscal year 2018.

The District augmented the budget on December 12, 2017 to reflect an increase in opening fund balances and medium-term note proceeds for fleet purchases. These sources were used to increase appropriations by $6.5 million, which included an increase for purchase of vehicles by $3.5 million and interest due on property tax refunds of $1.6 million. The contingency account was increased by $3.2 million.

The District also augmented the fiscal year 2018 General Fund budget on June 26, 2018. Specifically, local school support taxes were increased $3.7 million which reduced the State distributive school account (DSA) per pupil funding by the same amount. Therefore, expenditures were not increased but were modified to reflect transfers and alignment with anticipated costs.

Final Budget compared to Actual Results. General Fund revenues were $2.0 million lower than the Final Budget, a variance of only 0.4%. Major variances among local sources were government services taxes (+$1.8 million), school support taxes (+$2.4 million), refund of prior year school support taxes (-$8.9 million) and property taxes (-$1.2 million). The net growth in local sources reflects the strong economy in the region. Distributive school account revenues were $5.2 million higher than the final budget, due in part to increased school support taxes which are offset by lower state support, and declining enrollment throughout the year.

GENERAL FUND BUDGET COMPARISON

	2018 BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Local sources	$ 320,828,024	$ 324,480,396	$ 319,074,062	$ (5,406,334)
State sources	136,826,554	133,174,182	136,684,502	3,510,320
Federal sources	716,000	716,000	615,980	(100,020)
Total revenues	458,370,578	458,370,578	456,374,544	(1,996,034)
OTHER FINANCING SOURCES				
Medium-term financing	-	3,100,000	3,100,000	-
Proceeds from sale of property	85,000	85,000	55,923	(29,077)
FUND BALANCE, July 1	34,667,158	43,304,157	43,304,157	-
TOTAL SOURCES	$ 493,122,736	$ 504,859,735	$ 502,834,624	$ (2,025,111)
EXPENDITURES				
Current				
Regular programs	$ 215,900,183	$ 217,450,322	$ 210,469,065	$ 6,981,257
Special programs	5,433,908	5,483,765	4,985,316	498,449
Vocational programs	6,255,723	5,668,631	5,608,081	60,550
Other instructional programs	13,296,874	13,713,467	12,946,055	767,412
Co-curricular programs	4,064,154	4,929,107	3,920,051	1,009,056
Undistributed expenditures				-
Student support	33,276,564	32,475,552	31,766,681	708,871
Instructional staff support	15,756,870	15,982,833	15,195,251	787,582
General administration	12,845,715	14,480,629	6,154,378	8,326,251
School administration	36,652,582	36,150,904	35,297,243	853,661
Central services	23,931,604	23,782,337	23,053,603	728,734
Operation and maintenance	49,182,888	49,291,727	46,969,177	2,322,550
Student transportation	16,436,124	20,079,355	19,621,614	457,741
Total expenditures	433,033,189	439,488,629	415,986,515	23,502,114
OTHER FINANCING USES				
Contingency	833,965	4,055,702	-	4,055,702
Transfers out	47,991,997	47,998,293	45,965,403	2,032,890
Total other financing uses	48,825,962	52,053,995	45,965,403	6,088,592
FUND BALANCE, June 30	11,263,585	13,317,111	40,882,706	(27,565,595)
TOTAL APPLICATIONS	$ 493,122,736	$ 504,859,735	$ 502,834,624	$ 2,025,111

Total expenditures were $23.5 million lower than budgeted. The District achieved significant salary savings ($6.5 million) due to vacancies in teaching positions; in many of these cases, teaching positions were filled by a substitute teacher on a long-term basis, which carries a lower cost. Due to the large number of employees, the District has experienced vacancy savings for several years. Other notable savings included: textbook purchases ($1.9 million), which were ordered but not received as of June 30 and thus remained encumbered; lower costs for purchased services and supplies, which totaled $4.2 million; and the budgeting of $7.9 million for property tax refunds, which did not materialize. The District also had savings of $2.0 million in transfers out to the Special Education Fund, which largely reflects vacancy savings for special education staff, and savings of $4.1 million in the Contingency account, which was unspent.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The District's investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to $745.9 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, and construction in progress. The $63.9 million increase in the District's net capital assets for the current fiscal year was 9.4%.

WASHOE COUNTY SCHOOL DISTRICT CAPITAL ASSETS
(Net of Depreciation)

		2018		2017
Governmental Activities				
Land	$	60,460,009	$	38,933,306
Construction in progress		64,784,765		24,739,675
Buildings		573,226,567		571,514,395
Improvements other than buildings		22,091,314		21,562,293
Machinery and equipment		22,740,391		22,792,876
Total	$	743,303,046	$	679,542,545
Business-type Activities				
Construction in progress	$	55,176	$	-
Buildings		1,112,442		1,165,030
Machinery and equipment		1,448,894		1,340,200
	$	2,616,512	$	2,505,230

Major capital additions this fiscal year included:

School updates	$ 8.9 million	Machinery/Equipment	6.0 million
Air quality, electrical, plumbing	6.4 million	Site and parking lots	3.9 million
Construction in progress	40.9 million	Signature academies	7.9 million
Land	21.5 million		

Depreciation expense totaling $30.8 million is included in the government-wide statements. Additional information on the District's capital assets can be found in Note 5 on page 62 of this report.

Debt administration. The District's outstanding debt increased by a net amount of $193.5 million, or 37.5%, during the current fiscal year as a result of issuing $200 million of sales tax revenue bonds that pledge the 0.54% WC-1 sales tax, issuing $58.3 million of refunding bonds, and making scheduled principal payments.

WASHOE COUNTY SCHOOL DISTRICT OUTSTANDING DEBT

	2018	2017
General obligation bonds	$ 704,835,000	$ 512,120,000
Medium-term debt	4,887,475	4,112,880
Total	$ 709,722,475	$ 516,232,880

State statute (NRS 387.400) limits the amount of general obligation debt a school district may issue to 15% of its total assessed valuation. The fiscal year 2018 debt limit for the Washoe County School District is $2.4 billion, which is significantly greater than the District's outstanding general obligation debt.

The District's general obligation bond rating from Moody's Investor Service was downgraded from Aa3 to A1. Moody's primary rationale for the downgrade was the weakening of the district's fund balance because of its ongoing structural deficit. Standard and Poor's Corporation maintained its AA rating with a stable outlook. Additional information on the District's long-term debt can be found in Note 6 on pages 63-65 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Washoe County School District is the second largest county school district in the State of Nevada. The District's funding primarily comes from sales taxes, property taxes, State support, and government services taxes. The State funding is approved by the Legislature and is calculated after considering all other District revenues. Known as the "Nevada Plan", State revenue is expressed as a guaranteed per pupil amount which includes sales tax revenue and one-third of the general fund property tax revenue, with the balance contributed from the State. By guaranteeing a per pupil amount the State provides stability to the amount of revenue the District can expect for general operating purposes.

Since the Great Recession, Washoe County's economy has improved significantly due in part to improving national economic trends, but also due to development of nearby large-scale industrial parks and the decision by Tesla, Apple, Switch and other corporations to locate major facilities in the region. Going forward, the County's economy likely will continue to be linked to the national economy but also will be influenced by local factors such as the tourism and gaming industry, continued commercial and industrial development in the region, and the availability and cost of housing.

The District continues to face a budgetary structural deficit in its General Fund. On February 27, 2018, District staff provided the Board of Trustees with a forecast of anticipated resources (revenues and opening fund balances) and applications (expenditures and ending fund balances). Staff estimated a structural deficit of $19.1 million. Faced with this deficit, the budget process for fiscal year 2019 utilized several new approaches and techniques to successfully reduce the District's budget deficit to $7.5 million. New budgeting techniques used by the District included:

- a complete review of historical expenses incurred by departments against appropriations, which resulted in resetting department budgets downward by $5.2 million;

- an analysis of historical salary savings that accrue due to vacancies incurred during the year, which resulted in budget reductions of $4.0 million;
- cost benchmarking analysis against peer school districts; and
- calculation of the academic return on investment of certain programs.

In addition, in January 2018, the District began implementing a new budgeting process called priority-based budgeting, which uses a quantitative scoring and review process that matches programs and their results to the agency's stated priorities. The District intends to use the full results of this process for the fiscal year 2020 budget.

On May 22, 2018, the Board approved the Final Budget, which was submitted to the State Department of Taxation. General Fund revenues total $463.3 million, while General Fund expenditures and other financing uses equal $470.8 million, resulting in a deficit of $7.5 million. This shortfall is covered using a portion of the available fund balance of the General Fund. The total District budget, including all funds but net of interfund transfers, provides for funding of $912.9 million for operating costs, debt service and capital improvement projects.

REQUESTS FOR INFORMATION

This report is designed to provide a general overview of the Washoe County School District's finances for all interested parties. Questions concerning the information provided in this report or requests for additional financial information should be addressed to:

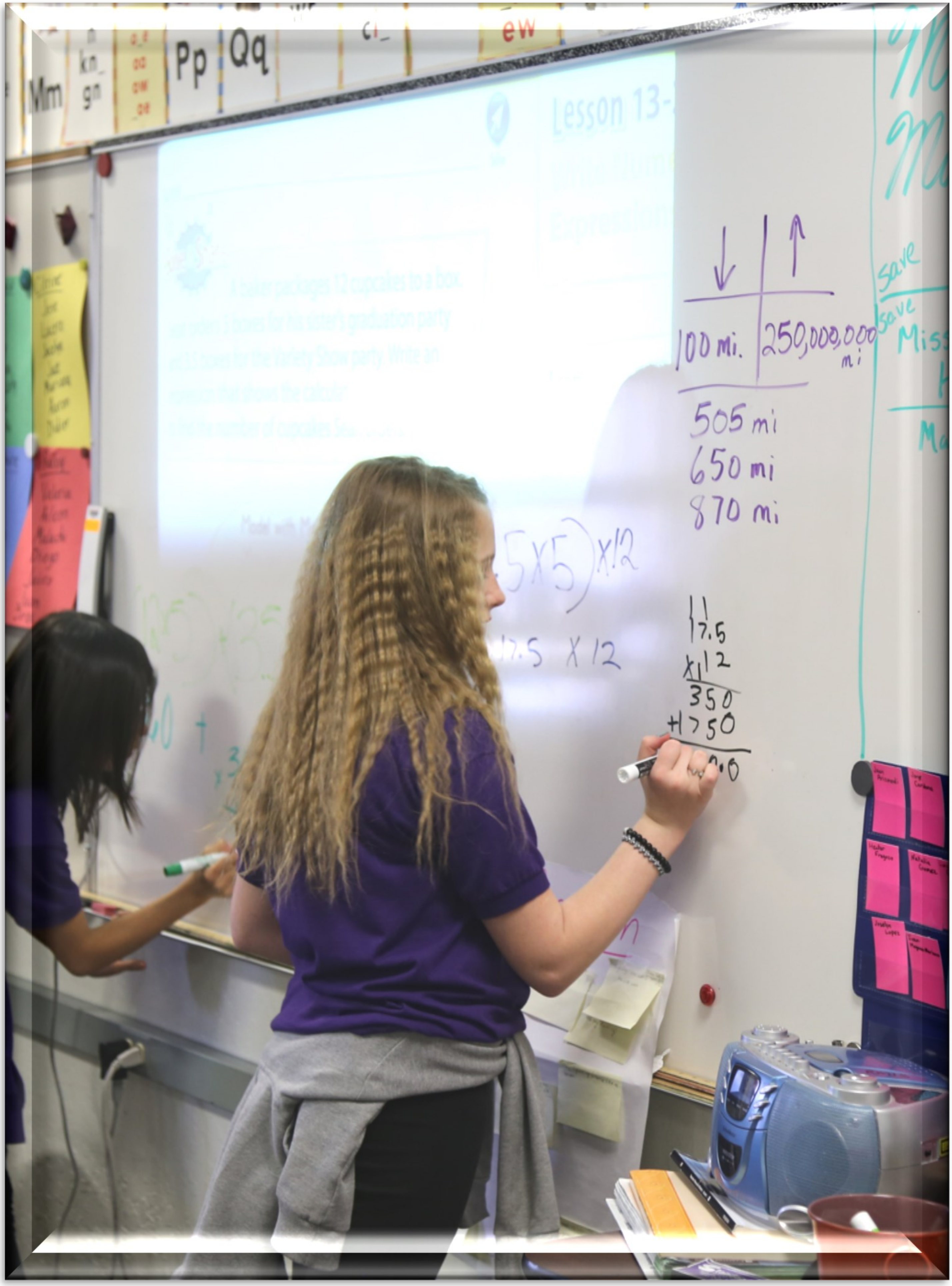
Washoe County School District
C/O Chief Financial Officer
P.O. Box 30425
Reno, NV 89520-3425

By December 31, 2018 this report will be available at www.washoeschools.net.

Basic Financial Statements

- **Government-wide Financial Statements**
  - Statement of Net Position
  - Statement of Activities
- **Fund Financial Statements**
  - Governmental Funds
  - Proprietary Funds
  - Fiduciary Funds

This page is intentionally left blank


Mm
Pp
Qq
ew
Lesson 13-
100 mi.
250,000,000 mi
505 mi
650 mi
870 mi
17.5
x12
350
+1750

WASHOE COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current assets			
Cash and investments	$ 408,185,523	$ 3,107,419	$ 411,292,942
Investments - restricted for OPEB	34,279,184	-	34,279,184
Receivables			
Property taxes	3,591,814	-	3,591,814
Interest	497,239	-	497,239
Grants	12,776,694	-	12,776,694
Miscellaneous	4,214,537	3,079,752	7,294,289
Due from other governments	55,192,405	-	55,192,405
Prepaids	510,749	1,165	511,914
Inventories	1,250,196	643,372	1,893,568
Total current assets	520,498,341	6,831,708	527,330,049
Noncurrent assets			
Restricted cash	27,793,994	-	27,793,994
Capital assets			
Land and construction in progress	125,244,774	55,176	125,299,950
Other capital assets, net of depreciation	618,058,272	2,561,336	620,619,608
Total noncurrent assets	771,097,040	2,616,512	773,713,552
Total assets	1,291,595,381	9,448,220	1,301,043,601
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pension	115,467,391	1,766,935	117,234,326
Deferred outflows of resources related to OPEB	26,181,682	806,913	26,988,595
Deferred debt retirement charges	21,692,174	-	21,692,174
Total deferred outflows of resources	163,341,247	2,573,848	165,915,095
Total assets and deferred outflows of resources	1,454,936,628	12,022,068	1,466,958,696

(CONTINUED)

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Current liabilities			
Accounts payable	$ 6,059,497	$ 71,159	$ 6,130,656
Construction contracts payable	20,006,803	55,176	20,061,979
Accrued liabilities	38,231,687	838,570	39,070,257
Interest payable	4,441,733	-	4,441,733
Due to other governments	563,297	-	563,297
Unearned revenue	1,865,669	420,819	2,286,488
Current portion of long-term obligations	75,441,538	-	75,441,538
Total current liabilities	146,610,224	1,385,724	147,995,948
Noncurrent liabilities			
General obligation bonds payable	772,719,073	-	772,719,073
Other long-term debt payable	4,887,475	-	4,887,475
Accrued compensated absences	32,433,448	-	32,433,448
Accrued self-insurance pending claims	15,722,266	-	15,722,266
Net pension liability	725,766,105	8,340,554	734,106,659
Net OPEB liability	150,438,711	5,957,797	156,396,508
Less: current portion of long-term obligations	(75,441,538)	-	(75,441,538)
Total noncurrent liabilities	1,626,525,540	14,298,351	1,640,823,891
Total liabilities	1,773,135,764	15,684,075	1,788,819,839
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pension	64,681,521	776,411	65,457,932
Deferred inflows of resources related to OPEB	26,876,184	673,477	27,549,661
Deferred revenues	17,179	-	17,179
Total deferred inflows of resources	91,574,884	1,449,888	93,024,772
Total liabilities and deferred inflows of resources	1,864,710,648	17,133,963	1,881,844,611
NET POSITION			
Net investment in capital assets	230,621,904	2,616,512	233,238,416
Restricted for			
Debt service	83,273,141	-	83,273,141
Capital projects	29,007,402	-	29,007,402
Self-insurance activities	56,618,527	-	56,618,527
Unrestricted	(809,294,994)	(7,728,407)	(817,023,401)
Total net position	$ (409,774,020)	$ (5,111,895)	$ (414,885,915)

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

		PROGRAM REVENUES	
FUNCTIONS/PROGRAMS	**EXPENSES**	**CHARGES FOR SERVICES**	**OPERATING GRANTS AND CONTRIBUTIONS**
Governmental activities			
Instruction			
Regular instruction	$ 233,549,611	$ -	$ 18,992,775
Special instruction	92,569,058	-	44,211,584
Vocational instruction	8,566,133	-	2,717,697
Other instruction	63,705,467	362,047	48,196,642
Adult education instruction	1,316,388	-	1,291,876
Community services instruction	654,569	-	642,347
Co-curricular instruction	3,960,386	-	-
Total instruction	404,321,612	362,047	116,052,921
Support services			
Instruction	13,213	-	13,039
Student support	32,804,876	-	434,593
Instructional staff support	15,652,591	-	104,195
General administration	6,757,817	-	454,797
School administration	36,169,643	-	-
Central services	28,634,187	-	3,112
Operation and maintenance	48,013,350	-	14,129
Student transportation	18,692,812	-	594,973
Other support	16,005	-	1,632
Community services operations	12	-	-
Facilities	37,600,299	-	-
Interest on long-term debt	23,700,061	-	-
Issuance costs on debt	429,753	-	-
Total support services	248,484,619	-	1,620,470
Total governmental activities	652,806,231	362,047	117,673,391
Business-type activities			
Nutrition services	24,176,889	5,621,234	19,153,088
Total business-type activities	24,176,889	5,621,234	19,153,088
Total school district	$ 676,983,120	$ 5,983,281	$ 136,826,479

General revenues
Property taxes, levied for general purposes
Property taxes, levied for debt service
Local school support taxes
Prior year refund - school support taxes
WC1 sales tax revenues
Government service taxes for general purposes
Government service taxes for capital purposes
Franchise taxes
Unrestricted investment earnings
State aid not restricted to specific purposes
State aid special appropriations
Other local sources
Federal aid not restricted to specific purposes
Transfers

Total general revenues and transfers

Change in net position

NET POSITION, July 1 - as originally stated

Prior period adjustment - implementation of GASB 75,82

NET POSITION, July 1 - as restated

NET POSITION, June 30

The notes to the financial statements are an integral part of this statement.

PROGRAM REVENUES	NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION		
CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
$ -	$ (214,556,836)	$ -	$ (214,556,836)
-	(48,357,474)	-	(48,357,474)
-	(5,848,436)	-	(5,848,436)
50,000	(15,096,778)	-	(15,096,778)
-	(24,512)	-	(24,512)
-	(12,222)	-	(12,222)
-	(3,960,386)	-	(3,960,386)
50,000	(287,856,644)	-	(287,856,644)
-	(174)	-	(174)
-	(32,370,283)	-	(32,370,283)
-	(15,548,396)	-	(15,548,396)
-	(6,303,020)	-	(6,303,020)
-	(36,169,643)	-	(36,169,643)
-	(28,631,075)	-	(28,631,075)
-	(47,999,221)	-	(47,999,221)
-	(18,097,839)	-	(18,097,839)
-	(14,373)	-	(14,373)
-	(12)	-	(12)
-	(37,600,299)	-	(37,600,299)
-	(23,700,061)	-	(23,700,061)
-	(429,753)	-	(429,753)
-	(246,864,149)	-	(246,864,149)
50,000	(534,720,793)	-	(534,720,793)
-	-	597,433	597,433
-	-	597,433	597,433
$ 50,000	(534,720,793)	597,433	(534,123,360)
	105,249,358	-	105,249,358
	55,305,428	-	55,305,428
	198,072,854	-	198,072,854
	(8,940,689)	-	(8,940,689)
	43,781,973	-	43,781,973
	17,921,072	-	17,921,072
	4,641,835	-	4,641,835
	288,011	-	288,011
	5,685,768	-	5,685,768
	130,502,725	-	130,502,725
	6,181,777	-	6,181,777
	6,206,915	-	6,206,915
	321,134	-	321,134
	34,279,184	-	34,279,184
	599,497,345	-	599,497,345
	64,776,552	597,433	65,373,985
	(254,299,989)	83,545	(254,216,444)
	(220,250,583)	(5,792,873)	(226,043,456)
	(474,550,572)	(5,709,328)	(480,259,900)
	$ (409,774,020)	$ (5,111,895)	$ (414,885,915)

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018
(Page 1 of 2)

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	DEBT SERVICE - WC1 FUND
ASSETS				
Cash and investments	$ 18,038,231	$ 5,268,507	$ 33,011,104	$ 14,722,720
Receivables				
Property taxes	2,350,036	-	1,241,778	-
Interest	33,627	-	195,856	93,108
Grants	-	-	-	-
Miscellaneous	1,083,437	33,484	-	-
Due from other funds	8,021,189	-	-	-
Due from other governments	43,387,278	-	-	11,298,621
Prepaids	33,260	-	-	-
Inventories	1,250,196	-	-	-
Restricted cash with fiscal agent	-	-	27,793,994	-
Total assets	$ 74,197,254	$ 5,301,991	$ 62,242,732	$ 26,114,449
LIABILITIES				
Accounts payable	$ 2,847,895	$ 398,458	$ -	$ -
Construction contracts payable	-	-	-	-
Accrued liabilities	28,931,982	4,903,533	-	-
Due to other funds	-	-	-	-
Due to other governments	543,499	-	1,863	-
Funds received in advance	16,693	-	-	-
Total liabilities	32,340,069	5,301,991	1,863	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	974,479	-	320,222	-
FUND BALANCE				
Nonspendable	1,283,456	-	-	-
Restricted	-	-	61,920,647	26,114,449
Committed	-	-	-	-
Assigned	10,417,754	-	-	-
Unassigned	29,181,496	-	-	-
Total fund balance	40,882,706	-	61,920,647	26,114,449
Total liabilities, deferred inflows of resources and fund balance	$ 74,197,254	$ 5,301,991	$ 62,242,732	$ 26,114,449

The notes to the financial statements are an integral part of this statement.

WC1 SALES TAX REVENUE FUND	2017C SALES TAX REVENUE BOND FUND	2017B EXTENDED BOND ROLLOVER FUND	2017A EXTENDED BOND ROLLOVER FUND	2016B EXTENDED BOND ROLLOVER FUND	2016A EXTENDED BOND ROLLOVER FUND
$ 17,254,445	$ 192,880,211	$ 14,887,139	$ 36,855,322	$ 6,957,337	$ 9,106,045
-	-	-	-	-	-
13,003	223	24,940	52,030	-	14,069
-	-	-	-	-	-
2,219	-	-	840	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 17,269,667	$ 192,880,434	$ 14,912,079	$ 36,908,192	$ 6,957,337	$ 9,120,114
$ -	$ 11,809	$ 46,133	$ 435,404	$ 3,977	$ 21,012
51,859	11,804,876	935,291	2,974,909	1,197,087	1,930,916
-	-	-	159,075	-	-
-	-	-	-	-	-
-	17,935	-	-	-	-
-	-	-	-	-	-
51,859	11,834,620	981,424	3,569,388	1,201,064	1,951,928
-	-	-	-	-	-
-	-	-	-	-	-
17,217,808	181,045,814	13,930,655	33,338,804	5,756,273	7,168,186
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
17,217,808	181,045,814	13,930,655	33,338,804	5,756,273	7,168,186
$ 17,269,667	$ 192,880,434	$ 14,912,079	$ 36,908,192	$ 6,957,337	$ 9,120,114

(CONTINUED)

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018
(Page 2 of 2)

	2013 BOND ROLLOVER FUND	2012 BOND ROLLOVER FUND	2010 WASHOE COUNTY RZEDB FUND	2009B WASHOE COUNTY RZEDB FUND
ASSETS				
Cash and investments	$ 5,522,877	$ 618,028	$ 525	$ 137,791
Receivables				
Property taxes	-	-	-	-
Interest	9,267	1,783	-	-
Grants	-	-	-	-
Miscellaneous	-	59	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Prepaids	-	-	-	-
Inventories	-	-	-	-
Restricted cash with fiscal agent	-	-	-	-
Total assets	$ 5,532,144	$ 619,870	$ 525	$ 137,791
LIABILITIES				
Accounts payable	$ 138,259	$ 107,065	$ -	$ 55,586
Construction contracts payable	904,460	20,544	-	17,655
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Funds received in advance	-	-	-	-
Total liabilities	1,042,719	127,609	-	73,241
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
FUND BALANCE				
Nonspendable	-	-	-	-
Restricted	4,489,425	492,261	525	64,550
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	4,489,425	492,261	525	64,550
Total liabilities, deferred inflows of resources and fund balance	$ 5,532,144	$ 619,870	$ 525	$ 137,791

The notes to the financial statements are an integral part of this statement.

2009B CITY OF RENO RZEDB FUND	2011B BOND ROLLOVER FUND	2007 BOND ROLLOVER FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$ 31,126	$ 22,156	$ 5,997	$ 14,744,994	$ 370,064,555
-	-	-	-	3,591,814
-	-	-	17,889	455,795
-	-	-	12,776,694	12,776,694
-	-	-	2,076,009	3,196,048
-	-	-	-	8,021,189
-	-	-	463,519	55,149,418
-	-	-	477,489	510,749
-	-	-	-	1,250,196
-	-	-	-	27,793,994
$ 31,126	$ 22,156	$ 5,997	$ 30,556,594	$ 482,810,452
$ -	$ -	$ -	$ 1,924,819	$ 5,990,417
18,585	14,492	5,997	39,300	19,915,971
-	-	-	4,200,188	38,194,778
-	-	-	8,021,189	8,021,189
-	-	-	-	563,297
-	-	-	1,848,976	1,865,669
18,585	14,492	5,997	16,034,472	74,551,321
-	-	-	897,487	2,192,188
-	-	-	27,489	1,310,945
12,541	7,664	-	10,704,244	362,263,846
-	-	-	2,920,391	2,920,391
-	-	-	-	10,417,754
-	-	-	(27,489)	29,154,007
12,541	7,664	-	13,624,635	406,066,943
$ 31,126	$ 22,156	$ 5,997	$ 30,556,594	$ 482,810,452

The notes to the financial statements are an integral part of this statement.

Disc and Drum Braking Systems
Disc and Drum Brake Systems
Assignment 2
Which of the following vehicles will have the most kinetic energy?
A 4000 lb. vehicle traveling at 25 mph
A 2000 lb. vehicle traveling at 50 mph
Both vehicles will have the same kinetic energy
SOL REPUBLIC

WASHOE COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances for governmental funds		$ 406,066,943
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Land and construction in progress	$ 124,994,969	
Capital assets subject to depreciation	1,042,823,774	
Less accumulated depreciation	(424,765,502)	
		743,053,241
Other deferred outflows used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Deferred debt charges	39,422,172	
Less accumulated amortization	(17,729,998)	
		21,692,174
Deferred inflows and outflows of resources related to pension are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension	115,225,386	
Deferred inflows of resources related to pension	(64,590,157)	
		50,635,229
Deferred inflows and outflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension	26,154,534	
Deferred inflows of resources related to pension	(26,847,653)	
		(693,119)
Long-term liabilities, including bonds payable and net pension benefit liability are not due and payable in the current period and therefore are not reported in the governmental funds.		
Governmental bonds payable	(704,835,000)	
Bond premium	(85,471,881)	
Less accumulated amortization	17,587,808	
Other long-term debt payable	(4,887,475)	
Net pension liability	(724,663,349)	
Net OPEB liability	(150,219,933)	
Compensated absences	(32,433,448)	
		(1,684,923,278)
Interest payable		(4,441,733)
Unavailable revenues represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		2,217,996
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net position of the internal service funds are reported with governmental activities.		56,618,527
Total net position of governmental activities		$ (409,774,020)

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018
(Page 1 of 2)

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	DEBT SERVICE - WC1 FUND
REVENUES				
Local sources	$ 319,074,062	$ -	$ 57,384,090	$ 43,860,798
State sources	136,684,502	29,185,152	-	-
Federal sources	615,980	-	-	-
Total revenues	456,374,544	29,185,152	57,384,090	43,860,798
EXPENDITURES				
Current				
Regular programs	210,469,065	-	-	-
Special programs	4,985,316	70,790,149	-	-
Vocational programs	5,608,081	-	-	-
Other instructional programs	12,946,055	-	-	-
Adult education programs	-	-	-	-
Community services programs	-	-	-	-
Co-curricular programs	3,920,051	-	-	-
Undistributed expenditures				
Instruction	-	-	-	-
Student support	31,766,681	-	-	-
Instructional staff support	15,195,251	-	-	-
General administration	6,154,378	-	-	-
School administration	35,297,243	-	-	-
Central services	23,053,603	-	-	-
Operation and maintenance	46,969,177	-	-	-
Student transportation	19,621,614	-	-	-
Food service operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	32,205,405	-
Interest	-	-	22,632,776	2,892,101
Bond issuance costs	-	-	429,753	-
Other	-	-	13,500	-
Total expenditures	415,986,515	70,790,149	55,281,434	2,892,101
Excess (deficiency) of revenues over expenditures	40,388,029	(41,604,997)	2,102,656	40,968,697
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	-	-
Refunding bonds issued	-	-	58,320,000	-
Medium-term financing	3,100,000	-	-	-
Proceeds from sale of property	55,923	-	-	-
Bond premiums	-	-	9,708,204	-
Payments to refunded bonds escrow agent	-	-	(40,099,313)	-
Transfers in	-	41,604,997	2,720,387	-
Transfers out	(45,965,403)	-	-	(25,000,000)
Total other financing sources (uses)	(42,809,480)	41,604,997	30,649,278	(25,000,000)
Net change in fund balance	(2,421,451)	-	32,751,934	15,968,697
FUND BALANCE, July 1	43,304,157	-	29,168,713	10,145,752
FUND BALANCE, June 30	$ 40,882,706	$ -	$ 61,920,647	$ 26,114,449

The notes to the financial statements are an integral part of this statement.

WC1 SALES TAX REVENUE FUND	2017C SALES TAX REVENUE BOND FUND	2017B EXTENDED BOND ROLLOVER FUND	2017A EXTENDED BOND ROLLOVER FUND	2016B EXTENDED BOND ROLLOVER FUND	2016A EXTENDED BOND ROLLOVER FUND
$ 27,963	$ 1,658,556	$ 223,149	$ 711,029	$ 140,613	$ 179,007
-	-	-	-	-	-
-	-	-	-	-	-
27,963	1,658,556	223,149	711,029	140,613	179,007
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,160,776	-	306,896	-	706,657
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,810,155	34,015,775	2,251,448	22,558,986	8,851,478	7,208,471
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
7,810,155	36,176,551	2,251,448	22,865,882	8,851,478	7,915,128
(7,782,192)	(34,517,995)	(2,028,299)	(22,154,853)	(8,710,865)	(7,736,121)
-	200,000,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	15,563,809	-	-	-	-
-	-	-	-	-	-
25,000,000	-	-	-	-	-
-	-	-	-	-	-
25,000,000	215,563,809	-	-	-	-
17,217,808	181,045,814	(2,028,299)	(22,154,853)	(8,710,865)	(7,736,121)
-	-	15,958,954	55,493,657	14,467,138	14,904,307
$ 17,217,808	$ 181,045,814	$ 13,930,655	$ 33,338,804	$ 5,756,273	$ 7,168,186

(CONTINUED)

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018
(Page 2 of 2)

	2013 BOND ROLLOVER FUND	2012 BOND ROLLOVER FUND	2010 WASHOE COUNTY RZEDB FUND	2009B WASHOE COUNTY RZEDB FUND
REVENUES				
Local sources	$ 99,299	$ 14,763	$ 3,073	$ 10,622
State sources	-	-	-	-
Federal sources	-	-	-	-
Total revenues	99,299	14,763	3,073	10,622
EXPENDITURES				
Current				
Regular programs	-	-	-	-
Special programs	-	-	-	-
Vocational programs	-	-	-	-
Other instructional programs	-	-	-	-
Adult education programs	-	-	-	-
Community services programs	-	-	-	-
Co-curricular programs	-	-	-	-
Undistributed expenditures				
Instruction	-	-	-	-
Student support	-	-	-	-
Instructional staff support	-	-	-	-
General administration	-	-	-	-
School administration	-	-	-	-
Central services	-	1,197,230	-	-
Operation and maintenance	-	-	-	-
Student transportation	-	-	-	-
Food service operations	-	-	-	-
Capital outlay	7,841,569	3,474,484	30,962	1,074,657
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Bond issuance costs	-	-	-	-
Other	-	-	-	-
Total expenditures	7,841,569	4,671,714	30,962	1,074,657
Excess (deficiency) of revenues over expenditures	(7,742,270)	(4,656,951)	(27,889)	(1,064,035)
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	-	-
Refunding bonds issued	-	-	-	-
Medium-term financing	-	-	-	-
Proceeds from sale of property	-	-	-	-
Bond premiums	-	-	-	-
Payments to refunded bonds escrow agent	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(7,742,270)	(4,656,951)	(27,889)	(1,064,035)
FUND BALANCE, July 1	12,231,695	5,149,212	28,414	1,128,585
FUND BALANCE, June 30	$ 4,489,425	$ 492,261	$ 525	$ 64,550

The notes to the financial statements are an integral part of this statement.

	2009B CITY OF RENO RZEDB FUND	2011B BOND ROLLOVER FUND	2009 BOND ROLLOVER FUND	2007 BOND ROLLOVER FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
$	958 $	496 $	- $	761 $	8,463,014 $	431,852,253
	-	-	-	-	41,649,215	207,518,869
	-	-	-	-	43,635,483	44,251,463
	958	496	-	761	93,747,712	683,622,585
	-	-	-	-	18,980,511	229,449,576
	-	-	-	-	15,300,531	91,075,996
	-	-	-	-	2,717,697	8,325,778
	-	-	-	-	48,196,642	61,142,697
	-	-	-	-	1,291,876	1,291,876
	-	-	-	-	642,347	642,347
	-	-	-	-	-	3,920,051
	-	-	-	-	13,039	13,039
	-	-	-	-	380,225	32,146,906
	-	-	-	-	104,195	15,299,446
	-	-	-	-	510,264	6,664,642
	-	-	-	-	-	35,297,243
	-	-	-	-	501,670	27,926,832
	-	-	-	-	14,129	46,983,306
	-	-	-	-	-	19,621,614
	-	-	-	-	1,632	1,632
	176,348	155,141	34,297	145,440	4,728,272	100,357,483
	-	-	-	-	-	32,205,405
	-	-	-	-	-	25,524,877
	-	-	-	-	-	429,753
	-	-	-	-	-	13,500
	176,348	155,141	34,297	145,440	93,383,030	738,333,999
	(175,390)	(154,645)	(34,297)	(144,679)	364,682	(54,711,414)
	-	-	-	-	-	200,000,000
	-	-	-	-	-	58,320,000
	-	-	-	-	-	3,100,000
	-	-	-	-	-	55,923
	-	-	-	-	-	25,272,013
	-	-	-	-	-	(40,099,313)
	-	-	-	-	-	69,325,384
	-	-	-	-	-	(70,965,403)
	-	-	-	-	-	245,008,604
	(175,390)	(154,645)	(34,297)	(144,679)	364,682	190,297,190
	187,931	162,309	34,297	144,679	13,259,953	215,769,753
$	12,541 $	7,664 $	- $	- $	13,624,635 $	406,066,943

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - governmental funds		$ 190,297,190
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 shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
Expenditures for capital assets	$ 95,183,706	
Less current year depreciation	(30,546,625)	
		64,637,081
Repayment of debt 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.		32,205,405
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.		(1,993,655)
Because some revenues will not be collected in time to pay for obligations of the current period, they are not considered available revenues in the governmental funds and are instead reported as deferred inflows. The changes in deferred inflows are accounted for as revenue in the Statement of Activities.		(318,986)
In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the entire proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the assets sold.		(1,126,385)
Issuance of long-term debt (e.g. refunding debt) provides current financial resources to the governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. The net effect of these transactions are deferred and amortized in the Statement of Activities.		
Bonds issued	(224,705,000)	
Refunding bonds issued	(33,615,000)	
Payment of bond principal	35,725,000	
		(222,595,000)
Costs associated with the issuance of long-term debt and any discount or premium realized at the time of incurring debt are recognized as an expenditure and other financing source or use respectively in the governmental funds. These items are accrued and deferred in the Statement of Activities and amortized over the life of the new debt.		
Retirement costs	4,374,313	
Current year amortization of retirement charges	(2,604,004)	
		1,770,309
Current year bond premiums	(25,272,013)	
Current year amortization of bond premiums	6,422,475	
		(18,849,538)

(CONTINUED)

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Conversely, some expenses reported in the Statement of Activities last year are reported as expenditures in the governmental funds this year.		
Change in long-term compensated absences	$ (1,095,356)	
Change in other postemployment benefits net asset	(4,123,564)	
		$ (5,218,920)
District pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.		
District pension contributions	48,868,825	
Pension expense	(53,214,199)	
		(4,345,374)
Internal service funds are used by management to charge the costs of certain insurance activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.		33,414,425
Change in net position of governmental activities		$ 64,776,552

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Local sources	$ 320,828,024	$ 324,480,396	$ 319,074,062	$ (5,406,334)
State sources	136,826,554	133,174,182	136,684,502	3,510,320
Federal sources	716,000	716,000	615,980	(100,020)
Total revenues	458,370,578	458,370,578	456,374,544	(1,996,034)
EXPENDITURES				
Current				
Regular programs	215,900,183	217,450,322	210,469,065	6,981,257
Special programs	5,433,908	5,483,765	4,985,316	498,449
Vocational programs	6,255,723	5,668,631	5,608,081	60,550
Other instructional programs	13,296,874	13,713,467	12,946,055	767,412
Co-curricular programs	4,064,154	4,929,107	3,920,051	1,009,056
Undistributed expenditures				
Student support	33,276,564	32,475,552	31,766,681	708,871
Instructional staff support	15,756,870	15,982,833	15,195,251	787,582
General administration	12,845,715	14,480,629	6,154,378	8,326,251
School administration	36,652,582	36,150,904	35,297,243	853,661
Central services	23,931,604	23,782,337	23,053,603	728,734
Operation and maintenance	49,182,888	49,291,727	46,969,177	2,322,550
Student transportation	16,436,124	20,079,355	19,621,614	457,741
Total expenditures	433,033,189	439,488,629	415,986,515	23,502,114
Excess (deficiency) of revenues over (under) expenditures	25,337,389	18,881,949	40,388,029	21,506,080
OTHER FINANCING SOURCES (USES)				
Medium-term financing	-	3,100,000	3,100,000	-
Proceeds from sale of property	85,000	85,000	55,923	(29,077)
Contingency	(833,965)	(4,055,702)	-	4,055,702
Transfers out	(47,991,997)	(47,998,293)	(45,965,403)	2,032,890
Total other financing sources (uses)	(48,740,962)	(48,868,995)	(42,809,480)	6,059,515
Net change in fund balance	(23,403,573)	(29,987,046)	(2,421,451)	27,565,595
FUND BALANCE, July 1	34,667,158	43,304,157	43,304,157	-
FUND BALANCE, June 30	$ 11,263,585	$ 13,317,111	$ 40,882,706	$ 27,565,595

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
SPECIAL EDUCATION - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	BUDGET			
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
State sources	$ 27,177,533	$ 29,150,397	$ 29,185,152	$ 34,755
EXPENDITURES				
Current				
Special programs	71,032,175	72,800,313	70,790,149	2,010,164
Excess (deficiency) of revenues over expenditures	(43,854,642)	(43,649,916)	(41,604,997)	2,044,919
OTHER FINANCING SOURCES				
Transfers in	43,643,620	43,649,916	41,604,997	(2,044,919)
Net change in fund balance	(211,022)	-	-	-
FUND BALANCE, July 1	211,022	-	-	-
FUND BALANCE, June 30	$ -	$ -	$ -	$ -

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES NUTRITION SERVICES ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
ASSETS		
Current assets		
Cash and investments	$ 3,107,419	$ 38,120,968
Investments - restricted for OPEB	-	34,279,184
Accounts receivable	3,079,752	1,018,489
Interest receivable	-	41,444
Inventories	643,372	-
Prepaids	1,165	-
Due from other governments	-	42,987
Total current assets	6,831,708	73,503,072
Capital assets		
Construction in progress	55,176	249,805
Buildings and improvements	1,213,573	-
Machinery and equipment	3,477,008	-
Less: Allowance for depreciation	(2,129,245)	-
Total capital assets	2,616,512	249,805
Total assets	9,448,220	73,752,877
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pension	1,766,935	242,005
Deferred outflows of resources related to OPEB	806,913	27,148
Total deferred outflow of resources	2,573,848	269,153
Total assets and deferred outflows of resources	12,022,068	74,022,030
LIABILITIES		
Current liabilities		
Accounts payable	71,159	69,080
Construction contracts payable	55,176	90,832
Accrued liabilities	838,570	36,909
Pending claims	-	11,134,727
Unearned revenues	420,819	-
Total current liabilities	1,385,724	11,331,548
Noncurrent liabilities		
Pending claims	-	4,587,539
Net pension liability	8,340,554	1,102,756
Net OPEB liability	5,957,797	218,778
Total noncurrent liabilities	14,298,351	5,909,073
Total liabilities	15,684,075	17,240,621
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pension	776,411	91,364
Deferred inflows of resources related to OPEB	673,477	28,531
Unavailable revenues	-	42,987
Total deferred inflows of resources	1,449,888	162,882
Total liabilities and deferred inflows of resources	17,133,963	17,403,503
NET POSITION		
Net investment in capital assets	2,616,512	249,805
Restricted for OPEB	-	34,279,184
Unrestricted	(7,728,407)	22,089,538
Total net position	$ (5,111,895)	$ 56,618,527

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES NUTRITION SERVICES ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES		
Local sources	$ 5,621,234	$ 85,226,182
OPERATING EXPENSES		
Food and supplies	11,143,714	-
Salaries and benefits	11,039,738	465,833
Employee benefits	-	81,188,233
Claims and services	-	6,427,853
Purchased services	1,243,062	-
Depreciation	241,327	-
Other	509,048	-
Total operating expenses	24,176,889	88,081,919
Operating (loss)	(18,555,655)	(2,855,737)
NONOPERATING REVENUES		
Federal subsidies	17,256,930	-
Commodity revenues	1,812,663	-
State matching funds	68,995	-
Contriutions and donations	14,500	-
Earnings on investments	-	350,959
Total nonoperating revenues	19,153,088	350,959
Income (loss) before transfers	597,433	(2,504,778)
TRANSFERS		
Transfers in	-	35,919,203
Change in net position	597,433	33,414,425
NET POSITION, July 1 - as originally stated	83,545	23,423,378
Prior period adjustment - implementation of GASB 75,82	(5,792,873)	(219,276)
NET POSITION, July 1 - as restated	(5,709,328)	23,204,102
NET POSITION, June 30	$ (5,111,895)	$ 56,618,527

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	BUSINESS-TYPE ACTIVITIES NUTRITION SERVICES ENTERPRISE FUND	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash flows from operating activities		
Cash received for services	$ 5,978,127	$ 85,629,485
Cash paid for salaries and benefits	(11,021,148)	(455,120)
Cash payments for employee benefits	-	(80,381,745)
Cash payments for claims and services	-	(6,374,105)
Cash paid for food and supplies	(9,199,148)	-
Cash payments for purchased services	(1,243,062)	-
Cash payments for other	(509,048)	-
Net cash provided (used) by operating activities	(15,994,279)	(1,581,485)
Cash flows from capital and related financing activities		
Purchase of equipment	(352,609)	(249,805)
Cash flows from noncapital financing activities		
Federal reimbursements	17,256,930	-
State matching funds	68,995	-
Contributions and donation	14,500	-
Transfers in	-	35,919,203
Net cash provided by noncapital financing activities	17,340,425	35,919,203
Cash flows from investing activities		
Interest received on investments	-	328,935
Net increase in cash and cash equivalents	993,537	34,416,848
Cash and investments, beginning of year	2,113,882	37,983,304
Cash and investments, end of year	$ 3,107,419	$ 72,400,152
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH (USED) BY OPERATIONS		
Operating (loss)	$ (18,555,655)	$ (2,855,737)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operations		
Depreciation	241,327	-
Commodity revenues	1,812,663	-
Non-cash pension liability adjustment	35,981	13,242
Non-cash OPEB liability adjustment	49,338	6,272
Changes in assets and liabilities		
Accounts receivable	367,787	403,303
Inventories	110,040	-
Prepaids	14,379	-
Accounts payable	(47,692)	12,818
Construction contracts payable	55,176	90,832
Accrued liabilities	(66,729)	(4,703)
Pending claims	-	752,488
Unearned revenues	(10,894)	-
Total adjustments	2,561,376	1,274,252
Net cash (used) by operations	$ (15,994,279)	$ (1,581,485)

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	PRIVATE-PURPOSE SCHOLARSHIP TRUST FUND	OTHER POST-EMPLOYMENT BENEFITS TRUST FUND	AGENCY FUNDS
ASSETS			
Cash and investments			
Cash	$ 1,107,293	$ 248,546	$ 4,790,683
Investment in state pool	-	-	4,006,245
RBIF participation units	-	23,757,455	-
Accounts receivable	-	-	89,374
Total assets	1,107,293	24,006,001	8,886,302
LIABILITIES			
Accrued liabilities	25,400	-	89,374
Due to student groups	-	-	8,796,928
Total liabilities	25,400	-	8,886,302
NET POSITION			
Assets held in trust	$ 1,081,893	$ 24,006,001	$ -

The notes to the financial statements are an integral part of this statement.

WASHOE COUNTY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	PRIVATE-PURPOSE SCHOLARSHIP TRUST FUND	OTHER POST-EMPLOYMENT BENEFITS TRUST FUND
ADDITIONS		
Earnings on investments	$ 14,863	$ 4,977,195
Donations	75,354	-
Total additions	90,217	4,977,195
DEDUCTIONS		
Benefits	-	9,085,661
Other	89,065	34,279,184
Total deductions	89,065	43,364,845
Change in net position	1,152	(38,387,650)
NET POSITION, July 1	1,080,741	62,393,651
NET POSITION, June 30	$ 1,081,893	$ 24,006,001

The notes to the financial statements are an integral part of this statement.

Notes to Financial Statements

The notes provide required disclosures and information necessary to understand the District’s activities.

This page is intentionally left blank

NOTE 1 – Summary of Significant Accounting Policies:

The accompanying financial statements of the Washoe County School District, Washoe County, Nevada (the "District") have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of existing Government and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Reporting Entity:

The District is organized under terms of legislation enacted in 1956 creating the countywide school districts. The governing board consists of seven members elected by the voters in the district for four-year terms, and has authority to adopt and administer budgets. The District receives funding from Local, State, and Federal government sources and must comply with the related requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity," since trustees are elected by the public, it is a legally separate government and it is fiscally independent of any other governmental entity. In addition, the District is not financially accountable for any other entity.

Implementation of GASB Statement No. 75

As of July 1, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard improves the usefulness of information about and improves accounting and financial reporting for postemployment benefits other than pensions (other postemployment benefits or OPEB). The effect of the implementation of this standard on beginning net position is disclosed in Note 13 to the financial statements and the additional disclosures required by this standard are included in Note 9.

Basic Financial Statements – Government-Wide Statements:

The basic financial statements include both government-wide (based on the District as a whole) and fund financial statements. The reporting focus is on either the District as a whole or major individual funds and nonmajor funds in the aggregate (within the fund financial statements).

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the District. 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. For the most part, the effect of interfund activity has been removed from these statements. Interfund activities relating to services provided and used between functions are not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

In the government-wide Statement of Net Position, the consolidated financial position of the District is presented at year-end, in separate columns, for both governmental and business-type activities, 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 government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by the general revenues (Ad Valorem taxes, School Support taxes, Distributive School funds, Government Services Tax and interest income not legally restricted for specific programs, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues and operating grants. Program revenues include charges for services, operating grants and contributions, capital grants and contributions, and investment earnings legally restricted to support a specific program. Program revenue must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs (by function) are normally covered by general revenue.

<u>Basic Financial Statements – Fund Financial Statements</u>:

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, deferred inflows of resources, fund equity, revenues and expenditures/expenses. District resources are allocated to and accounted for in 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 government-wide financial statements.

The emphasis in the fund financial statements is on the major funds in the governmental and business-type activity categories. Nonmajor governmental funds are summarized into a single column. GASB Statement No. 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* sets forth criteria 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 and business-type 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. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. 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's 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 funds are presented in the fiduciary fund financial statements by type. Since, by definition, these assets are held for the benefit of third parties and cannot be used to address activities or obligations of the District, these funds are not incorporated into the government-wide statements.

The District uses the following funds:

Major Funds:

Governmental Funds:

- **General Fund –** 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. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

- **Special Education Fund –** The Special Education Fund accounts for transactions of the District relating to educational services provided to children with special needs supported by state and local sources. The revenues of the fund consist of distributions from the State of Nevada Distributive School Account. Expenses not covered by the State are covered by a transfer from the General Fund.

- **Debt Service Fund –** The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt and other debt of governmental activities.

- **Debt Service – WC1 Fund –** The Debt Service – WC1 Fund accounts for the resources accumulated from the sales tax increase approved by the voters of Washoe County in 2016 and payments made for principal and interest on long-term general obligation debt.

- **WC1 Sales Tax Revenue Fund** – The WC1 Sales Tax Revenue Capital Projects Fund accounts for the resources accumulated from the sales tax increase approved by the voters of Washoe County in 2016. The proceeds will be used for pay-as-you-go capital projects.

- **2017C Sales Tax Revenue Bond Fund** – The 2017C Sales Tax Revenue Bond Capital Projects Fund accounts for the proceeds of this bond issuance. The proceeds will be used for school design, site acquisitions and planning.

- **2017B Extended Bond Rollover Fund –** The 2017B Extended Bond Rollover Capital Projects Fund accounts for the proceeds of this issuance. The proceeds will be used for upgrades and capital renewal projects at existing facilities, new school design, and site acquisitions.

- **2017A Extended Bond Rollover Fund –** The 2017A Extended Bond Rollover Capital Projects Fund accounts for the proceeds of this bond issuance. The proceeds will be used for new school design, site acquisitions and planning, an addition to an existing high school, and upgrades and capital renewal projects at existing facilities.

- **2016B Extended Bond Rollover Fund –** The 2016B Extended Bond Rollover Capital Projects Fund accounts for the proceeds of this issuance. The proceeds will be used for school design, site acquisitions and planning.

- **2016A Extended Bond Rollover Fund –** The 2016A Extended Bond Rollover Capital Projects Fund accounts for the proceeds of this bond issuance. The proceeds will be used primarily for safety and security projects, student housing and overcrowding relief, advanced planning, and various capital renewal projects.

- **2013 Bond Rollover Fund –** The 2013 Bond Rollover Capital Projects Fund accounts for the proceeds of this bond issuance. The proceeds will be used primarily for capital renewal projects, technology, and revitalization/ infrastructure improvements at schools located within Washoe County.

- **2012 Bond Rollover Fund –** The 2012 Bond Rollover Capital Projects Fund accounts for the proceeds of this bond issuance. The proceeds will be used primarily for revitalization/infrastructure improvements and capital renewal projects.

- **2010 Washoe County Recovery Zone Economic Development Bond (RZEDB) Fund –** The 2010 Washoe County RZEDB Fund accounts for the proceeds of this bond issuance. The proceeds are being used for revitalization/infrastructure improvements and capital renewal projects at schools located within Washoe County.

- **2009B Washoe County Recovery Zone Economic Development Bond (RZEDB) Fund –** The 2009 Washoe County RZEDB Fund accounts for the proceeds of this bond issuance. The proceeds are being used primarily for revitalization/infrastructure improvements and capital renewal projects at schools located within Washoe County.

- **2009B City of Reno Recovery Zone Economic Development Bond (RZEDB) Fund –** The 2009 City of Reno RZEDB Fund accounts for the proceeds of this bond issuance. The proceeds are being used primarily for revitalization/infrastructure improvements and capital renewal projects for schools located within Reno city limits.

- **2011B Bond Rollover Fund –** The 2011B Bond Rollover Capital Projects Fund accounts for the proceeds of this bond issuance. The proceeds will be used primarily for revitalization/infrastructure improvements and capital renewal projects.

- **2009 Bond Rollover Fund –** The 2009 Bond Rollover Capital Projects Fund accounts for the proceeds of this bond issuance. The proceeds are being used for the construction of a new elementary school, school renewal projects and information technology projects.

- **2007 Bond Rollover Fund –** The 2007 Bond Rollover Capital Projects Fund accounts for the proceeds of this bond issuance. The proceeds are being used for new school construction, school renewal projects and information technology projects.

Proprietary Funds:

- **Enterprise Fund –** The District's sole enterprise fund, the Nutrition Services Enterprise Fund, is used to account for the nutrition services operation of the District.

Additionally, the District reports the following fund types:

Internal Service Funds:

- The Internal Service Funds account for the financing of services provided by one department to other departments of the District on a cost-reimbursement basis. Currently, there are three District Internal Service Funds:

  Property and Casualty – accounts for self-insurance claims and fees to provide property and liability insurance.

  Health Insurance – accounts for the self-funded health plan and other contractual health insurance plans.

  Workers' Compensation – accounts for the self-insurance claims and fees to provide workers' compensation.

Fiduciary Funds:

- **Private Purpose Scholarship Trust Fund –** accounts for resources legally held in trust for use for scholarships.

- **Other Postemployment Benefits (OPEB) Trust Fund –** accounts for resources legally held in trust to fund postemployment benefit costs paid by the District.

- **Agency Funds –** account for student activity funds under the control of the respective schools in the District, and transactions related to the statewide Nevada Interscholastic Athletic Association.

Measurement Focus/Basis of Accounting:

The measurement focus describes the types of transactions and events that are reported in a fund's operating statement. Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers all non-grant revenues to be available if they are collected within 60 days of the end of the current fiscal period and grant revenues to be available if they are collected within 80 days of the end of the current fiscal period. Grant revenues have been extended due to the increased period required to collect revenues from the state and Federal Government. When revenues are due but will not be collected within the availability period, the receivable is recorded and an offsetting deferred inflow of resources account is established. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Most major sources of revenue reported in governmental funds are susceptible to accrual under the modified accrual basis of accounting. Below is a summary of revenue recognition policies for all major revenue sources.

Type of Revenue	Accrued When Measurable and Available	Recognized When Received	Accrued When Earned
AD VALOREM TAXES	X		
LOCAL SCHOOL SUPPORT TAXES	X		
GOVERNMENT SERVICES TAXES	X		
DISTRIBUTIVE SCHOOL FUND	X		
INTEREST			X
GRANTS-IN-AID	X		
MISCELLANEOUS REVENUE		X	

Proprietary Funds:

Proprietary Funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Accrued liabilities include provisions for claims reported and claims incurred but not reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid. The provision for claims incurred but not yet reported is estimated based on District experience since the inception of the program.

Fiduciary Funds:

The accounting records for the Private Purpose Scholarship Trust Fund and the Other Postemployment Benefits Trust Fund are maintained on the economic resources measurement focus and accrual basis of accounting. Contributions are recognized in the Other Postemployment Benefits Trust Fund in the period in which the contributions are due and the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. The accounting records for the agency funds do not have a measurement focus and are maintained on the accrual basis of accounting.

Property Taxes:

All real property in Washoe 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 Treasurer of Washoe County in which the District is located. 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.

Taxes on personal property, other than mobile and manufactured homes, are calculated using values derived from Personal Property Declarations submitted to the Washoe County Assessor's Office by business and aircraft owners. The Assessor's Office is required to estimate the value of the personal property if owners or their agents fail to declare personal property. Business personal property and aircraft taxes are billed in monthly cycles beginning in September and continuing through April of each tax year. Each bill is due upon receipt and delinquent after 30 days. The Treasurer's Office is responsible for conducting seizure and sale of property when there is an ongoing delinquency. The County is allowed to deduct eight percent of personal property tax collections as a commission, prior to distributing collections to taxing entities.

Secured roll property taxes receivable reflect only those taxes receivable from the last two delinquent roll years. Delinquent taxes from all roll years prior to fiscal year 2016-17 have been written off.

Budgets and Budgetary Accounting:

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

(1) Prior to April 15, the Superintendent submits to the Board of Trustees and to both the Nevada Department of Taxation and Department of Education, a tentative budget for the fiscal year commencing the following July 1. The tentative budget includes proposed expenditures and the means of financing them.

(2) Prior to the third Wednesday in May, a minimum of seven days' notice of public hearing on the final budget is published in a local newspaper. Public hearings are conducted prior to the adoption of the budget to obtain taxpayer comments.

(3) On or before June 8, the budget is legally adopted by a majority vote of the Board of Trustees.

(4) On or before January 1, the Board of Trustees adopts an amended final budget reflecting any adjustments necessary as a result of the complete count of students.

(5) NRS provides that the Board of Trustees may augment the budget for a fund that receives property tax revenues at any time by a majority vote of the Board provided the Board publishes notice of intention to act, in a newspaper of general circulation in the county at least three days before the date set for adoption of the resolution. Augmentations of other funds require that the governing body adopt a resolution by majority vote at a regular meeting and submit the resolution to the Nevada Department of Taxation.

(6) The legal level of budgetary control is at the function level for the General Fund, Special Revenue Funds and Capital Projects Funds, and the sum of operating and non-operating expenses in the Enterprise and Internal Service Funds. State statute does not require that debt service payments be limited by the budget.

(7) The Chief Financial Officer is authorized to transfer appropriations within and between funds if amounts do not exceed the original budget. The Board of Trustees is advised of the transfer and the transfer is recorded in the minutes.

(8) Formal budgetary integration is employed as a management control device for the General Fund, Special Revenue Funds, Debt Service Fund, Enterprise Fund, Internal Service Funds and Capital Projects Funds. Such funds have legally adopted annual budgets which lapse at year-end. The ensuing year's budget is augmented to provide for the payment of prior year encumbrances. The prior year encumbrances, where applicable, have been included in the Original Budget column of the financial statements.

(9) All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all funds except for the Private Purpose Scholarship Trust Fund and Agency Funds, which do not require budgets.

All budgets presented in the accompanying supplementary information reflect the original budget and final budget (which has been adjusted for legally authorized revisions of the annual budgets during the year). Appropriations, except encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year.

Cash and Investments:

Cash balances from all funds are combined and, to the extent practicable, invested as permitted by law. The District voluntarily participates in the State of Nevada Local Government Investment Pool (LGIP) and Washoe County's external investment pool. Interest earned on investments is allocated to certain funds pursuant to Nevada Revised Statutes.

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurements and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Pursuant to NRS 355.170 and 355.175, the District may 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.

- Obligations of an agency or instrumentality of the United State of America or a corporation sponsored by the government, maturing within ten (10) years from the date of purchase.

- Negotiable certificates of deposit from commercial banks and insured savings and loan associations, and credit unions.

- Certain securities issued by local governments of the State of Nevada.

- Certain bankers' acceptances, commercial paper issued by a corporation organized and operating in the United States, and money market mutual funds.

- Certain obligations of state and local governments.

- State of Nevada Local Government Investment Pool.
- Certain “AAA” rated mutual funds that invest in federal securities.
- Other securities expressly provided by other statutes, including repurchase agreements and collateralized investment contracts.

Statements of Cash Flows:

For purposes of the statements of cash flows, the District considers all short-term highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Inventories:

Inventories for the General Fund and the Nutrition Services Enterprise Fund are maintained on a consumption basis of accounting, where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Inventories are stated at cost for the General Fund and the lower of cost or market for the Nutrition Services Enterprise Fund, except for inventories of commodities which are stated at market value, using the first-in, first-out (FIFO) method of valuation.

Capital Assets:

Capital assets, including land, buildings, machinery and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. If purchased or constructed, all capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are valued at their acquisition value as of the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets’ lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	Years
Building/Land Improvements	7 - 50
Vehicles/Buses	8 - 10
Machinery and Equipment	5 - 20

Allowance for Uncollectible Receivables:

The District has not established an allowance for uncollectible receivables since prior experience has shown that uncollectible receivables are not significant.

Accrued Liabilities:

Accrued liabilities consist principally of teacher, administrator, and other District employee salaries and benefits relating to the school program year ended June 30, 2018, but not yet paid.

Pensions:

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of the State of Nevada (PERS) Base Plan (Base Plan) and additions to/deductions from Base Plan's fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows and Deferred Inflows of Resources:

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports amounts related to pensions, other postemployment benefits, and deferred debt retirement charges on the government-wide Statement of Net Position and amounts related to pensions and other postemployment benefits on the proprietary funds' Statement of Net Position as deferred outflows of resources.

In addition to liabilities, the Statement of Net Position and Balance Sheets report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports amounts related to pensions, other postemployment benefits, and deferred revenues on the Government-wide Statement of Net Position and unavailable revenues on the Governmental Funds Balance Sheet as deferred inflows of resources. The District reports amounts related to pensions, other postemployment benefits, and unavailable revenues on the proprietary funds' Statement of Net Position as deferred inflows of resources.

Expenditures:

Expenditure data is characterized by major program classifications pursuant to the provisions of the National Center for Education Statistics handbook entitled *Financial Accounting for Local and State School Systems* as modified by the State of Nevada. Below is a brief description of these program classifications.

Regular programs are activities that provide students in prekindergarten through grade 12 with learning experiences to prepare them for further education or training and for responsibilities as citizens, family members, and workers.

Special programs include activities for elementary and secondary students (prekindergarten through grade 12) receiving special education and related services. These services are related to mental retardation, orthopedic impairment, emotional disturbance, developmental delay, specific learning disabilities, multiple disabilities, hearing impairment, other health impairments, visual impairments including blindness, autism, deaf-blindness, traumatic brain injury, and speech or language impairments. Special programs include students receiving services related to gifted and talented programs.

Vocational programs are activities delivered through traditional comprehensive and vocational-technical high schools or recognized charter schools that prepare students to meet challenging academic standards as well as industry skill standards while preparing students for broad-based careers and further education beyond high school.

Other instructional programs are activities that provide students in prekindergarten through grade 12 with learning experiences in English for speakers of other languages, alternative and at-risk education programs, remedial programs, summer school programs, and other instructional programs.

Adult education programs are activities that develop knowledge and skills to meet immediate and long-range educational objectives of adults who, having completed or interrupted formal schooling, have accepted adult roles and responsibilities. Programs include activities to foster the development of fundamental tools of learning; prepare students for a postsecondary career; prepare students for postsecondary education programs; upgrade occupational competence; prepare students for a new or different career; develop skills and appreciation for special interests; or enrich the aesthetic qualities of life.

Community services programs are activities not directly related to the provision of educational services in the District. These include services such as community recreation programs, civic activities, public libraries, programs of custody and care of children and community welfare activities provided by the District for the community as a whole or some segment of the community.

Co-curricular programs are activities that add to a student's educational experience but are not related to educational activities. These include events and activities that take place outside the traditional classroom such as student government, athletics, band, choir, clubs, and honors societies.

Undistributed expenditures are those which are not allocated to any single program. Student and instructional staff support and overall general and administrative costs are classified as undistributed expenditures. Also included are costs of operating, maintaining, and constructing the physical facilities of the District.

Compensated Absences:

Teachers and certain hourly employees do not receive vacation leave. For other District employees, vacation leave is earned at rates dependent on length of employment and can be accumulated to specific maximum days/hours. The District pays limited accumulated sick leave benefits to certain employees upon separation. In proprietary funds, compensated absences are recorded when the liabilities are incurred. In governmental funds, the current portion is recorded as a payroll expenditure only if it has matured as a result of employees who have terminated as of June 30. The current portion is defined as those benefits expected to be paid in the subsequent twelve months. The estimated long-term liability for compensated absences is accounted for in the government-wide financial statements.

Comparative Data:

Comparative total data for the prior year has been presented to provide an understanding of the changes in the financial position and operations. It has been provided to add comparability but is not considered full disclosure of transactions for fiscal year 2017. Such information can only be obtained by referring to the audited financial statements for that year. Certain amounts in the prior year statements have been reclassified when feasible to conform to current year presentation.

NOTE 2 – Compliance with Nevada Revised Statutes and Nevada Administrative Code:

The District conformed to all significant statutory constraints on its financial administration during the year.

NOTE 3 – Cash and Investments:

The District maintains a cash and investment pool that is available for use by all funds. At June 30, 2018 this pool is displayed by major and other governmental funds on the Governmental Funds Balance Sheet and on the Enterprise Fund Statement of Net Position as "Cash and Investments."

As of June 30, 2018, the District had the following amounts reported as cash and investments:

Government-Wide Balances:	
Pooled cash	$ 23,043,956
Investments	450,322,164
	$473,366,120
Fiduciary Fund Balances:	
Cash held by Student Activity Fund Agency Fund	$ 4,790,683
Cash held by OPEB Trust Fund	248,546
Investments	28,870,993
	$ 33,910,222
	$507,276,342

Except for financial reporting purposes, the cash and investments balances in the Fiduciary Funds are not normally considered part of the District's pooled cash and investments. These amounts represent cash and investments held in an agency capacity by the District and cannot be used in the District's normal operations.

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 2 or Level 3 inputs.

As of June 30, 2018, the District had the following recurring fair value measurements, except those measured at cost as identified below:

Government-Wide Balances:

		Fair Value Measurements Using		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Investments:				
Money Market Mutual Fund	$210,274,373	$210,274,373	$ -	$ -
U.S. Treasuries	10,764,093	10,764,093	-	-
U.S. Agencies	7,080,705	7,080,705	-	-
Asset-Backed Corporate Securities	5,349,909	5,349,909	-	-
Corporate Securities	6,021,702	6,021,702	-	-
Certificates of Deposit (at cost)	3,919,870	3,919,870	-	-
	243,410,652	$243,410,652	$ -	$ -
Investments not Classified by Level:				
State of Nevada Local Government Investment Pool	123,116,462			
State of Nevada Local Government Investment Pool-Workers Comp	2,493,240			
Washoe County Investment Pool	47,022,626			
Retirement Benefits Investment Fund	34,279,184			
Total Investments	$450,322,164			

Fiduciary Fund Balances:

Investments:	
Retirement Benefits Investment Fund	$ 23,757,455
State of Nevada Local Government Investment Pool	5,113,538
Total Investments	$ 28,870,993

Investments categorized as Level 1 are valued using prices quoted in active markets for those investments.

The District is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP) which has regulatory oversight from the Board of Finance of the State of Nevada. The District's investment in the LGIP is equal to its original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. The District's investment in the LGIP is reported at fair value. Fair value is determined on a daily basis. Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments.

The District is a voluntary participant in the Washoe County Investment Pool which has regulatory oversight from the Board of County Commissioners. The District's investment in the Washoe County Investment Pool is equal to its original investment plus or minus monthly allocation of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. The District's investment in the Washoe County Investment Pool is reported at fair value. Fair value is determined on a monthly basis. Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments.

The District, through the OPEB Trust Board, is a voluntary participant in the Retirement Benefits Investment Fund (RBIF) which has regulatory oversight from the Public Employees' Retirement Board of the State of Nevada. The District's investment in RBIF is equal to its original investment plus monthly allocation of interest income, and realized and unrealized gains and losses, according to their proportional share in the fund. The District's investment in the RBIF is reported at fair value. Fair value is determined on a monthly basis. Nevada Revised Statutes (NRS 355.170) set forth acceptable investments for Nevada local governments.

As of June 30, 2018, the District had the following investments and maturities:

Government-Wide Balances:

		Investment Maturities (In Years)			
	Fair Value	Less than 1	1 to 4	4 to 6	6 to 10
Investments:					
Money Market Mutual Fund	$ 210,274,373	$ 210,274,373	$ -	$ -	$ -
State of Nevada Local Government Investment Pool	123,116,462	123,116,462 *	-	-	-
State of Nevada Local Government Investment Pool-Workers Comp	2,493,240	2,493,240 *	-	-	-
Washoe County Investment Pool	47,022,626	10,858,308	32,787,735	1,998,759	1,377,824
Restricted Investments	34,279,184	34,279,184	-	-	-
U.S. Treasuries	10,764,093	5,894,463	4,869,630	-	-
U.S. Agencies	7,080,705	2,380,945	4,699,760	-	-
Asset-Backed Corporate Securities	5,349,909	775,291	4,574,618	-	-
Corporate Securities	6,021,702	2,974,421	3,047,281	-	-
Certificates of Deposit (at cost)	3,919,870	-	3,919,870	-	-
Total Investments	$ 450,322,164	$ 393,046,687	$ 53,898,894	$ 1,998,759	$ 1,377,824

Fiduciary Fund Balances:

	Fair Value
Investments:	
Retirement Benefits Investment Fund	$ 23,757,455 **
State of Nevada Local Government Investment Pool	5,113,538 *
Total Investments	$ 28,870,993

* Average weighted maturity of 310 days.
** Average weighted maturity is unavailable.

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 and the District's investment policy limits bankers' 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. Agencies consists of securities issued by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and Federal Home Loan Bank. Since investments in these agencies are in many cases backed by assets such as mortgages, they are subject to prepayment risk. The District's investments in all other mortgage-backed securities are also subject to prepayment risk.

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. The State of Nevada Local Government Investment Pool (LGIP), the Washoe County Investment Pool, and the Retirement Benefits Investment Fund are unrated external investment pools. Nevada Statutes and the District's investment policy limit investment in money market mutual funds and asset-backed securities to the "AAA" rating (or equivalent) by a nationally recognized statistical rating organization. All of the District's money market mutual funds and asset-backed securities investments are rated by nationally recognized statistical rating organizations as "AAA".

Concentration of Credit Risk. To limit exposure to concentrations of credit risk, the District's investment policy limits investment in bankers' acceptance notes to 15%, repurchase agreements to 25%, commercial paper to 20%, and money market mutual funds to 25%, of the entire portfolio on the date of purchase.

Custodial Credit Risk – Deposits. 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/ Nevada Collateral Pool.

The State of Nevada Local Government Investment Pool (LGIP) is an unrated external investment pool administered by the Office of the State Treasurer, with oversight by the State of Nevada Board of Finance. Investment in LGIP is carried at fair value, which is the same as the value of the pool shares and determined monthly by Bank of New York Mellon.

The Washoe County Board of Commissioners administers and is responsible for the Washoe County Investment Pool in accordance with NRS 355.175. The external investment pool is not registered with the SEC as an investment company. Public Financial Management, LLC determines the fair value of the investment pool monthly. Washoe County has not provided or obtained any legally binding guarantees during the year to support the value of shares. Each participant's share is equal to their original investment plus or minus monthly allocations of interest income and realized and unrealized gains and losses.

The Retirement Benefits Investment Fund (RBIF) is an external pool administered by a board that consists of the same Governor appointed individuals who serve on the Public Employees' Retirement Board. The Board is responsible for administering the Pool in accordance with NRS 355.220(2). The external investment pool is not registered with the SEC as an investment company. Bank of New York Mellon determines the fair value of the investment pool monthly. Each participant acts as fiduciary for its particular share of the Pool. RBIF allocates earnings (which include realized and unrealized gain or loss, interest, and other income) and expenses (both administrative and investment) to each participant according to their proportional share in the Pool. This investment pool is available only to the OPEB Trust Fund (a fiduciary fund of the District).

NOTE 4 – Interfund Balances and Transfers:

Interfund receivable/payable balances at June 30, 2018 are as follows:

Receivable Fund	Payable Fund	Amount
General Fund - major fund	Other Governmental Funds	$ 8,021,189
Total		$ 8,021,189

The purpose of the interfund balance listed above is to address nonmajor Special Revenue Funds which are reimbursement-type funds that would otherwise have negative cash balances at the end of the year.

Interfund transfers are reported as other financing sources or uses, as appropriate, in all funds other than Proprietary Funds, where they are reported as transfers.

Transfers between funds during the year ended June 30, 2018, are as follows:

	Transfers In:				
	Special Education Fund	Debt Service Fund	Capital Projects Fund	Internal Service Fund	Total
Transfers Out:					
General Fund	$ 41,604,997	$ 2,720,387	$ -	$ 1,640,019	$ 45,965,403
Debt Service Funds	-	-	25,000,000	-	25,000,000
OPEB Trust Fund	-	-	-	34,279,184	34,279,184
Total	$ 41,604,997	$ 2,720,387	$ 25,000,000	$ 35,919,203	$ 105,244,587

Special Education Fund – The transfer to the Special Education Fund from the General Fund is to supplement State funds received for Special Education.

Debt Service Fund – The transfer to the Debt Service Fund from the General Fund is for repayment of non-general obligation debt.

Capital Projects Fund – The transfer to the WC1 Sales Tax Revenue Fund from the Debt Service Fund is for pay-as-you-go construction projects.

Internal Service Funds – The transfer to the Health Insurance Fund from the General Fund is to cover retiree health care costs. The transfer to the Health Insurance Fund from the OPEB Trust Fund is to transfer the portion of investments related to the Nevada Public Employees' Benefits Plan (NPEBP) out of the OPEB Trust Fund due to the adoption of Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. For additional information about this transfer and the standard see Note 9.

NOTE 5 – Capital Assets:

Capital asset activity for the year ended June 30, 2018 was as follows:

	July 1, 2017 Balance	Increases	Decreases	June 30, 2018 Balance
Governmental Activities				
Capital assets, not being depreciated				
Land	$ 38,933,306	$ 21,526,703	$ -	$ 60,460,009
Construction in progress	24,739,675	67,092,282	(27,047,192)	64,784,765
Total capital assets not being depreciated	63,672,981	88,618,985	(27,047,192)	125,244,774
Other capital assets				
Buildings	896,590,514	24,839,550	-	921,430,064
Improvements other than buildings	33,708,714	2,212,747	-	35,921,461
Machinery and equipment	82,138,533	5,705,784	(2,372,068)	85,472,249
Total capital assets being depreciated	1,012,437,761	32,758,081	(2,372,068)	1,042,823,774
Total capital assets	1,076,110,742	121,377,066	(29,419,260)	1,168,068,548
Less accumulated depreciation for				
Buildings	(325,076,119)	(23,127,378)	-	(348,203,497)
Improvements other than buildings	(12,146,421)	(1,683,726)	-	(13,830,147)
Machinery and equipment	(59,345,657)	(5,735,521)	2,349,320	(62,731,858)
Total accumulated depreciation	(396,568,197)	(30,546,625)	2,349,320	(424,765,502)
Governmental activities capital assets, net	$ 679,542,545	$ 90,830,441	$ (27,069,940)	$ 743,303,046
Business-Type Activities				
Capital assets, not being depreciated				
Construction in progress	$ -	$ 55,176	$ -	$ 55,176
Total capital assets not being depreciated	-	55,176	-	55,176
Other capital assets				
Buildings	1,213,573	-	-	1,213,573
Machinery and equipment	3,173,143	303,865	-	3,477,008
Total capital assets	4,386,716	303,865	-	4,690,581
Less accumulated depreciation for				
Buildings	(52,588)	(48,543)	-	(101,131)
Machinery and equipment	(1,828,899)	(199,215)	-	(2,028,114)
Total accumulated depreciation	(1,881,487)	(247,758)	-	(2,129,245)
Business-type activities capital assets, net	$ 2,505,229	$ 111,283	$ -	$ 2,616,512

Depreciation was charged to the functions/programs of the District as follows:

Governmental activities:	
Instruction	$ 137,422
Student support	57,185
Instructional staff support	35,958
General administration	3,059
School administration	2,770
Central support	435,936
Operation/maintenance	315,876
Student transportation	2,581,985
Other support	863
Facilities	26,975,571
Total governmental activities depreciation expense	$ 30,546,625
Business-type activities:	
Nutrition services operations	$ 241,327
Total business-type activities depreciation expense	$ 241,327

NOTE 6 – General Long-Term Obligations:

Bonds Issued:

On November 21, 2017 the District issued $200,000,000 in General Obligation School Improvement Bonds Series 2017C. The term is thirty years with an interest rate of 3.125%-5%. Interest payments began in April of 2018. Principal payments begin in October of 2020. The proceeds will be used for new school construction and existing school improvement projects.

On November 21, 2017 the District issued $58,320,000 in General Obligation Refunding Bonds Series 2017D. The term is thirteen years with an interest rate of 4%-5%. Interest payments began in June of 2018. Principal payments begin in June of 2020. Net proceeds of $33,615,000 were used for the refunding of $35,725,000 of Series 2011A and 2011B bonds. The refunding was undertaken to reduce total debt service payments by $4,469,738 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $3,535,831. The remaining proceeds of $24,705,000 were used for the refunding of $26,955,000 of Series 2009B bonds. The refunding was undertaken to reduce total debt service payments by $1,086,628 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,001,578. The escrow funded by the refunding bonds and related premium was used only to secure the principal related to $26,955,000, (exclusive of related call premiums) of the Series 2009B bonds, which will mature on June 1, 2024. The interest related to these maturities is not secured by this escrow. Rather, it will be paid from the existing stream of revenues. Interest on a portion of the newly issued refunding bonds will be paid from proceeds of the escrow until the aforementioned prior bonds are called for redemption. This technique, which is generally referred to as a “crossover refunding,” results in economic savings to the District similar to a normal refunding, but does not meet the accounting definition of a legal defeasance of debt, in which case the defeased debt and the related escrow accounts would have been removed. Until such time as the escrow is used to repay the principal of the refunding bonds, such amounts will be reported in the 2009B City of Reno RZEDB Fund and the 2009B Washoe County RZEDB Fund. As of June 30, 2018, $26,955,000 of these amounts remained outstanding.

General long-term debt consists of the following at June 30, 2018:

General Obligation Bonds

Series	Date Issued	Date of Maturity	Interest Rate (%)	Amount Issued	Balance June 30, 2018
2009	02/18/09	06/01/29	4.322%	45,000,000	5,210,000
2009B	11/12/09	06/01/24	3.141%	36,930,000	31,885,000
2010A	04/01/10	04/01/25	3.104%	10,515,000	7,515,000
2010D	05/26/10	05/01/27	3.797%	3,550,000	2,800,000
2010E	10/06/10	06/01/27	2.811%	5,415,000	4,415,000
2010F	10/06/10	06/01/23	3.538%	41,515,000	23,265,000
2011A	07/06/11	06/01/31	3.00-5.00%	43,450,000	4,180,000
2011B	11/17/11	06/01/31	3.00-5.00%	45,000,000	4,090,000
2012A	03/20/12	06/01/26	3.00-5.00%	71,855,000	65,005,000
2012C	10/02/12	04/01/33	2.00-4.00%	45,000,000	42,710,000
2013	10/10/13	05/01/21	2.200%	18,085,000	12,285,000
2014A	07/15/14	06/01/26	5.000%	40,000,000	40,000,000
2014B	07/15/14	06/01/20	2.00-5.00%	9,145,000	1,680,000
2015A	03/31/15	06/01/29	3.00-5.00%	45,375,000	45,375,000
2016A	12/31/15	06/01/36	2.00-5.00%	59,215,000	59,215,000
2016B	11/10/16	05/01/37	3.00-5.00%	15,000,000	15,000,000
2017A	02/09/17	06/01/37	4.00-5.00%	55,000,000	55,000,000
2017B	04/05/17	04/01/37	3.25-5.00%	26,885,000	26,885,000
2017C	11/21/17	04/01/48	3.125-5.00%	200,000,000	200,000,000
2017D	11/21/17	06/01/31	4.00-5.00%	58,320,000	58,320,000
Total					$ 704,835,000

Notes Payable

Series	Date Issued	Date of Maturity	Interest Rate (%)	Amount Issued	Balance June 30, 2018
US Bank	06/01/15	06/01/19	1.41%	2,325,000	593,593
Zion	04/26/16	05/01/20	1.35%	3,100,000	1,570,000
Zion	08/04/17	08/01/21	1.76%	3,100,000	2,723,882
					$ 4,887,475

Summary of general long-term debt service requirements to maturity:

Year(s) Ending June 30,	Principal	Interest	Total Requirements
2019	34,069,874	30,727,386	$ 64,797,260
2020	40,859,739	29,412,197	70,271,936
2021	46,123,434	27,604,691	73,728,125
2022	48,314,428	25,518,156	73,832,584
2023	49,470,000	23,241,923	72,711,923
2024-2028	205,985,000	80,644,970	286,629,970
2029-2033	102,040,000	43,983,288	146,023,288
2034-2038	62,115,000	27,889,766	90,004,766
2039-2043	58,140,000	17,882,519	76,022,519
2044-2048	62,605,000	6,239,899	68,844,899
Total	$ 709,722,475 *	$ 313,144,795	$ 1,022,867,270

*Principal amounts shown exclude bond premiums.

Defeasance of Debt:

The District defeased certain general obligation debt by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the bonds refunded. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2018, $89,410,000 of bonds outstanding are considered defeased.

Changes in General Long-Term Obligations:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
General obligation bonds	$ 512,120,000	$ 258,320,000	$ 65,605,000	$ 704,835,000	$ 31,935,000
Deferred amounts for issuance of premium	49,034,535	25,272,013	6,422,475	67,884,073	4,772,915
Notes payable	4,112,880	3,100,000	2,325,405	4,887,475	2,134,874
Pending claims	14,969,778	75,565,168	74,812,680	15,722,266	11,134,727
Compensated absences	31,338,092	26,358,209	25,262,853	32,433,448	25,464,022
Total	$ 611,575,285	$ 388,615,390	$ 174,428,413	$ 825,762,262	$ 75,441,538

The liabilities for compensated absences are typically liquidated through the General Fund.

The District was, in accordance with Nevada Revised Statute 387.400, within the legal debt limit at June 30, 2018.

NOTE 7 – Fund Balance/Net Position:

Government-Wide Financial Statements:

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

Restricted assets are assets that have third-party (statutory, bond covenant or granting agency) limitation on their use. Restricted assets are classified by function, debt service, capital projects, or self-insurance activities.

The amount restricted for capital projects consists of unspent grants, donations, and debt proceeds with third party restrictions for use on specific projects or programs. Net position restricted for self-insurance activities represents the net position of the self-insurance funds, which are legally restricted for the purposes for which the funds were established.

Unrestricted net position represents available financial resources of the District.

Fund Financial Statements:

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the governmental fund financial statements report the following classifications of fund balance:

Nonspendable – Amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

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

Committed – Amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Trustees, the District's highest level of decision making authority. A similar action is required to remove or modify committed fund balance and authorized expenditures reduce committed fund balance.

Assigned – Amounts that the District intends to use for a specific purpose, but do not meet the definitions of restricted or committed fund balance. Under the District's policy, adopted by the Board of Trustees, the District has delegated the authority to assign fund balance to the Chief Financial Officer or Superintendent.

It is the desire of the District to maintain adequate General Fund balance to maintain liquidity for unanticipated needs. The Board of Trustees has adopted a policy to establish a contingency account with a minimum fund balance of .25% of total appropriations (including transfers out) that shall not exceed 3% of total appropriations (excluding transfers out).

Unassigned – All other spendable amounts in the General Fund or deficits in other governmental funds.

A minimum ending fund balance policy has been adopted by the Board of Trustees for the General Fund. A minimum unrestricted (committed, assigned, unassigned) ending fund balance of 8% to 10% of total expenditures (including transfers out), less capital outlay shall be included in the budget each fiscal year.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned amounts are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Board of Trustees has provided otherwise in its commitment or assignment actions.

As of June 30, 2018, fund balances are composed of the following.

	General Fund	Major Debt Service Funds	Major Capital Projects Funds	Other Funds	Total
Fund balances					
Nonspendable					
Inventory	$ 1,250,196	$ -	$ -	$ -	$ 1,250,196
Prepaids	33,260	-	-	27,489	60,749
Total nonspendable fund balance	1,283,456	-	-	27,489	1,310,945
Restricted for					
Non-expendable	-	-	-	482,715	482,715
Student housing	-	-	182,779,928	-	182,779,928
Technology/infrastructure	-	-	121,696	-	121,696
Safety and security	-	-	3,238,912	-	3,238,912
Support services facilities	-	-	2,843,591	-	2,843,591
Advanced planning	-	-	1,412,089	-	1,412,089
Site acquisition	-	-	10,776,500	-	10,776,500
School revitalization	-	-	692,600	-	692,600
Capital renewal	-	-	18,405,726	-	18,405,726
Administration of capital projects	-	-	3,079,858	-	3,079,858
Other capital projects	-	-	-	8,965,933	8,965,933
Unallocated interest	-	-	1,089,651	-	1,089,651
Debt service reserve	-	88,035,096	-	-	88,035,096
Wellness	-	-	-	786,164	786,164
Other purposes	-	-	-	469,432	469,432
Unallocated capital projects	-	-	39,083,955	-	39,083,955
Total restricted fund balance	-	88,035,096	263,524,506	10,704,244	362,263,846
Committed to					
Medicaid fund	-	-	-	1,071,570	1,071,570
Other capital projects	-	-	-	1,848,821	1,848,821
Total committed fund balance	-	-	-	2,920,391	2,920,391
Assigned to					
Encumbrances	2,626,109	-	-	-	2,626,109
Subsequent year's expenditures	7,502,659	-	-	-	7,502,659
Carryover of general supply appropriations	288,986	-	-	-	288,986
Total assigned fund balance	10,417,754	-	-	-	10,417,754
Unassigned	29,181,496	-	-	(27,489)	29,154,007
Total fund balances	$ 40,882,706	$ 88,035,096	$ 263,524,506	$ 13,624,635	$ 406,066,943

NOTE 8 – Defined Benefit Pension Plan:

Plan Description:

The District contributes to the Public Employees' Retirement System of the State of Nevada (PERS). PERS administers a cost-sharing, multiple-employer, defined benefit public employees' retirement system which includes both regular and police/fire members. PERS was established by the Nevada Legislature in 1947, effective July 1, 1948. PERS is administered to provide a reasonable base income to qualified employees who have been employed by a public employer and whose earnings capacities have been removed or substantially impaired by age or disability.

Benefits Provided:

Benefits, as required by the Nevada Revised Statutes (NRS or statute), 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 PERS on or after January 1, 2010 and July 1, 2015. 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 as 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 PERS on or after January 1, 2010, there is a 2.5% service time factor, and for regular members entering PERS on or after July 1, 2015, there is a 2.25% factor. PERS 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.

Vesting:

Regular members are eligible for retirement at age 65 with five years of service, at age 60 with 10 years of service, or at any age with thirty years of service. Regular members entering PERS on or after January 1, 2010, are eligible for retirement at age 65 with five years of service, or age 62 with 10 years of service, or any age with thirty years of service. Regular members who entered the System on or after July 1, 2015, are eligible for retirement at age 65 with 5 years of service, or at age 62 with 10 years of service or at age 55 with 30 years of service or any age with 33 1/3 years of service.

Police/Fire members are eligible for retirement at age 65 with five years of service, at age 55 with ten years of service, at age 50 with twenty years of service, or at any age with twenty-five years of service. Police/Fire members entering PERS on or after January 1, 2010, are eligible for retirement at 65 with five years of service, or age 60 with ten years of service, or age 50 with twenty years of service, or at any age with thirty years of service. Only service performed in a position as a police officer or firefighter may be counted towards eligibility for retirement as police/fire accredited service.

The normal ceiling limitation on monthly benefits 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.

Contributions:

The authority for establishing and amending the obligation to make contributions and member contribution rates, is set by statute. 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 selected, the member cannot convert to the Employee/Employer Contribution plan.

PERS' basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

PERS receives an actuarial valuation on an annual basis indicating the contribution rates required to fund PERS on an actuarial reserve basis. Contributions actually made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased/decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ended June 30, 2017 and June 30, 2018, the Statutory Employer/employee matching rate for Regular members was 14.50%; the rate was 20.75% for Police/Fire in both years. The Employer-pay contribution (EPC) rate was 28.00% for Regular members and 40.50% for Police/Fire for both years.

The District's contributions were $49,527,541 and $49,544,071 (restated) for the years ended June 30, 2018 and 2017, respectively.

PERS Investment Policy:

PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the PERS Board adopted policy target asset allocation as of June 30, 2017:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return
Domestic Equity	42%	5.50%
International Equity	18%	5.75%
Domestic Fixed Income	30%	0.25%
Private Markets	10%	6.80%

As of June 30, 2017, PERS' long-term inflation assumption was 2.75%.

Net Pension Liability:

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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 the District's share of contributions in PERS pension plan relative to the total contributions of all participating PERS employers and members. At June 30, 2017, the District's proportion was 5.51966 percent, which was a decrease of .04968 from its proportion measured as of June 30, 2016.

Pension Liability Discount Rate Sensitivity:

The following presents the net pension liability of the District as of June 30, 2017, calculated using the discount rate of 7.50%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease in Discount Rate (6.50%)	Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Net Pension Liability	$1,109,764,311	$734,106,661	$422,117,102

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's fiduciary net position is available in the PERS Comprehensive Annual Financial Report, available on the PERS website.

Actuarial Assumptions:

The District's net pension liability was measured as of June 30, 2016, 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:

Inflation Rate	2.75%
Payroll Growth	5.00%
Investment Rate of Return	7.50%
Productivity Pay Increase	0.50%
Projected Salary Increases	Regular: 4.25% to 9.15%, depending on service Police/Fire: 4.55% to 13.90%, depending on service Rates include inflation and productivity increases
Consumer Price Index	2.75%
Other Assumptions	Same as those used in the June 30, 2016 funding actuarial valuation

Mortality rates for healthy individuals were based on the Headcount-Weighted RP-2014 Healthy Annuitant Table projected to 2020 with Scale MP-2016, set forward one year for spouses and beneficiaries. For ages less than 50, mortality rates are based on the Headcount-Weighted RP-2014 Employee Mortality Tables. Those mortality rates are adjusted by the ratio of the mortality rate for healthy annuitants at age 50 to the mortality rate for employees at age 50. The mortality rates are then projected to 2020 with Scale MP-2016. Mortality rates for disabled individuals were based on the Headcount-Weighted RP-2014 Disabled Retiree Table, set forward four years. Mortality rates for pre-retirement individuals were based on the Headcount-Weighted RP-2014 Employee Table, projected to 2020 with Scale MP-2016. The additional projection of 6 years is a provision made for future mortality improvement.

Actuarial assumptions used in the June 30, 2017 valuation were based on the results of the experience review completed in 2017.

The discount rate used to measure the total pension liability was 7.50% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2017, was projected to be available to make all projected future benefit payments of 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 as of June 30, 2017.

Changes in assumptions include changes in the inflation rate and consumer price index from 3.50% to 2.75%, changes in the investment rate of return from 8.00% to 7.50%, changes in the productivity pay increase from 0.75% to 0.50%, and changes in the projected salary increases. In addition, the mortality rates are now based on the Headcount-Weighed RP-2014 Mortality Tables rather than the RP-2000 Mortality Tables.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

For the year ended June 30, 2018, the District recognized pension expense of $53,922,140. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 48,172,240
Changes in assumptions or other inputs	48,700,990	-
Net difference between projected and actual earnings on pension plan investments	4,766,425	-
Changes in proportion	14,239,369	-
Changes in the employer's proportion and differences between the employer's contributions and the employer's proportionate contributions	-	17,285,692
District contributions subsequent to the measurement date	49,527,542	-
	$ 117,234,326	$ 65,457,932

The $49,527,542 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, 2019.

The average of the expected remaining service lives of all employees that are provided with pensions through PERS (active and inactive employees) is 6.39 years.

Other estimated amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	$ (11,792,854)
2020	18,667,706
2021	(1,875,364)
2022	(11,557,130)
2023	6,364,246
Thereafter	2,442,248

Additional Information:

Additional information is located in the PERS Comprehensive Annual Financial Report (CAFR) available on the PERS website at www.nvpers.org under Quick Links – Publications.

NOTE 9 – Postemployment Benefits Other Than Pensions:

Plan Descriptions:

The District contributes to a single-employer defined benefit healthcare plan, Washoe County School District Retiree Health Benefits Plan (WCSDRHP). The WCSDRHP is administered through the Washoe County School District OPEB Trust Fund (Trust). The measurement focus of this plan is its net OPEB liability.

The District also provides OPEB for certain former employees through the Nevada Public Employees' Benefits Plan (NPEBP), an agent multiple employer defined benefit plan. NPEBP is administered by the State of Nevada, and as such, is not considered a "plan" for Washoe County's external financial reporting purposes. The measurement focus of this arrangement is the total OPEB liability associated with participating former District employees.

The District also sponsors one single-employer defined benefit life insurance plan, WCSD Retiree Life Insurance Plan, which makes available various levels of life insurance to eligible retired employees at a reduced blended rate cost. The WCSD Retiree Life Insurance Plan is administered through the Washoe County School District OPEB Trust Fund (Trust). The measurement focus of this plan is its net OPEB liability.

Washoe County School District Retiree Health Benefits Plan (WCSDRHP):

Benefit provisions for the WCSDRHP is established pursuant to NRS 287.023 and amended through negotiations between the District and the respective employee associations. NRS 288.150 assigns the authority to establish benefit provisions to the Board of Trustees.

The WCSDRHP explicitly subsidizes medical insurance premiums, pursuant to the contracts negotiated with various employee associations, for employees who retire from the District with at least 15 years of service. However, classified employees hired after June 30, 1999, certified employees who retire after August 31, 2006, and administrative employees who retire after June 30, 2006 are not eligible for explicit premium subsidies. The District's cost for providing explicit subsidies is capped for the different groups at various percentages of General Fund property tax revenues, which is projected to grow 3.0% and was $1.6 million for fiscal year 2018. However, under NRS 287.023, eligible retirees may participate in the plan with blended rates, thereby benefitting from an implicit subsidy. Retirees contribute up to $10,183 per year for medical, dental and vision coverage, based on the number of years since their retirement and the number of years of service with the District. The District reimburses up to 100% of the amount of validated claims for medical and dental costs incurred by pre-Medicare retirees. The District serves as a secondary carrier for retirees eligible for Medicare. Expenditures for postemployment health care benefits are recognized as retirees report claims.

For WCSDRHP, contribution requirements of the plan members and the District are established and may be amended through negotiations between the District and the employee associations. The contribution to the OPEB Trust Fund is determined by the District and based on projected pay-as-you-go financing requirements and actuarial studies contracted for by the District. For fiscal year 2018, the District did not contribute to the OPEB trust to benefit WCSDRHP. During the year, medical claims and premiums for other elected coverages of $5,000,000 were paid out of the OPEB Trust Fund for WCSDRHP retirees.

The number of participants as of July 1, 2016, the most recent full actuarial valuation date, are as follows:

	WCSDRHP
Active Employees	6,863
Retirees and surviving spouses	1,015
Total participants	7,878

Nevada Public Employees' Benefits Plan (NPEBP):

Benefit provisions for NPEBP are established pursuant to NRS 287.023 and subject to amendment by the State of Nevada, each biannual legislative session.

In prior fiscal years, under the NPEBP plan, pursuant to NRS 287.023, retirees had the option to participate in the District's program for postemployment health care benefits or to join the Public Employees' Benefit Program (PEBP) offered by the State of Nevada. District retirees not receiving PEBP benefits as of November 30, 2008 are no longer allowed to participate in NPEBP. For the remaining eligible retirees, local governments are required to pay the same portion of the cost of coverage for those persons participating in PEBP that the State of Nevada pays for those persons retired from state service who have continued to participate in the plan. As of July 1, 2016, the most recent full actuarial valuation date, 1,164 retirees were utilizing this benefit. The subsidy paid directly to PEPB by the OPEB Trust Fund for this coverage for the year ended June 30, 2018 was $3,370,903. Amounts paid per retiree ranged from $2 to $1,151. Amounts contributed by retirees are paid directly to the State of Nevada and, as such, are not available.

For NPEBP, benefit requirements of the plan members and the District are established and may be amended by the state legislature. The contribution is determined by the District and based on projected pay-as-you-go financing requirements and actuarial studies contracted for by the District. NRS 287.023 sunsetted the option to join PEBP for District employees who were not receiving PEPB benefits by November 30, 2008.

Governmental Accounting Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, which was effective for fiscal years beginning after June 15, 2016, makes changes to the financial reporting for OPEB plans administered through trusts which meet certain criteria. Because the PEBP is administered by the State of Nevada, it is not considered a “plan” for GASB Statement No. 74 purposes, and any assets accumulated for OPEB purposes are to be reported as assets of the employer. As of June 30, 2018, $34.3 million of assets have been accumulated, and are included in the Health Insurance Fund. The assets are restricted solely for payment of the OPEB obtained through PEBP and are not subject to the claims of the District’s creditors. See Note 3, Cash and Investments.

<u>WCSD Retiree Life Insurance Plan:</u>

Benefit provisions for the WCSD Retiree Life Insurance Plan are established pursuant to NRS 287.023 and amended through negotiations between the District and the respective employee associations. NRS 288.150 assigns the authority to establish benefit provisions to the Board of Trustees.

Any employee who has Basic Life and Accidental Death and Disability (AD&D) insurance while active and retires from the District while drawing PERS at the time of his/her retirement is eligible to continue this insurance at retirement regardless of the number of years of service with the District, as long as the retiree pays the premium. All future eligible retirees (not available to spouses of retirees) can obtain the following Basic Life and AD&D coverage:

- Administrative - $200,000
- Certified - $40,000
- Classified - $40,000
- Confidential Classified (as defined by the District) - $50,000

This coverage is reduced 50% at age 70. The amount of the benefit is dependent on when an employee retired and is subject to coverage adjustments based on bargaining results.

For WCSD Retiree Life Insurance Plan, contribution requirements of the plan members and the District are established and may be amended through negotiations between the District and the employee associations. Retirees pay 100% of the pay-as-you-go premiums based on a blended rate that blends active participants and retirees. For actuarial valuation purposes, the District’s contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates and is determined in actuarial studies contracted for by the District. Because retirees pay 100% of the pay-as-you-go premiums for their insurance coverage and the District has no future obligations to retirees or others with respect to this Plan, the District has elected, beginning in fiscal year 2011-12, to not contribute any further money to this Plan.

The number of participants as of July 1, 2016, the most recent full actuarial valuation date, are as follows:

	WCSD Retiree Life Insurance Plan
Active Employees	6,863
Retirees and surviving spouses	2,519
Total participants	9,382

Actuarial Methods and Assumptions:

The District's net OPEB liability for each plan was measured as of June 30, 2018, and the total OPEB liabilities used to calculate their respective net OPEB liability were determined by actuarial valuations for each plan as of July 1, 2016, with the amounts rolled forward to June 30, 2018. The total OPEB liability for the PEBP Arrangement was measured as of June 30, 2018, and was determined based on an actuarial valuation as of July 1, 2016, with the amounts rolled forward to June 30, 2018.

The total OPEB liability in the actuarial valuation for each plan was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

	WCSDRHP	NPEBP	WCSD Retiree Life Insurance Plan
Inflation	3.00%	3.00%	3.00%
Salary increases	3.50%	n/a	3.50%
Investment rate of return	4.57%	4.57%	4.57%
Healthcare cost trend rates		n/a	
Pre-65 retirees	6.5% initial	7.50% initial, 4.75% ultimate	6.5% initial
Post-65 retirees	5.5% initial	8.25% initial, 5.00% ultimate	5.5% initial
Medicare subsidy	n/a	Medicare subsidy level (once eligible) is approximately 40% of non-Medicare subsidy level	n/a

Mortality rates were based on the RP-2014 generational tables using Scale MP-2016 applied on a gender specific basis.

The July 1, 2016 actuarial valuation used the Nevada Public Employees Retirement System (PERS) termination rates from PERS' 2015 experience study and used retirement rates that were in use prior to the 2015 experience study.

Investment rate of return. The investment rate of return of 4.57%, net of investment expenses, was selected by the plans and by the District for the PEBP Arrangement. This is based on the investment policy of the State of Nevada's Retiree Benefits Investment Fund (RBIF), where the plans and the District invest their assets to fund their OPEB liabilities. This rate is derived from RBIF's investment policy (shown in the table below) and includes a 2.50% long-term inflation assumption.

Asset Class	Asset Allocation
Foreign Developed Equity	21%
U.S. Fixed Income	30%
U.S. Large Cap Equity	49%

Discount Rate. The discount rate should be the single rate that reflects the long-term rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that plan assets are projected to cover the benefit payments. The discount rate used to measure the total OPEB liability was 4.57% for both plans and for the PEBP Arrangement.

The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

	WCSDRHP Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at July 1, 2017	$ 84,821,121	$ 23,279,682	$ 61,541,439
Changes for the year			
Service cost	1,596,000	-	1,596,000
Interest cost	3,834,849	-	3,834,849
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumption or other inputs	(2,395,102)	-	(2,395,102)
(Other changes, seperately identified if significant)	-	-	-
Contributions - employer	-	-	-
Net investment income	-	1,670,293	(1,670,293)
Benefit payments	(6,640,019)	(5,000,000)	(1,640,019)
Administrative expense	-	-	-
Net changes	(3,604,272)	(3,329,707)	(274,565)
Balance at June 30, 2018	$ 81,216,849	$ 19,949,975	$ 61,266,874

	NPEBP Increase (Decrease)
	Total OPEB Liability
Balance at July 1, 2017	$ 63,503,148
Changes for the year	
Service cost	-
Interest cost	2,823,405
Changes in benefit terms	-
Differences between expected and actual experience	
Changes in assumption or other inputs	(1,632,541)
(Other changes, seperately identified if significant)	
Contributions - employer	-
Net investment income	-
Benefit payments	(3,370,903)
Administrative expense	-
Net changes	(2,180,039)
Balance at June 30, 2018	$ 61,323,109

	WCSD Retiree Life Insurance Plan Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at July 1, 2017	$ 37,455,912	$ 4,334,415	$ 33,121,497
Changes for the year			
Service cost	1,000,007	-	1,000,007
Interest cost	1,735,198	-	1,735,198
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumption or other inputs	(1,616,169)	-	(1,616,169)
(Other changes, seperately identified if significant)	-	-	-
Contributions - employer	-	-	-
Net investment income	-	434,007	(434,007)
Benefit payments	(714,758)	(714,758)	-
Administrative expense	-	-	-
Net changes	404,278	(280,751)	685,029
Balance at June 30, 2018	$ 37,860,190	$ 4,053,664	$ 33,806,526

Sensitivity of the OPEB liabilities to changes in the discount rate. The following presents the net OPEB liabilities of the District's plans and the total OPEB liability for the PEBP Arrangement, as well as what each plan's net OPEB liability, or the PEBP Arrangement's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.57 percent) or 1-percentage-point higher (5.57 percent) than the current discount rate:

	1% Decrease in Discount Rate 3.57%	Current Discount Rate 4.57%	1% Increase in Discount Rate 5.57%
WCSDRHP - Net OPEB Liability	$ 49,115,788	$ 61,266,874	$ 75,021,320
NPEBP - Total OPEB Liability	49,160,870	61,323,109	75,090,178
WCSD Retiree Life Insurance Plan - Net OPEB Liability	27,101,663	33,806,526	41,396,109

Sensitivity of the OPEB liabilities to changes in the healthcare cost trend rates. The following presents the net OPEB liabilities of the District plans and the total OPEB liability for the PEBP Arrangement, as well as what each plan's net OPEB liability, or the PEBP Arrangement's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	WCSDRHP		
	1% Decrease in Healthcare Costs Trend Rate (6.50% decreasing to 5.50%)	Current Healthcare Costs Trend Rate (6.50%)	1% Increase in Healthcare Costs Trend Rate (6.50% increasing to 7.50%)
Net OPEB Liability	$ 52,916,273	$ 61,266,874	$ 72,199,110

	NPEBP		
	1% Decrease in Healthcare Costs Trend Rate (6.50% decreasing to 5.50%)	Current Healthcare Costs Trend Rate (6.50%)	1% Increase in Healthcare Costs Trend Rate (6.50% increasing to 7.50%)
Total OPEB Liability	$ 52,964,769	$ 61,323,109	$ 72,265,359

	WCSD Retiree Life Insurance Plan		
	1% Decrease in Healthcare Costs Trend Rate (6.50% decreasing to 5.50%)	Current Healthcare Costs Trend Rate (6.50%)	1% Increase in Healthcare Costs Trend Rate (6.50% increasing to 7.50%)
Net OPEB Liability	$ 25,489,275	$ 33,806,526	$ 40,141,511

OPEB plan fiduciary net position. Detailed information about the OPEB plans' fiduciary net position is available in the separately issued Washoe County School District OPEB Trust financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2018, the District recognized OPEB expense of $2,758,599 for the WCSDRHP, $3,570,388 for the NPEBP, and $4,284,611 for the WCSD Retiree Life Insurance Plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	WCSDRHP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 9,540,788
Changes of assumptions/inputs	-	9,559,026
Net difference between projected and actual investments	-	516,086
Total	$ -	$ 19,615,900

	NPEBP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 2,810,188
Changes of assumptions	12,982,965	1,462,479
Net difference between projected and actual earnings	-	1,446,264
Total	$ 12,982,965	$ 5,718,931

	WCSD Retiree Life Insurance Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 626,618
Changes of assumptions	14,005,629	1,447,812
Net difference between projected and actual earnings	-	140,403
Total	$ 14,005,629	$ 2,214,833

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	WCSDRHP	NPEBP	WCSD Retiree Life Insurance Plan
2019	$ (2,651,054)	$ 727,446	$ 1,548,266
2020	(2,651,054)	727,446	1,548,266
2021	(2,651,054)	727,446	1,548,266
2022	(2,484,605)	1,045,489	1,583,284
2023	(2,480,420)	1,168,523	1,592,121
Thereafter	(6,697,713)	2,867,684	3,970,593
Total	$ (19,615,900)	$ 7,264,034	$ 11,790,796

NOTE 10 – Risk Management:

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District reports all of its risk management activities in the Internal Service Funds in accordance with GASB Statements No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and No. 30, *Risk Financing Omnibus an amendment of GASB Statement No. 10*.

Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated annually by an outside actuary who takes into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using the expected future investment yield of 4.0 percent.

At June 30, 2018, the amount of this liability was $15,722,266. This liability is determined by actuaries using all available information.

Changes in the reported liability since July 1, 2016 are as follows:

	Property & Casualty	Health Insurance	Workers' Compensation	Total
Claims liability, July 1, 2016	$ 1,829,000	$ 8,160,802	$ 4,002,000	$ 13,991,802
Current year claims and changes in estimates	1,710,231	68,831,067	2,296,353	72,837,651
Claims payments	(920,231)	(68,986,091)	(1,953,353)	(71,859,675)
Claims liability, June 30, 2017	2,619,000	8,005,778	4,345,000	14,969,778
Current year claims and changes in estimates	584,571	72,516,504	2,464,093	75,565,168
Claims payments	(839,571)	(71,710,016)	(2,263,093)	(74,812,680)
Claims liability, June 30, 2018	$ 2,364,000	$ 8,812,266	$ 4,546,000	$ 15,722,266
Due within one year	$ 932,517	$ 8,812,266	$ 1,389,944	$ 11,134,727

At June 30, 2018, the Internal Service Funds held $38,120,968 in cash and investments available for payment of these claims.

The District combines both self-insurance and commercial insurance to protect against risks. There was no significant reduction in those insurance coverages purchased by the District from the previous year. Settled claims have not exceeded the commercial coverage in any of the past three years. The following is a detail of coverage:

Property, General Liability, and Casualty Insurance – The District is self-insured for individual losses with a deductible of $75,000 for damage to real and personal property, $100,000 for flood coverage, except in a High Hazard which is $500,000, 2% of the value of the property for earthquakes, and $400,000 for general liability and automobile incidents resulting in bodily injury and/or property damage liability claims. Maximum annual coverage is approximately $500,000,000 for property coverage and coverage of $5,000,000 per occurrence for crime with a $50,000 deductible. Also $15,000,000 per occurrence for wrongful acts of the Board of Trustees and general and automobile liability.

Health Insurance – The District is self-insured for health insurance claims up to $400,000 per calendar year per employee.

Workers' Compensation Insurance – The District is self-insured for individual workers' compensation claims up to $600,000 for each accident. Accidents in excess of $600,000 are covered by excess insurance up to State statutory limits. Also covered under this program is employer liability coverage for $1,000,000 for each accident, $1,000,000 for each employee for disease, $1,000,000 aggregate, and is subject to the $600,000 self-insurance retention.

The District maintains an account with a market value of $2,493,240 as of June 30, 2018 to meet its State of Nevada security deposit requirement.

The Property and Casualty, Health Insurance and Workers’ Compensation Funds charge the District's insured funds monthly premiums.

NOTE 11 – Commitments and Contingencies:

Construction Commitments:

As of June 30, 2018, the District had the following commitments, which represent the District's significant encumbrances, with respect to unfinished capital projects:

	Remaining Construction Commitment	Expected Date Of Completion
2017 Sales Tax Revenue Bond		
Infrastructure Projects	$126,626,851	6/30/2019
School Design	2,168,726	3/31/2019
	128,795,577	
WC1 Sales Tax Revenue Fund		
Office Expansion Projects	131,878	9/30/2019
Infrastructure Projects	57,613	9/30/2019
	189,491	
2011B Rollover Bonds		
Window Replacement Projects	7,664	12/31/2018
2009B-RZEDB-Reno		
Window Replacement Projects	12,541	12/31/2018
2009B-RZEDB-Washoe Co.		
CCTV Projects	28,331	12/31/2018
2012 Rollover Bonds		
CCTV Projects	40,000	12/31/2018
Door Hardware Replacement Projects	52,675	3/31/2019
Paving Projects	1,068	12/31/2018
Roofing Projects	12,395	12/31/2018
Signature Academies Projects	1,740	12/31/2018
Carpentry/Painting Projects	3,447	9/30/2018
	111,325	
2016A Extended Bond Rollover		
Boiler Projects	1,061,473	12/31/2018
Infrastructure Projects	1,112,850	3/31/2019
HVAC/Plumbing Projects	1,443,033	12/31/2018
Mobile Projects	148,677	9/30/2018
Signature Academies Projects	225,797	12/31/2018
Security Projects	558,980	12/31/2018
	4,550,810	
2016B Extended Bond Rollover		
School Design	1,893,535	12/31/2018
High School Master Plan Projects	54,600	12/31/2018
Land Acquisition Projects	13,267	3/31/2019
Infrastructure Projects	1,927,763	3/31/2019
Elementary School Master Plan Projects	17,800	12/31/2018
	3,906,965	

2017A Extended Bond Rollover		
Carpentry/Painting Projects	$136,920	12/31/2018
ADA Update Projects	5,793	12/31/2018
Athletic Surfaces Projects	235,000	9/30/2018
Infrastructure Projects	357,870	3/31/2019
Energy Performance Projects	1,514,339	9/30/2018
Fire Alarm Update Projects	2,325	3/31/2019
Flooring Replacement Projects	353,545	12/31/2018
Roofing Projects	801,093	12/31/2018
Fencing Projects	1,700	12/31/2018
Security Projects	205,000	12/31/2018
HVAC/Plumbing Projects	998	6/30/2019
	3,614,583	
2017B Extended Bond Rollover		
School Design	2,543,735	3/31/2019
Asbestos Projects	101,529	12/31/2018
Infrastructure Projects	2,589,548	3/31/2018
HVAC/Plumbing Projects	1,814,428	12/31/2018
Window Replacement Projects	93,195	12/31/2018
	7,142,435	
2011 Rollover Bonds		
ADA Update Projects	13,905	12/31/2018
Asbestos Projects	13,617	12/31/2018
Infrastructure Projects	158,637	12/31/2018
School Revitalization Projects	4,465	9/30/2018
Carpentry/Painting Projects	86,722	9/30/2018
Roofing Projects	463,257	12/31/2018
Fire Alarm Update Projects	441,397	3/31/2019
Flooring Replacement Projects	156,783	12/31/2018
Electrical Projects	44,000	12/31/2018
Window Replacement Projects	116,771	12/31/2018
	1,499,554	
Nutrition Services		
Dishwasher Replacement Projects	87,024	3/31/2019
Nonmajor Funds		
Infrastructure Projects	132,119	3/31/2019
HVAC/Plumbing Projects	46,200	12/31/2018
Flooring Replacement Projects	92,388	12/31/2018
Energy Conservation Projects	88,195	9/30/2018
	358,902	
	$ 150,305,202	

Currently, no additional financing is required to complete construction on the projects above.

Litigation:

The District is a defendant in various legal actions. The amount of liability or loss, if any, arising from such legal actions cannot be reasonably estimated at the present time. It is the opinion of management and legal counsel of the District that none of these cases would have a material impact upon the financial condition of the District.

The District receives a portion of the property tax revenues collected by Washoe County. Washoe County is currently the defendant in various lawsuits with property owners disputing the County Assessor's valuation methods used for property within the Lake Tahoe Basin. The County intends to vigorously defend the Assessor's valuations; however, the outcome of these lawsuits is not presently determinable. An adverse ruling could result in a rollback of property values and subsequent rebates to property owners including the portion collected on behalf of the District. The impact on the District's financial condition cannot be reasonably estimated.

NOTE 12 – State of Nevada Tax Abatements:

For the fiscal year ended June 30, 2018, Washoe County School District revenues were reduced by a total amount of $6,936,337 under agreements entered into by the State of Nevada.

Aviation Tax Abatement (NRS 360.753) – Partial abatements from personal property and sales & use taxes are available to companies that locate or expand their business in Nevada. The personal property tax abatement can be up to 50% for 20 years on the taxes due on tangible personal property, and the sales & use tax abatement reduces the applicable tax rate to 2% for a similar 20-year period, a near 75% reduction. For fiscal year ending June 30, 2018, the total amount abated for the District was $198,785.

Data Centers Abatement (NRS 360.754) – Partial abatements from personal property and sales & use taxes are available to companies that establish or expand data centers. The personal property tax abatements can be up to 20 years. For fiscal year ending June 30, 2018, the total amount abated for the District was $2,761,068.

Renewable Energy (NRS 701A.370) – Partial abatements from personal property and sales & use taxes are available to renewable energy facilities. For fiscal year ending June 30, 2018, the total amount abated for the District was $2,797.

Standard Abatement (NRS 374.357) – Partial abatements for eligible machinery or equipment used by certain new or expanded businesses are available to companies who intend to locate in the State. The abatement is available on the tax imposed for not more than two years. For Fiscal Year ended June 30, 2018, the Total Standard Abatement Amount for the District was $3,973,687.

NOTE 13 – Prior Period Adjustment and Adoption of New Standard:

During 2018, the District identified misstatements in the June 30, 2017 financial statements related to the determination or classification of payments to satisfy employee contribution requirements in the adoption, as of July 1, 2016, of GASB Statement No. 82, *Pension Issues – An amendment of GASB Statements No. 67, No. 68, and No. 73*. Based on the restated Schedule of Employer Allocations for GASB 82 Implementation provided by the Public Employee's Retirement System of Nevada (PERS), beginning net position was restated as of July 1, 2017 to report the previous overstatement of the balances reported for deferred outflows of resources, and net pension-liability amounts at June 30, 2017.

As of July 1, 2017, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of this standard requires governments to calculate and report the cost, obligations, deferred outflows of resources, and deferred inflows of resources associated with other postemployment benefits in their financial statements, including additional footnote disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning total OPEB liability and deferred outflows of resources related to contributions made after the measurement date.

	Governmental Activities	Business-Type Activities
Net position at June 30, 2017, as previously reported	$ (254,299,989)	$ 83,545
Restatement of deferred outflows of resources, net pension-liability amounts	(37,867,651)	(17,850)
Net position at June 30, 2017, restated for correction of error	(292,167,640)	65,695
Total OPEB liability at June 30, 2017	(187,566,961)	(5,978,678)
Deferred outflows of resources related to changes in assumptions	21,313,665	837,307
Deferred inflows of resources related to differences between expected and actual experience and net difference between projected and actual investments	(16,129,636)	(633,652)
Net position at July 1, 2017, as restated	$ (474,550,572)	$ (5,709,328)

Required Supplementary Information

- Schedule of the District's Proportionate Share of the Net Pension Liability
- Schedule of the District Contributions to Public Employee's Retirement System of the State of Nevada
- Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
- Schedule of District Contributions Other Postemployment Benefits

This page is intentionally left blank

WASHOE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Schedule of the District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	2017	2016	2015	2014
District's proportionate share of the net pension liability	5.51966%	5.56934%	5.44943%	5.56601%
District's proportionate share of the net pension liability	$ 734,106,661	$ 749,473,531	$ 624,474,359	$ 580,088,054
District's covered payroll	$ 350,448,613	$ 334,502,049	$ 323,606,402	$ 323,300,787
District's proportionate share of the net pension liability as a percentage of its covered payroll	209.48%	224.06%	192.97%	179.43%
Plan fiduciary net position as a percentage of the total pension liability	74.42%	72.23%	75.13%	76.30%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

Schedule of District Contributions to
Public Employees' Retirement System of the State of Nevada
Last Ten Fiscal Years*

	2018	2017	2016	2015
Statutorily required contribution	$ 49,527,541	$ 49,544,071	$ 47,219,803	$ 41,923,411
Contributions in relation to the statutorily required contribution	$ 49,527,541	$ 49,544,071	$ 47,219,803	$ 41,923,411
Contribution (deficiency) excess	$ -	$ -	$ -	$ -
District's covered payroll	$ 350,264,576	$ 350,448,613	$ 334,502,049	$ 323,606,402
Contributions as a percentage of covered payroll	14.14%	14.14%	14.12%	12.96%

* GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

WASHOE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Last Ten Fiscal Years*

WCSDRHP

	2018
Total OPEB liability	
Service cost	$ 1,596,000
Interest	3,834,849
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(2,395,102)
Benefit payments	(6,640,019)
Net change in total OPEB liability	(3,604,272)
Total OPEB liability - beginning	84,821,121
Total OPEB liability - ending (a)	$ 81,216,849
Plan fiduciary net position	
Contributions - employer	$ -
Net investment income	1,670,293
Benefit payments	(5,000,000)
Administrative expense	-
Net change in plan fiduciary net position	(3,329,707)
Plan fiduciary net position - beginning	23,279,682
Plan fiduciary net position - ending (b)	$ 19,949,975
District's net OPEB liability - ending (a) - (b)	$ 61,266,874
Plan fiduciary net position as a percentage of the total OPEB liability	24.56%
Covered payroll	$ 307,473,000
District's net OPEB liability as a percentage of covered payroll	19.93%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Last Ten Fiscal Years*

WCSD Retiree Life Insurance Plan

	2018
Total OPEB liability	
Service cost	$ 1,000,007
Interest	1,735,198
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(1,616,169)
Benefit payments	(714,758)
Net change in total OPEB liability	404,278
Total OPEB liability - beginning	37,455,912
Total OPEB liability - ending (a)	$ 37,860,190
Plan fiduciary net position	
Contributions - employer	$ -
Net investment income	434,007
Benefit payments	(714,758)
Administrative expense	-
Net change in plan fiduciary net position	(280,751)
Plan fiduciary net position - beginning	4,334,415
Plan fiduciary net position - ending (b)	$ 4,053,664
District's net OPEB liability - ending (a) - (b)	$ 33,806,526
Plan fiduciary net position as a percentage of the total OPEB liability	10.71%
Covered payroll	$ 307,473,000
District's net OPEB liability as a percentage of covered payroll	10.99%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
Last Ten Fiscal Years*

NPEBP

	2018
Total OPEB liability	
Service cost	$ -
Interest	2,823,405
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	(1,632,541)
Benefit payments	(3,370,903)
Net change in total OPEB liability	(2,180,039)
Total OPEB liability - beginning	63,503,148
Total OPEB liability - ending (a)	$ 61,323,109
Covered payroll	N/A
District's net OPEB liability as a percentage of covered payroll	N/A

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

WASHOE COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

Schedule of District Contributions for Other Postemployment Benefits
Last Ten Fiscal Years*

WCSDRHP

	2018
Actuarially determined contribution	$ 5,439,527
Contributions in relation to the actuarially determined contribution	5,000,000
Contribution deficiency (excess)	$ 439,527
Covered payroll	$ 307,473,000
Contributions as a percentage of covered payroll	1.63%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

WCSD Retiree Life Insurance Plan

	2018
Actuarially determined contribution	$ 3,068,289
Contributions in relation to the actuarially determined contribution	714,758
Contribution deficiency (excess)	$ 2,353,531
Covered payroll	$ 307,473,000
Contributions as a percentage of covered payroll	0.23%

* GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available, the District will present information only for those years for which information is available.

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 3.5 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 Washoe County School District, Nevada (the "Issuer") in connection with the issuance of the Issuer's Washoe County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds, Series 2019A, in the aggregate principal amount of $69,020,000 (the "Bonds"). The Bonds are being issued pursuant to the bond resolution of the Issuer adopted August 27, 2019 (the "Bond 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 Bond 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.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board in compliance with the Rule.

"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 is 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 270 days following the end of the Issuer's fiscal year of each year, commencing 270 days following the end of the Issuer's fiscal year ending June 30, 2019, 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 in the Official Statement with respect to the Bonds (excluding projections, forecasts and budgeted information which are not required to be updated).

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 obligated 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

---

* 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.

action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms if material;

(n) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) Incurrence of a Financial Obligation of the obligated person, if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

(p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of an obligated person, any of which reflect financial difficulties.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. 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 8. 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 9. 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 10. 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 11. 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 Bond 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 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: September 26, 2019.

WASHOE COUNTY SCHOOL DISTRICT, NEVADA

____
Chief Financial Officer

EXHIBIT A

NOTICE TO MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Washoe County School District, Nevada

Name of Bond Issue: General Obligation (Limited Tax) School Improvement Bonds, Series 2019A

CUSIP:

Date of Issuance: September 26, 2019

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 August 27, 2019 and the Continuing Disclosure Certificate executed on September 26, 2019 by the Issuer. The Issuer anticipates that the Annual Report will be filed by ____________________.

Dated: _____________________

WASHOE COUNTY SCHOOL DISTRICT NEVADA

By:___________________________________
Its:_________________________________

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(see page iv of the Official Statement)

APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

Washoe County School District, Nevada
425 East Ninth Street
Reno, Nevada 89520

$69,020,000
Washoe County School District, Nevada
General Obligation (Limited Tax) School Improvement Bonds
Series 2019A

Ladies and Gentlemen:

We have acted as bond counsel to the Washoe County School District (the "District"), Nevada (the "State"), in connection with the issuance of its General Obligation (Limited Tax) School Improvement Bonds, Series 2019A, in the aggregate principal amount of $69,020,000 (the "Bonds") pursuant to an authorizing resolution of the Board of Trustees of the District adopted and approved on August 27, 2019 (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. 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 the 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 may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and 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

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)