

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 12, 2021

\$14,410,000*
LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT AND
REFUNDING BONDS
SERIES 2021†

BOND SALE DATE: TUESDAY, FEBRUARY 23, 2021



* Preliminary; subject to change.

† Notwithstanding the name of the Bonds, the Bonds are being issued solely for refunding purposes, as more particularly described herein.

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 12, 2021

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATING: S&P: A+
See "RATING"**

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."

**\$14,410,000*
LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT AND
REFUNDING BONDS
SERIES 2021†**

Dated: Date of Delivery

Due: June 1, as shown herein

The Bonds are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS - Book-Entry Only System." The Bonds bear interest at the rates set forth on the inside cover hereof, payable semiannually on June 1 and December 1 of each year, commencing December 1, 2021, to and including the maturity dates shown on the inside cover hereof, to the registered owners of the Bonds (initially Cede & Co.). The principal of the Bonds will be payable upon presentation and surrender at the corporate trust offices of U.S. Bank National Association, or its successor as the paying agent for the Bonds. See "THE BONDS - Payment Provisions."

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

The Bonds are subject to redemption prior to maturity at the option of the District as described in "THE BONDS - Redemption Provisions." At the option of the winning bidder, certain of the Bonds may also be subject to mandatory sinking fund redemption. See "APPENDIX F - Official Notice of Bond Sale."

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

The Bonds constitute direct and general obligations of the District. The full faith and credit of the District is pledged for the payment of principal and interest on the Bonds, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See "SECURITY FOR THE BONDS - General Obligations."

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

The Bonds are offered when, as, and if issued by the District, subject to the approval of legality of the Bonds by Sherman & Howard L.L.C., Reno, Nevada, and the satisfaction of certain other conditions. Sherman & Howard L.L.C., has also acted as special counsel to the District in connection with this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. JNA Consulting Group, LLC, Boulder City, Nevada, is acting as the 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 March 11, 2021.*

This Official Statement is dated February __, 2021.

*Preliminary; subject to change.

† Notwithstanding the name of the Bonds, the Bonds are being issued solely for refunding purposes, as more particularly described herein.

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

\$14,410,000*

LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT AND
REFUNDING BONDS
SERIES 2021†

<u>Maturing</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>CUSIP®</u> <u>Issue</u> <u>Number</u>
2022	\$ 420,000			
2023	880,000			
2024	1,380,000			
2025	1,450,000			
2026	1,025,000			
2027	850,000			
2028	885,000			
2029	930,000			
2030	980,000			
2031	1,025,000			
2032	1,080,000			
2033	1,135,000			
2034	1,170,000			
2035	1,200,000			

*Preliminary; subject to change.

† Notwithstanding the name of the Bonds, the Bonds are being issued solely for refunding purposes, as more particularly described herein.

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

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

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

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

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

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

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

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

LYON COUNTY SCHOOL DISTRICT, NEVADA

BOARD OF TRUSTEES

Holly Villines, President
Phil Cowee, Clerk
Kimber LA Crabtree
Neal E. McIntyre
Sherry Parsons
Bridget Peterson
Barbara Jones
Holly Villines

ADMINISTRATIVE OFFICIALS

Wayne Workman, Superintendent
Tim Logan, Deputy Superintendent
Harman Bains, Director of Business Services
Spencer Winward, Finance Manager/Comptroller

MUNICIPAL ADVISOR

JNA Consulting Group, LLC
Boulder City, Nevada

BOND AND SPECIAL COUNSEL

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

REGISTRAR, PAYING AGENT, AND ESCROW AGENT FOR BONDS

U.S. Bank National Association
Phoenix, Arizona

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OFFICIAL STATEMENT

\$14,410,000*
LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT AND
REFUNDING BONDS
SERIES 2021†

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, provides information concerning Lyon County School District, Nevada (the “District”) and its \$14,410,000* General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2021 (the “Bonds”). The Bonds will be issued pursuant to a resolution (the “Bond Resolution”) adopted by the District’s Board of Trustees (the “Board”) on January 26, 2021.

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

The Issuer

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

The Bonds; Prior Redemption

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

* Preliminary; subject to change.

† Notwithstanding the name of the Bonds, the Bonds are being issued solely for refunding purposes, as more particularly described herein.

twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the Bonds is described in “THE BONDS - Payment Provisions.”

The Bonds are subject to redemption prior to maturity at the option of the District as described in “THE BONDS - Redemption Provisions.” At the option of the winning bidder, certain of the Bonds may also be subject to mandatory sinking fund redemption. See “APPENDIX F - Official Notice of Bond Sale.”

Authority for Issuance

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

Purpose

Proceeds of the 2021 Bonds will be used to: (i) refund certain outstanding bonds of the District more particularly described herein (the “Refunding Project”); and (ii) pay the costs of issuing the 2020B Bonds. See “SOURCES AND USES OF FUNDS.”

Security

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

Excluding the issuance of the Bonds and the effect of the Refunding Project, the District has \$59,248,000* aggregate principal amount of general obligation bonds outstanding as of February 1, 2021. See “DEBT STRUCTURE - Outstanding Debt and Other Obligations.”

Professionals

Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel in connection with the Bonds and has also acted as special counsel to the District in connection with this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. JNA Consulting Group, LLC, Boulder City, Nevada, is providing financial advisory services to the District. See “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 Silva, Sceirine & Associates, LLC, certified public accountants, Reno, Nevada. See “INDEPENDENT AUDITORS.” U.S. Bank National Association, Phoenix, Arizona, will act as Registrar and Paying Agent for the Bonds, and will also act as the Escrow Bank with respect to the bonds being refunded with a portion of the proceeds of the Bonds.

* Preliminary; subject to change.

Tax Matters

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

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

Continuing Disclosure Undertaking

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

For its fiscal year ended June 30, 2015, the District failed to include updates to one table relating to overlapping indebtedness required by the undertaking for its 2004 bonds that matured on April 1, 2016. On May 20, 2016, the District made a remedial filing on EMMA to bring such information current.

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

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.

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.

In early July 2019, the District's systems were the victim of a ransomware attack. Although the attack did not result in the exposure or theft of District information, it disrupted the District's business operations, including its email, internet, and phone lines, which prevented District employees, including its business and finance department, from completing certain day-to-day tasks. District payments to vendors were temporarily disrupted. The District's insurance carrier negotiated a ransom and the District regained access to its systems approximately 10 days later.

In order to help prevent future cybersecurity incidents, the District has implemented new password procedures and has incorporated new software and hardware to strengthen its defense against future cybersecurity threats. All third-party devices are now required to have District approved anti-virus software. The District has implemented an additional, redundant, daily off-site back-up feature to preserve its information. No amount of defensive measures can prevent all cybersecurity attacks or the resultant disruptions and costs. To that end, the District will maintain its cyber-liability insurance. In the event a future cybersecurity incident occurs that disrupts the District's daily business operations, it is not expected to impact the District's ability to make bond debt service payments as those processes are handled independently of the District's systems.

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

The District's ability to retire the indebtedness created by the issuance of the Bonds is dependent, in part, upon the maintenance of an adequate tax base against which the District may levy and collect property tax revenues. The amount of ad valorem property taxes (sometimes referred to herein as "General Taxes") collected will be dependent upon the assessed valuation of land within the District. As illustrated in "PROPERTY TAX INFORMATION," the assessed valuation of the property (inclusive of the net proceeds of mines) in the District increased 7.5%, 9.3%, and 12.2%, and 10.1%, respectively, in fiscal years 2018, 2019, 2020, and 2021.

However, it is not possible to predict whether property values in the District will continue to increase in the future, whether foreclosure rates will rise or fall or whether any increase in foreclosures will cause significant delinquencies in property tax payments or the realization of property tax revenues by the District.

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

Changes in Law. Various State laws apply to the imposition, collection, and expenditure of General Taxes as well as to the operation and finances of the District, including State funding of education. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would

have a material effect, directly or indirectly, on the affairs of the District and the imposition, collection, and expenditure of its revenues, including General Taxes.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the sections entitled “DISTRICT FINANCIAL INFORMATION - General Fund History of Revenues, Expenditures and Changes in Fund Balance,” “DISTRICT FINANCIAL INFORMATION - Debt Service Fund History of Revenues, Expenditures and Changes in Fund Balance,” and “DISTRICT FINANCIAL INFORMATION - Analysis of Recent Financial Developments,” and any statements throughout this Official Statement referring to estimated, budgeted, unaudited or interim results for fiscal year 2021 or future years, contain statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not occur as assumed or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be materially adverse to the owners of the Bonds.

Secondary Market

No guarantee can be made that a secondary market for the Bonds will develop or be maintained by the initial purchaser of the Bonds 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, the Refunding Project, and the District are included in this Official Statement. All references herein to the Bonds, the Bond Resolution and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

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

Lyon County School District
Attn: Director of
Business Services
25 East Goldfield Avenue
Yerington, Nevada 89447
Telephone: 775.463.6800

JNA Consulting Group, LLC
410 Nevada Way, Suite 200
Boulder City, Nevada 89005
Telephone: 702.294.5100

SOURCES AND USES OF FUNDS

Sources and Uses of Funds of Bonds

The proceeds of the Bonds, together with certain other legally available monies, are expected to be applied in the manner set forth in the following table.

Sources and Uses of Funds of Bonds

SOURCES:

Principal amount
Plus/(less): net original issue premium/(discount).....
Debt service fund contribution.....
Total

USES:

Refunding Project
Costs of Issuance (including underwriting discount).....
Total

Source: The Municipal Advisor.

The Refunding Project

The net proceeds of the Bonds will be used to current refund: (i) all of the District's outstanding General Obligation (Limited Tax) School Improvement Bonds (PSF Guaranteed), Series 2011 (the "2011 Bonds"); and (ii) all of the District's outstanding General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2020A (the "2020A Bonds"). The 2020A Bonds will be paid and canceled on the date of issuance of the Bonds. To accomplish the refunding of the 2011 Bonds, the District will deposit a portion of the Bond proceeds, together with other legally available monies of the District, into an escrow account (the "Escrow Account") pursuant to an Escrow Agreement dated as of the date of delivery of the Bonds between the District and the Escrow Bank (the "Escrow Agreement"). Pursuant to the Escrow Agreement, the amount deposited into the Escrow Account will be invested in federal securities maturing at such times and in such amounts as are required to pay, together with an initial cash balance, the principal of the 2011 Bonds upon maturity or prior redemption on June 1, 2021. The accuracy of the mathematical computations of the adequacy of the maturing principal of and interest on the federal securities and cash deposited in the Escrow Account to provide for the payment of the principal and interest with respect to the Refunded Bonds when due or upon prior redemption, will be verified by Causey Demgen & Moore Inc., certified public accountants, Denver, Colorado.

THE BONDS

General

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

Payment Provisions

General. Interest on the Bonds is payable on June 1 and December 1 (each an interest payment date), commencing December 1, 2021, by check or draft mailed by the Paying Agent on each interest payment date (or, if the interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof (i.e., Cede & Co.) at the address shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month preceding such interest payment date (the “Regular Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a “Special Record Date”). The Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten days prior thereto by first class mail to each such registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent (provided, however, that the District shall not be required to make funds available to the Paying Agent prior to the due dates of interest and principal, respectively). Principal on the Bonds will be payable at maturity and upon presentation and surrender at the corporate trust office of the Paying Agent (or at such other office designated by the Paying Agent). Any Bond not paid upon presentation and surrender at or after maturity shall continue to draw interest at the rate stated in the Bond until the principal is paid in full. All such payments of principal and interest shall be made in lawful money of the United States of America.

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

Redemption Provisions

Optional Redemption. The Bonds maturing on and after June 1, 2032 are subject to redemption prior to their respective maturities, at the option of the District, on or after June 1, 2031, in whole or in part at any time, from such maturities as are selected by the District, and if less than all of the Bonds of any particular maturity are to be redeemed, the Bonds of such maturity shall be redeemed by lot within such maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The Bonds maturing on June 1, 20__ (the “Term Bonds”), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date.

As and for a sinking fund for the redemption of the Term Bonds, there shall be deposited into the Principal Account created in the Bond Resolution, on or before the dates shown below, a sum which, together with other moneys available therein, is sufficient to redeem the Term Bonds maturing on June 1, 20__, on the dates and in the principal amounts shown below.

Redemption Date	Principal
<u>(June 1)</u>	<u>Amount</u>
20__	\$ _____
20__ (maturity)	_____

Not more than 60 days nor less than 20 days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such manner as the Registrar may determine) from all outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of Bonds redeemable with the required sinking fund payments, and shall call such Term Bonds or portions thereof for redemption from the sinking fund on the next principal payment date, and give notice of such call as described in “- Notice of Redemption for 2021 Bonds” below.

At the option of the Board to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) in an aggregate principal amount desired by the Board or, (ii) specify a principal amount of Term Bonds or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and cancelled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portion thereof so delivered or previously redeemed which is a part of the maturity which would be subject to mandatory redemption on the following principal payment date shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Board on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the Board determines.

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

Notwithstanding the provisions described above, any notice of redemption may contain a statement that the redemption is conditioned upon the 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 facilities 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 from federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The covenant described above shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

Defeasance

When all Bond Requirements of any Bond have been duly paid, the pledge and lien and all obligations under the Bond Resolution as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of the Bond Resolution. There shall be deemed to be such due payment when the District has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient

(including the known minimum yield available for such purpose from Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond or upon any redemption date as of which the District shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond for payment. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the District and the Bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the owners thereof to assure availability as so needed to meet the schedule. For the purposes described in the prior paragraph, the term "Federal Securities" shall be as defined in NRS 350.522, and shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the holder thereof. The District shall immediately give written notice of any such defeasance to the insurer of the Bonds, if any.

Replacement of Registrar and Paying Agent

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

Amendment of the Bond Resolution

The Bond Resolution may be amended by the Board without the consent of or notice to the holders of the Bonds or insurer of the Bonds, if any, for the purpose of curing any ambiguity or formal defect or omission.

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

Book-Entry Only System

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

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

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

Debt Service Requirements

The following table sets forth the debt service requirements for the Bonds in each fiscal year. See “DEBT STRUCTURE - Total Debt Service Requirements - General Obligation Bonds” for information on the debt service due on all of the District’s outstanding general obligation bonds (including the Bonds).

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Bond Debt Service Requirements⁽¹⁾

<u>Fiscal</u> <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			

⁽¹⁾ Totals may not sum 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 and the interest on the Bonds, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “PROPERTY TAX INFORMATION - Property Tax Limitations.” The Bonds are payable by the District from any source legally available therefor at the times such payments are due, including the General Fund of the District. In the event, however, that such legally available sources of funds are insufficient, the District is obligated to levy a general (ad valorem) tax on all taxable property within the District for payment of the Bonds, subject to the limitations provided in the constitution and laws of the State.

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

Debt Service Tax Levy

The District currently expects to repay the Bonds without increasing its debt rate of \$0.5867. However, if necessary, the District may increase that rate to pay debt service on such bonds, including the Bonds, subject to the State constitutional and statutory limitations discussed throughout this Official Statement.

Reserve Account

Pursuant to NRS 350.020(5) the Board established a reserve account (the “Reserve Account”) within its Debt Service Fund for payment of the outstanding general obligation bonds of the District (excluding medium-term bonds) and, if then permitted by the statutes of the State (currently only when amounts in the Reserve Account exceed the amount of the Reserve Requirement, described below), 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: (i) 50% of the amount of principal and interest payments due on all of the outstanding bonds of the District in the next fiscal year, or (ii) 10% of the outstanding principal amount of the District’s bonds (the “Reserve Requirement”). If the amount in the Reserve Account falls below the Reserve Requirement, NRS 350.020(5) provides that: (a) the Board shall not issue additional bonds pursuant to NRS 350.020(4) until the Reserve Account is restored to an amount equal to the Reserve Requirement; and (b) 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 an amount equal to the Reserve Requirement.

Upon the issuance of the Bonds, the amount required to be on deposit in the Reserve Account is \$_____*, which has been funded with available funds of the District. 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.

Additional Bonds

Pursuant to NRS 350.020(4) and an election held within the District on November 7, 2006 (the “Election”), the District received voter approval to issue general obligation bonds until November 7, 2016, provided the Board makes a finding that the proposed bonds can be paid within a \$0.5867 property tax rate for debt service and the Lyon County Debt Management Commission subsequently approves such finding. Pursuant to NRS 350.0201, the District’s authority to issue bonds pursuant to the authority granted by NRS 350.020(4) and the Election was extended for an additional 10 years and such authorization now expires on November 7, 2026. In order to issue any of the bonds permitted by the Election, the District must also be in compliance with the Reserve Account requirements described above under “ – Reserve Account.”

Subject to Board approval, and upon the issuance of the Bonds, the District currently has authorization from the Lyon County Debt Management Commission to issue up to \$35,000,000* in additional general obligation bonds to finance additional capital projects for the District. The District reserves the right to issue additional bonds at any time legal requirements are met.

Bond Resolution Irrepealable

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

Other Security Matters

No Repealer. State statutes provide that no act concerning the Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the Bonds or their security until all of the Bonds have been discharged in full or provision for their payment and redemption has been fully made.

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

* Preliminary; subject to change.

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

Limitations on Remedies

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

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

PROPERTY TAX INFORMATION

Property Tax Base

The State Department of Taxation reports the total assessed valuation of property within the District for the fiscal year ending June 30, 2021, to be \$2,273,021,391 (inclusive of the net proceeds of mines), which represents a 10.1% increase from the assessed valuation (inclusive of the net proceeds of mines) for fiscal year 2020.

State law requires that the County Assessor reappraise at least once every five years all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). State law provides that in years in which the property is not reappraised, the County Assessor is to apply a factor representing typical changes in value in the area since the preceding year. State law requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the State Legislature. Based upon the assessed valuation of the District for its fiscal year 2021 (inclusive of the net proceeds of mines), the taxable value of all taxable property within the District is \$6,494,346,831.

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

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

History of Assessed Value

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

History of Assessed Valuation

Fiscal Year Ending June 30	Assessed Valuation	Net Proceeds of Mines	Total Assessed Valuation	Percent Change
2017	\$1,560,300,781	\$5,754,129	\$1,566,054,910	--
2018	1,678,550,218	4,210,787	1,682,761,005	7.5%
2019	1,832,932,709	5,895,406	1,838,828,115	9.3
2020	2,057,984,244	6,026,479	2,064,010,723	12.2
2021	2,271,246,893	1,774,499	2,273,021,391	10.1

Source: Nevada Dept. of Taxation, *Property Tax Rates for Nevada Local Governments*, 2016-17 through 2020-21.

Property Tax Collections

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

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

Property Tax Levies, Collections and Delinquencies

Fiscal Year Ending June 30	Net Secured Roll Tax Levy ⁽¹⁾	Current Tax Collections	% of Net Levy Collected	Collections in Subsequent Years	Total Tax Collections ⁽²⁾	Total Tax Collections as % of Current Levy ⁽³⁾
2016	\$33,617,196	\$33,083,492	98.41%	\$570,395	\$33,653,887	100.11%
2017	34,233,063	33,794,267	98.72	408,085	34,202,352	99.91
2018	35,931,640	35,264,233	98.14	428,451	35,692,684	99.33
2019	37,874,080	37,414,261	98.79	310,604	37,724,865	99.61
2020	40,699,687	40,277,582	98.96	141,318	40,418,900	99.31
2021	43,777,086	16,416,791	37.50	n/a ⁽⁴⁾	16,416,791	37.50

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

(2) All collections as of August 31, 2020 (unaudited).

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

(4) Collections in progress.

Source: Lyon County Clerk/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 4 installments are delinquent. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property.

Largest Taxpayers in the District

The following table represents the ten largest property-owning taxpayers in the District based on fiscal year 2019-20 assessed valuations. The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (generally personal property). No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the District. It is possible that one or more of the major taxpayers in the District may be experiencing, or could in the future experience, varying degrees of financial difficulty; those or other entities may encounter future difficulties that could negatively impact the timely payment of property taxes.

Ten Largest Taxpayers in the District
Fiscal Year 2019-20

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value⁽¹⁾</u>
NV Energy	Utility	\$53,182,618	2.59%
Southwest Gas Corporation	Utility	18,722,368	0.91
Apple Inc.	Technology	15,508,262	0.75
Union Pacific Railroad	Railroad	14,422,708	0.70
Polaris Sales Inc.	Distribution center	13,585,381	0.66
Nevada Cement Company	Construction materials	9,850,209	0.48
Trex Company LLC	Manufacturing	8,701,316	0.42
Peri & Peri LLC	Onion grower	8,692,424	0.42
McCabe Way Irving LLC et al	Internet retail	8,495,141	0.41
Southern California Edison Company	Utility	<u>8,321,948</u>	<u>0.41</u>
Total		<u>\$159,482,375</u>	<u>7.75%</u>

(1) Based on the total 2019-2020 assessed valuation for the District of \$2,057,984,244, exclusive of the net proceeds of mines.

Source: Nevada Department of Taxation, *Ten Highest Assessed Taxpayers Statewide and All Counties, 2019-2020 Secured Roll / 2018-2019 Unsecured Roll*.

Property Tax Limitations

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

Local Government Property Tax Revenue Limitation. State statutes limit the revenues school districts may receive from ad valorem property taxes for operating purposes. Pursuant to NRS 387.195, each board of county commissioners levies a tax of \$0.75 per \$100 of assessed valuation for school district operating purposes. School districts also are allowed additional levies for voter-approved debt service and voter-approved tax overrides for capital projects.

State statutes also limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain

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

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

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

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

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship.

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

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

has not received material requests to postpone the payment of any property tax as described above.

Required Property Tax Abatements

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

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

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

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

Overlapping Tax Rates and General Obligation Indebtedness

Overlapping Tax Rates. The following table presents a history of statewide average tax rates and a representative overlapping tax rate for taxing districts located in Yerington, the County seat and the city in which the District's administrative offices are located. The overlapping rates for various areas within the County vary depending on the rates imposed by applicable taxing entities. Currently, the overlapping rates in the County range from \$2.9395 to \$3.6600.

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

<u>Fiscal Year Ended June 30,</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Average Statewide rate	<u>\$3.1500</u>	<u>\$3.1615</u>	<u>\$3.1572</u>	<u>\$3.2218</u>	<u>\$3.1878</u>
Lyon County School District	\$1.3367	\$1.3367	\$1.3367	\$1.3367	\$1.3367
Lyon County	0.9287	0.9287	0.9287	0.9287	0.9287
City of Yerington	0.4044	0.4044	0.4044	0.4044	0.4044
Combined Special Districts	0.8202	0.8202	0.8202	0.8202	0.8202
State of Nevada ⁽²⁾	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
TOTAL	\$3.6600	\$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: Nevada Dept. of Taxation, *Property Tax Rates for Nevada Local Governments*, 2016-17 through 2020-21.

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 February 1, 2021.

Estimated Overlapping Net General Obligation Indebtedness

<u>Entity</u> ⁽¹⁾	<u>Total</u> <u>General</u> <u>Obligation</u> <u>Indebtedness</u>	<u>Presently</u> <u>Self-Supporting</u> <u>General</u> <u>Obligation</u> <u>Indebtedness</u>	<u>Net Direct</u> <u>General</u> <u>Obligation</u> <u>Indebtedness</u>	<u>Percent</u> <u>Applicable</u> ⁽²⁾	<u>Overlapping</u> <u>Net General</u> <u>Obligation</u> <u>Indebtedness</u> ⁽³⁾
Lyon County	\$ 9,140,443	\$ 9,140,443	\$ --	100.00%	\$ --
Fernley	61,025,168	61,025,168	--	100.00	--
Yerington	--	--	--	100.00	--
Central Lyon Fire District	--	--	--	100.00	--
Silver Springs GID	--	--	--	100.00	--
Fernley Swimming Pool Dist.	--	--	--	100.00	--
State of Nevada	<u>1,308,950,000</u>	<u>328,307,000</u>	<u>980,643,000</u>	<u>1.63</u>	<u>15,949,331</u>
Total	<u>\$1,379,115,611</u>	<u>\$398,472,611</u>	<u>\$980,643,000</u>		<u>\$15,949,331</u>

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

(2) Based on fiscal year 2021 assessed valuation in the respective jurisdiction. The percent applicable is derived by dividing the assessed valuation of the governmental entity into the assessed valuation of the District.

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

Source: Debt information compiled by the Municipal Advisor; percentages calculated using information from Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2020-21; and the State Treasurer's office.

The following table sets forth the estimated total direct and overlapping general obligation indebtedness attributable to the District as of February 1, 2021 (excluding the issuance of the Bonds and the effect of the Refunding Project).

Net Direct & Overlapping General Obligation Indebtedness*

Total Direct General Obligation Indebtedness ⁽¹⁾	\$59,248,000
Plus: Overlapping Net General Obligation Indebtedness	<u>15,949,331</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$75,197,331*

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

Selected Debt Ratios

The following table illustrates selected ratios for the District.

Selected Debt Ratios for the District*

Population ⁽¹⁾	56,497
Net Direct Debt ⁽²⁾	\$59,248,000
Overlapping Debt ⁽²⁾⁽³⁾	<u>\$15,949,331</u>
Total Direct Debt & Overlapping Debt.....	\$75,197,331
Per Capita Net Direct Debt.....	\$1,048.69
Per Capita Net Total Direct Debt & Overlapping Debt	\$1,331.00
2021 Assessed Valuation ⁽⁴⁾	\$2,273,021,391
% Net Direct Debt to Assessed Valuation	2.61%
% Net Total Direct Debt & Overlapping Debt to Assessed Valuation	3.31%
2021 Taxable Value ⁽⁴⁾	\$6,494,346,831
% Net Direct Debt to Taxable Value	0.91%
% Net Total Direct Debt & Overlapping Debt to Taxable Value	1.16%

- (1) Nevada State Demographer projection dated July 1, 2019. See “APPENDIX F--ECONOMIC AND DEMOGRAPHIC INFORMATION--Population and Age Distribution.”
- (2) Outstanding debt as of February 1, 2021 (excluding the issuance of the Bonds and the effect of the Refunding Project). See “DEBT STRUCTURE--Outstanding Debt and Other Obligations.”
- (3) Figure is estimated based on information supplied by other taxing authorities and does not include self-supporting general obligation debt. See the table “Estimated Overlapping Net General Obligation Indebtedness” on the preceding page.
- (4) See “Property Tax Base” for an explanation of Assessed Value and Taxable Value. Figures are exclusive of the net proceeds of mines.

* Preliminary, subject to change.

LYON COUNTY SCHOOL DISTRICT

General

All school districts in Nevada are organized under the terms of legislation enacted in 1956. There is one school district in each county with responsibility for all public education from preschool through the twelfth grade. The District's boundaries are coterminous with those of the County. According to the Nevada Department of Taxation, the estimated population of the County (and therefor the District) was 56,497 as of July 1, 2019 (based on State Demographer Projections). See "APPENDIX F--ECONOMIC AND DEMOGRAPHIC INFORMATION--Population and Age Distribution."

Board of Trustees

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

<u>Board Member and Title</u>	<u>District Represented</u>	<u>Expiration of Term</u>
Holly Villines, President	V	2024
Phil Cowee, Clerk	III	2024
Kimber LA Crabtree, Member	VII	2024
Neal McIntyre, President	VI	2022
Sherry Parsons, Member	I	2024
Bridget Peterson, Member	II	2022
Barbara Jones, Member	IV	2022

Administration

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

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

Superintendent – Wayne Workman. Wayne Workman has been the Superintendent since July 2015. He has been employed by the District since August 2006, most recently serving as the District's Deputy Superintendent from July 2012 through June 2015. Mr. Workman has held the post of Director of Human Resources. He has also been a Principal and

Vice Principal. Mr. Workman holds a Bachelor of Science from Utah State University and a Master of Arts from the University of Phoenix.

Deputy Superintendent – Tim Logan. Tim Logan has been the Deputy Superintendent since July 2018. Prior to his current appointment, Mr. Logan’s administrative background includes three years as the Human Resource Director for the District and four years as the principal at Dayton High School. Mr. Logan holds a Masters in Administrative Leadership from the University of Phoenix, a Masters in Curriculum and Instruction from Grand Canyon University, and Bachelor of Science in Math/Education from Brigham Young University.

Director of Business Services – Harman Bains. Harman Bains has been the Director of Business Services since November 2019. He came over from the Office of the Attorney General where he was an Administrative Services Officer. Prior to that he was a Deputy Legislative Auditor for the Nevada Legislative Counsel Bureau. Mr. Bains hold a Bachelor’s and a Masters of Business Administration both from the University of Nevada Reno.

Finance Manager/Comptroller – Spencer Winward. Spencer Winward has worked in the business office of the District since June 2017 and has several years of accounting experience in the private sector. Mr. Winward holds a Bachelor of Arts in Accounting from Utah State University.

Facilities

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

Enrollment

The following table shows an enrollment history for the District.

Enrollment History

Academic Year	2016-17	2017-18	2018-19	2019-20	2020-21
Pre-Kindergarten	434 ⁽¹⁾	479	386	285	84
Kindergarten	627	619	695	617	626
1st - 4th Grade	2,651	2,696	2,661	2,685	2,577
5th - 8th Grade	2,609	2,814	2,882	2,919	2,877
9th - 12th Grade	2,359	2,341	2,495	2,596	2,654
Total	8,680	8,949	9,119	9,102	8,819

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

Source: The District.

Employee Relations and Pension Benefits

Employee Relations. As of January 1, 2021, the District had 1,169 permanent employees. The District is an equal opportunity/affirmative action employer with three employee bargaining units that cover licensed teachers, most classified personnel, and administrators. The Lyon County Education Association (the “LCEA”) represents non-administrative licensed employees, the Nevada Classified School Employees Association Local 6181 AFT, AFL-CIO, Lyon Chapter 7 (the “LCCSEA”) represents all non-supervisory or confidential classified employees, and the Lyon County Administrator Association (the “LCAA”) represents administrators. The District considers its relations with its employees to be in great standing. The most recent contracts are in force and expire on June 30, 2021, and their terms allow them to perpetuate until a successor agreement is in place. The District has agreements in place with the LCEA, LCCSEA and LCAA.

Benefits. The District offers employees working 25 or more hours per week health care, dental, vision and life insurance; the District pays the cost for the employee and the employee pays for any dependents. The District also offers supplemental insurance policies (i.e., disability) at full cost to the employees.

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

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

PERS Benefit Multiplier

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

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

Nevada PERS Retirement Eligibility

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

The salary cap reportable to PERS is capped at the federal limit for public employees hired prior to July 1, 2015 but is capped at approximately \$200,000 per year for employees hired on or after July 1, 2015. PERS allows certain post retirement increases in benefit income that range: (i) from 2% per year beginning in the 4th year of retirement up to 5% per year in the fifteenth year of retirement and beyond for employees hired prior to January 1, 2010; (ii) from 2% per year beginning in the 4th year of retirement up to 4% per year in the thirteenth year of retirement and beyond for employees hired after January 1, 2010; and (iii) from 2% per year beginning in the 4th year of retirement up to the lesser of 3% of the CPI cap or 3% every year thereafter for employees hired on or after July 1, 2015.

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

2019. 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, 2019	June 30, 2018	June 30, 2017
UAAL	\$14.31 billion	\$13.73 billion	\$13.27 billion
Market Value Funding Ratio	75.3%	75.2%	74.4%
Actuarial Value Funding Ratio	75.3%	75.1%	74.5%
Assets Market Value	\$43.8 billion	\$41.42 billion	\$38.69 billion
Assets Actuarial Value	\$43.61 billion	\$41.34 billion	\$38.72 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.

The following presents the net pension liability of PERS as of June 30, 2019, and the District's proportionate share of the net pension liability of PERS as of June 30, 2019 (reported as of June 30, 2020), 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 <u>Discount Rate (6.5%)</u>	<u>Discount Rate (7.5%)</u>	1% Increase in <u>Discount Rate (8.5%)</u>
PERS Net Pension Liability	\$21,113,639,011	\$13,635,963,390	\$7,420,117,489
District Share of PERS Net Pension Liability	\$154,985,450	100,095,295	\$54,467,648

Contribution rates to PERS are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The State Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employers to pay for their proportionate share of the unfunded liability. The County is obligated to contribute all amounts due under PERS. A history of contribution rates, as a percentage of payroll, is shown below.

Contribution Rates

	<u>Fiscal Years 2012 and 2013</u>	<u>Fiscal Years 2014 and 2015</u>	<u>Fiscal Years 2016 and 2017</u>	<u>Fiscal Years 2018 and 2019</u>	<u>Fiscal Years 2020 and 2021</u>
Regular members					
Employer-pay plan	23.75%	25.75%	28.00%	28.00%	29.25%

The District's employer-paid contributions to PERS for its fiscal years ended June 30, 2016 through 2020, inclusive, were \$11,410,032, \$6,422,758, \$6,875,462, \$7,162,970, and \$7,658,540. Including both employer and employee paid contributions, the District transmitted \$11,410,032, \$11,712,851, \$12,167,967, \$12,568,407, and \$13,378,177 to PERS for its fiscal years ended June 30, 2016 through 2020, inclusive, which matches the amounts required to be transmitted to PERS by law. The District has budgeted \$13,187,177 (including both employer and employee paid contributions) in PERS contributions for its fiscal year ending June 30, 2021.

See Note 9 in the audited financial statements attached hereto as APPENDIX A for a summary description of PERS. See page 68 of the financial statements attached hereto as APPENDIX A for a description of the District's employer-paid contributions to PERS for its fiscal years ended June 30, 2015 through 2020, inclusive. In addition, copies of the most recent audited financial statements for PERS are available from the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, 775-687-4200.

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

The District is required by law to participate in PEBP. The PEBP Board establishes the contribution requirements for plan members in accordance with State law and may amend those funding requirements at any time. As of June 30, 2013, the required subsidy paid by the District was based on a percentage of the legally determined base amount for each participant (based on years of service). Currently, the sources of funding for the payments are reimbursements from the State and nominal charges to those District funds with benefitted payrolls. The District contributed \$415,127, \$362,175, \$380,812, \$357,886, and \$357,887 for fiscal years 2016 through 2020, respectively, and has budgeted to contribute \$374,678 for fiscal year 2021. See Note 11 in the audited basic financial statements attached hereto as APPENDIX A for a further discussion of the District's participation in PEBP, its funding status, its net OPEB obligation, and related matters.

The District also administers a single-employer defined benefit Healthcare Plan (LCHCP). This plan provides postemployment healthcare and life insurance benefits to retirees of the District. Any retiree that participates in the Nevada Public Employees' Retirement System (PERS) may purchase coverage for themselves and dependents at the same premium charged active employees. Because retirees pay the same premium as active employees rather than a higher rate that would result from rating retirees as a separate insured group, the District incurs the cost of an implicit premium subsidy. A separate report was not issued for the plan. Membership of the LCHCP consisted of 1,019 active plan members, 81 retirees receiving benefits, and 34 retirees entitled to but not receiving benefits as of June 30, 2018, the date of the latest actuarial valuation, which is the most recent data available. The District contributed \$162,296 on their behalf during the year ended June 30, 2020. See Note 10 and the Required Supplemental Information in the audited financial statements attached to this Official Statement as APPENDIX A for a further discussion of the LCHCP.

Compliance with Federal Laws; Federal Budget Sequestration

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

DISTRICT FINANCIAL INFORMATION

Budgeting

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

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

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

Accounting

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

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

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

Annual Reports

The District prepares a Comprehensive Annual Financial Report (the "CAFR") setting forth the financial condition of the District as of June 30 of each fiscal year. The CAFR, which includes the District's audited basic financial statements, constitutes the official financial report of the District. It is prepared using generally accepted accounting principles ("GAAP"). The latest completed CAFR is for the year ended June 30, 2020. See Note 1 in the audited basic financial statements attached hereto as APPENDIX A for a summary of the District's significant accounting policies.

The audited basic financial statements for the year ended June 30, 2020, 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.”

General Fund

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

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

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

The District received \$10,879,862 (13.9% of General Fund revenues) from the property tax and received \$12,519,536 (16.0% of General Fund revenues) from the LSST in fiscal year 2020, and the District received \$10,011,225 (13.2% of General Fund revenues) from the property tax and \$11,502,563 (15.1% of General Fund revenues) from the LSST in fiscal year 2019. Other local operating sources to the General Fund include governmental services taxes (taxes imposed on licensing of motor vehicles), earnings on investments, utility franchise fees and other local revenues. For fiscal year 2021, the District budgets receiving \$11,376,036 (14.5% of General Fund revenues) from property tax and budgets receiving \$12,854,689 (16.4% of General Fund revenues) from the LSST. These represent increases of 4.4% and 2.6%, respectively, over the prior fiscal year.

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

State Sources. State revenue sources consist primarily of payments from the State Distributive School Account (the “DSA”) received pursuant to the Nevada Plan for School Finance (the “School Finance Plan”); State revenues also include transportation reimbursements.

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

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 Legislature for the biennium in accordance with a formula set forth in the School Finance Plan. The 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 School Finance Plan contains four basic calculations: equalized basic support ratios, wealth adjustment factors, transportation allotments, and guaranteed basic support. As part of the 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 previous year's quarterly average daily enrollment if the decline in the current year's quarterly average daily enrollment is equal to or more than 5%. The Legislature may amend the provisions of the School Finance Plan at any time, including the various funding formulas embedded within it, and has done so on numerous occasions in the past, including during the 2019 legislative session as described below.

The per-pupil State guaranteed support for the District for fiscal years 2017-2021 was \$7,316, \$7,400, \$7,513, \$7,224, and \$7,836 respectively. The District received \$51,994,511 (66.6% of General Fund revenue) in State DSA funding in fiscal year 2020 and received \$50,893,145 (66.9% of General Fund revenue) in State DSA funding in fiscal year 2019. For fiscal year 2021, the District budgeted \$51,315,856 for State DSA funding or 65.5% of General Fund revenues.

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

Legislative Changes to School Funding. The Legislature may amend the provisions of the School Finance Plan at any time, including the various funding formulas embedded within them, and has done so on numerous occasions in the past. Most recently, the Legislature enacted the Pupil-Centered Funding Plan (described below). It is likely that the School Finance Plan and/or Pupil-Centered Funding Plan will be amended in the future; there is no assurance that such amendments will not result in reduced funding to the District.

Beginning with the 2021-2023 biennium, Senate Bill 543 (“SB 543”), which was adopted by the Legislature in its 2019 legislative session, replaces the School Finance Plan with the Pupil-Centered Funding Plan, which combines 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.

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. 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. 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.

The Nevada Constitution requires that the revenue from a tax upon the net proceeds of all minerals be appropriated to each county and apportioned among the respective governmental units within the county, including the school district. SB 543 require the proceeds of such a tax that are apportioned to each school district be deposited to the credit of the State Education Fund. SB 543 further deems such money to be the first money appropriated as part of the adjusted base per pupil funding and weighted funding to the county school district from which the money originated. To the extent that money exceeds the adjusted base per pupil funding and weighted funding for the county school district to which it was apportioned, SB 543

requires the excess to be transferred to the county school district from which the money originated and authorizes the expenditure of that money as a continuing appropriation. SB 543 also specifies that the purposes for which the money may be used include mitigating the adverse effects of the cyclical nature of the mining industry on the school district. These effects include, without limitation, significant and rapid changes in the number of pupils enrolled in the school district which are a unique impediment to pupils receiving a reasonably equal educational opportunity in the counties in which the mining industry is pervasive and cannot be reasonably addressed in a uniform statewide funding plan. 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 requires the Governor to include in the proposed executive budget recommendations for the statewide base per pupil funding amount and the multiplier for each category of pupils and further requires the Governor to consider the recommendations of the Commission on School Funding for an optimal level of school funding and authorizes the

Governor to reserve an additional amount of money for transfer to the State Education Fund to fund any such recommendation. SB 543 also authorizes the Governor to include in the proposed executive budget a recommendation for such funding for the public schools in this State as the Governor determines to be appropriate if the Governor determines that preparing a proposed executive budget as described in SB 543 would be impracticable. If the Governor includes such a recommendation, the Governor must also recommend appropriate legislation to improve the method for determining funding for the public schools in this State.

SB 543 creates the Commission on School Funding (the “Commission”) and prescribes its membership. SB 543 requires the Commission to project the distribution of education funding for the 2019-2021 biennium as if the Pupil Centered Funding Plan were in effect and compare that projection to the projected distribution of education funding for the 2019-2021 biennium under existing law. SB 543 additionally requires each school district to project its budget for the 2019-2021 biennium as if the Pupil-Centered Funding Plan were in effect, compare that projection to its projected budget for the 2019-2021 biennium under existing law and submit both budgets to the Commission. Finally, SB 543 requires the Commission to make recommendations for the implementation of the Pupil Centered Funding Plan to the Governor and Legislature.

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

General. The following table provides a history of the financial operations for the District’s General Fund for fiscal years 2016 to 2020, and budgeted information for fiscal year 2021. The information for fiscal years 2016 through 2020 was derived from the District’s annual financial report for those years, and the augmented budgeted information was derived from the District’s fiscal year 2021 augmented budget adopted on December 15, 2020. The information in this table should be read together with the District’s audited financial statements for the year ended June 30, 2020, 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.”

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

Fiscal Year Ending June 30,	2016 Audited	2017 Audited	2018 Audited	2019 Audited	2020 Audited	2021 Augmented Budgeted
Revenues						
Property taxes	\$9,265,802	\$9,180,068	\$9,630,636	\$10,011,225	\$10,879,262	\$11,376,036
Sales taxes	9,184,092	9,580,068	11,081,822	11,502,563	12,519,536	12,854,689
Other local sources	2,077,340	2,033,341	2,240,633	2,524,004	2,557,253	2,611,869
State sources	44,499,368	46,038,613	48,695,601	50,893,145	51,994,511	51,315,856
Federal sources	<u>132,665</u>	<u>690,798</u>	<u>167,397</u>	<u>974,015</u>	<u>170,050</u>	<u>175,000</u>
Total revenues	<u>65,159,267</u>	<u>67,522,888</u>	<u>71,816,089</u>	<u>75,904,952</u>	<u>78,120,612</u>	<u>78,333,450</u>
Expenditures						
Instruction:						
Regular instruction	26,448,832	26,820,232	29,226,592	30,420,919	31,279,621	34,048,290
Special instruction	227,485	237,130	269,208	176,948	268,869	299,024
Vocational instruction	1,436,643	1,474,452	1,519,009	1,467,843	1,485,442	1,703,273
Other instruction	1,628,609	1,737,213	1,812,169	1,796,364	1,955,260	2,100,198
Extra-curricular activities	1,540,213	1,603,953	1,310,406	1,733,915	1,432,972	1,988,687
Support Services:						
Student support	2,624,128	2,714,590	3,298,683	2,844,949	3,121,961	3,379,130
Instructional staff support	1,815,127	1,607,841	1,947,392	1,671,770	1,702,952	2,042,668
General administration	1,535,103	1,740,640	1,721,802	1,909,702	2,034,643	1,903,088
School administration	6,573,294	6,816,101	7,158,326	7,290,496	7,637,162	8,208,046
Central services	3,690,822	3,557,868	4,505,245	4,387,656	5,010,669	5,601,878
Operation and maintenance	7,465,448	7,593,065	8,203,542	7,998,647	8,223,254	8,651,471
Student transportation	3,090,106	3,232,167	5,398,574	3,261,534	3,612,519	3,983,031
Other support services	--	--	--	--	--	--
Noninstructional services:	--	--	--	--	--	--
Parent and community service	--	--	--	--	--	--
Facilities acquisition and construction	9,959	35,658	--	--	--	--
Contingency (budget item only)	--	--	--	--	--	500,000
Total expenditures	<u>58,085,769</u>	<u>59,170,910</u>	<u>66,370,948</u>	<u>64,960,743</u>	<u>67,772,537</u>	<u>74,408,784</u>
Excess of revenues over expenditures	<u>7,073,498</u>	<u>8,351,978</u>	<u>5,445,141</u>	<u>10,944,209</u>	<u>10,348,075</u>	<u>3,924,666</u>
Other Financing Sources (Uses) ⁽¹⁾						
Proceeds from sale of fixed assets	--	--	--	--	--	--
Transfers in	--	--	--	--	--	--
Transfers out ⁽¹⁾	<u>(6,070,812)</u>	<u>(7,491,343)</u>	<u>(7,735,669)</u>	<u>(8,400,000)</u>	<u>(8,475,000)</u>	<u>(9,100,000)</u>
Total other financing sources (uses)	<u>(6,070,812)</u>	<u>(7,491,343)</u>	<u>(7,735,669)</u>	<u>(8,400,000)</u>	<u>(8,475,000)</u>	<u>(9,100,000)</u>
Net change in fund balances	1,002,686	860,635	(2,290,528)	2,544,209	1,873,075	5,175,334)
Fund balance as of July 1	<u>4,690,464</u>	<u>5,693,150</u>	<u>6,553,785</u>	<u>4,263,257</u>	<u>6,807,466</u>	<u>8,680,541</u>
Fund balance as of June 30	<u>5,693,150</u>	<u>6,553,785</u>	<u>4,263,257</u>	<u>6,807,466</u>	<u>8,680,541</u>	<u>3,505,207</u>
Nonspendable in form	26,920	21,539	14,303	108,618	153,152	
Assigned	989,867	1,282,282	3,000,687	4,063,922	2,107,118	
Unassigned	4,676,363	5,249,964	1,248,267	2,634,926	6,420,271	

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

Source: Derived from the District's audited Financial Statements for fiscal years 2016 through 2020 and the District's 2021 augmented budget for the augmented budgeted 2021 information.

Debt Service Fund

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

The following table provides a history of the financial operations for the District’s Debt Service Fund for fiscal years 2016 to 2020. The information for fiscal years 2016 through 2020 was derived from the District’s annual financial report for those years and the augmented budgeted information for fiscal year 2021 was derived from the District’s fiscal year 2021 augmented budget adopted on December 15, 2020. The information in this table should be read together with the District’s audited financial statements for the year ended June 30, 2020, and the accompanying notes, which are included as APPENDIX A hereto. Financial statements for prior years can be obtained from the sources listed in “INTRODUCTION – Additional Information.”

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

Fiscal Year Ending June 30,	2016 ⁽¹⁾ Audited	2017 ⁽¹⁾ Audited	2018 ⁽¹⁾ Audited	2019 ⁽¹⁾ Audited	2020 ⁽¹⁾ Audited	2021 ⁽¹⁾ Augmented Budgeted
Revenues						
Property taxes	\$7,305,327	\$7,255,319	\$7,491,345	\$7,783,803	\$8,510,483	\$8,899,095
Investment earnings	<u>63,910</u>	<u>9,011</u>	<u>53,619</u>	<u>305,705</u>	<u>373,303</u>	<u>20,000</u>
Total Revenues	<u>7,369,237</u>	<u>7,264,330</u>	<u>7,544,964</u>	<u>8,089,508</u>	<u>8,883,786</u>	<u>8,919,095</u>
Expenditures						
Principal ⁽¹⁾	4,560,000	6,370,000	5,409,000	5,421,000	5,370,000	6,254,000
Interest ⁽¹⁾	2,068,018	2,083,400	1,928,944	1,954,709	1,850,379	1,986,568
Other (purchased services)	<u>6,200</u>	<u>7,182</u>	<u>259,844</u>	<u>5,600</u>	<u>148,097</u>	<u>--</u>
Total Expenditures	<u>6,634,218</u>	<u>8,528,582</u>	<u>7,597,788</u>	<u>7,381,309</u>	<u>7,368,476</u>	<u>8,240,568</u>
Excess/(Deficiency) of Revenues Over (Under) Expenditures	<u>735,019</u>	<u>(1,264,252)</u>	<u>(52,824)</u>	<u>708,199</u>	<u>1,515,310</u>	<u>678,527</u>
Other Financing Sources/Uses						
Proceeds from bond sales	--	11,451,000	17,900,000	--	8,155,000	15,000,000
Bond premium	--	--	3,363,808	--	1,295,267	--
Payment to bond escrow agent	<u>--</u>	<u>(11,380,000)</u>	<u>(21,002,097)</u>	<u>--</u>	<u>(9,265,000)</u>	<u>(15,000,000)</u>
Total other financing sources (uses)	<u>--</u>	<u>71,000</u>	<u>261,711</u>	<u>--</u>	<u>185,267</u>	<u>--</u>
Net change in fund balances	735,019	(1,193,252)	208,887	708,199	1,700,577	678,527
Fund balance, July 1 ⁽¹⁾	<u>4,965,034</u>	<u>5,700,053</u>	<u>4,506,801</u>	<u>4,715,688</u>	<u>5,423,887</u>	<u>7,124,464</u>
Fund balance, June 30	<u>5,700,053</u>	<u>4,506,801</u>	<u>4,715,688</u>	<u>5,423,887</u>	<u>7,124,464</u>	<u>7,802,991</u>

⁽¹⁾ Beginning on November 7, 2016 and until November 7, 2026, excess moneys in the Debt Service Fund may be transferred to the capital projects fund and used for capital projects of the District on a pay-as-you go basis. Beginning fund balance for fiscal year 2020 represents a budgeted beginning fund balance.

Source: Derived from the District's audited Financial Statements for fiscal years 2016 through 2020 and the District's 2021 augmented budget for the augmented budgeted 2020 information.

Management's Discussion and Analysis

An overview of the financial activity and overall financial condition of the District for the fiscal year ended June 30, 2020, is presented in the "Management's Discussion and Analysis" section of the audited financial statements attached to this Official Statement as APPENDIX A. The Management's Discussion and Analysis includes a general description of the District's funds and pertinent results in those funds, a government-wide financial analysis, a brief discussion of economic and budget factors impacting the 2020 fiscal year and other information, including information about State financial difficulties and declining enrollment in the District. Unless discussed in "Analysis of Recent Financial Developments" or elsewhere in this Official Statement, the District is not aware of any material adverse change in its financial condition since June 30, 2019.

Analysis of Recent Financial Developments

Fiscal Year 2021. The District approved its final budget on May 15, 2020 and augmented the budget on December 15, 2020. District management continues to be proactive in looking for ways to decrease spending through added efficiencies.

Risk Management

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

Property and Liability. The District's property and liability insurance policy includes a self-insured retention provision whereby the District is responsible for claims up to \$25,000 per occurrence. Claims are paid from the General Fund on an as-needed basis. Claims expense for recent years has not been higher than historical averages. Settlement amounts have not exceeded insurance coverage for the current or the three prior years. See Note 8 in the audited financial statements attached hereto as APPENDIX A.

Self-Insured Workers Compensation and Unemployment Plans. The District maintains self-insurance plans for unemployment benefits and workers compensation benefits paid due to work related injuries. The program is accounted for in the employee compensation protection fund along with transactions related to unemployment benefits. Under the self-insured program, the District contracts with a third party administrator to process claims and purchased reinsurance to cover individual claims that exceed \$250,000. As of June 30, 2020, the Employees' Unemployment Insurance Fund and Workers Compensation Insurance Fund had reserves of \$863,536 and \$1,338,635, respectively. The current liability for incurred but unreported claims is \$1,200,000 as determined by an independent actuary. Interfund premiums are based on rates expected to meet current expenditures and fund the liability for incurred but unreported claims. See Note 8 in the audited financial statements attached hereto as APPENDIX A.

In the opinion of the District's Director of Business Services, the District's insurance coverages provide adequate insurance protection for the District.

DEBT STRUCTURE

Debt Limitation

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

Statutory Debt Limitation

Fiscal Year Ended June 30	Assessed Valuation ⁽¹⁾	Debt Limit	Outstanding and Proposed Obligation Debt General	Additional Statutory Debt Capacity
2017	\$1,566,054,910	\$234,908,237	\$63,811,000	\$171,097,237
2018	1,682,761,005	252,414,151	61,545,000	190,869,151
2019	1,838,828,115	275,824,217	50,715,000	225,109,217
2020	2,064,010,723	309,601,608	59,248,000	250,353,608
2021	2,273,021,391	340,953,209	59,248,000*	281,705,209*

(1) As of February 1, 2021.

(2) Excluding the issuance of the Bonds and the effect of the Refunding Project.

Source: State Department of Taxation, Property Tax Rates for Nevada Local Governments, fiscal years 2017-21, and the District.

Outstanding Debt and Other Obligations

Outstanding General Obligation Bonds. The following table presents the outstanding general obligation indebtedness of the District as of February 1, 2021, excluding the issuance of the Bonds and the effect of the Refunding Project. This table will be updated in the final Official Statement to reflect the issuance of the Bonds and the effect of the Refunding Project.

* Preliminary; subject to change.

Outstanding Debt and Other Obligations⁽¹⁾

<u>GENERAL OBLIGATION BONDS⁽²⁾</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Building Bonds, Series 2005	09/20/05	06/01/22	\$ 5,820,000	\$ 1,950,000
Improvement Bonds, Series 2011 ⁽³⁾	06/21/11	06/01/26	5,000,000	2,390,000
Improvement & Refunding Bonds, Series 2012A	04/11/12	06/01/24	7,955,000	4,440,000
Refunding Bonds, Series 2013A	03/13/13	04/01/25	9,765,000	4,075,000
Improvement & Refunding Bonds, Series 2016A	06/20/16	04/01/36	6,400,000	6,200,000
Refunding Bonds, Series 2017A	08/08/17	06/01/30	17,900,000	17,025,000
Refunding Bonds, Series 2019	10/09/19	04/01/28	7,055,000	7,055,000
Improvement & Refunding Bonds, Series 2020A ⁽³⁾	05/13/20	06/01/35	16,113,000	<u>16,113,000</u>
<u>TOTAL</u>				\$59,248,000*

(1) As of February 1, 2021, excluding the issuance of the Bonds and the effect of the Refunding Project.

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

(3) Expected to be refunded with the net proceeds of the Bonds.

Source: The District.

Additional Bonds. Subject to Board approval, and upon the issuance of the Bonds, the District currently has authorization from the Lyon County Debt Management Commission to issue up to \$35,000,000* in additional general obligation bonds to finance additional capital projects for the District. The District reserves the right to issue additional bonds at any time legal requirements are met.

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

Total Debt Service Requirements - General Obligation Bonds

The following table illustrates the debt service requirements for the District's outstanding and proposed general obligation bonds repaid by the debt service property tax levy as of February 1, 2021, excluding the Bonds and the effect of the Refunding Project. This table will be updated in the final Official Statement to reflect the issuance of the Bonds and the effect of the Refunding Project.

* Preliminary; subject to change.

Outstanding and Proposed Debt Service Requirements*

Fiscal Year Ended June 30	General Obligation Bonds ⁽¹⁾		
	Principal	Interest	Total
2021	\$6,179,000	\$2,108,371	\$8,287,371
2022	6,227,000	1,889,885	8,116,885
2023	6,454,000	1,646,332	8,100,332
2024	5,856,000	1,398,564	7,254,564
2025	6,088,000	1,170,914	7,258,914
2026	4,624,000	932,718	5,556,718
2027	4,275,000	746,099	5,021,099
2028	4,440,000	575,066	5,015,066
2029	3,685,000	415,951	4,100,951
2030	1,915,000	294,475	2,209,475
2031	1,890,000	245,652	2,135,652
2032	1,930,000	195,857	2,125,857
2033	1,700,000	144,387	1,844,387
2034	1,730,000	101,907	1,831,907
2035	1,755,000	58,740	1,813,740
2036	500,000	15,000	515,000
Total	\$59,248,000	\$11,939,918	\$71,187,918

⁽¹⁾ Includes total principal and interest payments due on the District's outstanding bonds in each fiscal year.

⁽²⁾ Total may not sum due to rounding.

Source: Municipal Advisor.

* Preliminary; subject to change.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code.

The Tax Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on the extent to which proceeds of the Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Bonds above the yield on the Bonds to be paid to the United States Treasury. The District covenants and represents in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Bonds from gross income and alternative minimum taxable income 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 on the Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the Bonds or any other date, 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, the Initial Purchaser, 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.

LEGAL MATTERS

Litigation

From time to time, there are suits and administrative actions pending in courts and governmental agencies within and outside the State to which the District is a party. In the opinion of the District's general counsel, however, there is no litigation, action, or investigation of any nature now pending, or to the knowledge of the District's general counsel threatened, (i) restraining or enjoining the issuance, sale, execution or delivery of the Bonds or (ii) in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with

respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds. Further, the District's general counsel is of the opinion that any currently pending litigation facing the District will not materially affect the District's ability to perform its obligations to the owners of the Bonds.

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the Bonds. A form of the bond counsel opinion for the Bonds 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 \$150,000 per cause of action. The \$150,000 limitation applies for causes of actions that accrue on or after July 1, 2020, but before July 1, 2022, and shall prospectively increase to \$200,000 for causes of actions that accrue after July 1, 2022. 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, or to actions in other states.

MUNICIPAL ADVISOR

JNA Consulting Group, LLC 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 the Official Statement, or any other related information available to the District, with respect to the accuracy and completeness of disclosure of such information and no guaranty, warranty or other representation is made by JNA Consulting Group, LLC respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

INDEPENDENT AUDITORS

The audited basic financial statements of the District as of and for the year ended June 30, 2020, included hereto as APPENDIX A, have been audited by Silva, Sceirine &

Associates, LLC, certified public accountants, Reno, Nevada, to the extent and for the period stated in their report appearing herein.

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

RATING

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

PUBLIC SALE

The District currently expects to offer the Bonds at public sale on February 23, 2021. See “APPENDIX F - Official Notice of Bond Sale.”

OFFICIAL STATEMENT CERTIFICATION

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

LYON COUNTY SCHOOL DISTRICT, NEVADA

By: _____
Director of Business Services

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS OF LYON COUNTY SCHOOL
DISTRICT, NEVADA FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

LYON COUNTY SCHOOL DISTRICT

***FINANCIAL STATEMENTS &
SUPPLEMENTARY INFORMATION***

**Fiscal Year Ended
June 30, 2020**



**SILVA, SCEIRINE
& ASSOCIATES, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

LYON COUNTY SCHOOL DISTRICT

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LYON COUNTY SCHOOL DISTRICT

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LYON COUNTY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyon County School District, Yerington, Nevada (the District) as of and for the year ended June 30, 2020, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Lyon County School District as of June 30, 2020, and the respective changes in its 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.

Yerington Office

22 State Route 208 • Yerington, NV 89447 • ph 775/463-3515

Reno Office

9585 Prototype Court, Suite C • Reno, NV 89521 • ph 775/624-9105

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 4-14; the Schedule of Changes in Net Other Postemployment Benefits Liability on page 66; and the schedules related to pension information on pages 67-68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and 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.

Prior Year Partial Comparative Information

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the District as of and for the year ended June 30, 2019 and have issued our report thereon dated February 14, 2020, which expressed a qualified opinion on the respective financial statements of the governmental activities; an unmodified opinion on each major fund; and a qualified opinion on the aggregate remaining fund information. The summarized comparative information presented in the basic financial statements as of and for the year ended June 30, 2019 is consistent with the audited financial statements from which it has been derived.

The nonmajor combining and individual fund financial statements and schedules related to the 2019 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 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain other additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The individual fund financial statements and schedules are consistent in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Silva Sciarone & Assoc, LLC

Reno, Nevada

January 19, 2021



LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

This section of the Lyon County School District's annual financial report presents a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2020. We encourage readers to read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position (deficit) increased by \$2.5 million for FY20, which followed an increase of \$6.5 million in FY19 and \$3.3 million in FY18.
- The District's governmental funds increased by \$16.7 million in FY20, compared to an increase of \$2.4 million in FY19 and a decrease of \$3.1 million in FY18. Of the FY20 increase of \$16.7 million, \$15.2 million is attributable to proceeds realized from the sale of bonds during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District-Wide Financial Statements

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

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

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

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

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Fund Financial Statements

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

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements described above. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. To provide a better understanding of the relationship between the fund statements and district-wide statements, both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balances provide reconciliations between the two statement types.

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

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

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

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

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

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

Notes to Financial Statements

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

Supplementary Information

Supplementary information includes *required supplementary information* pertaining to the District's participation in Nevada PERS and information related to postemployment benefits (OPEB). In addition, the District provides combining and individual fund statements and schedules, and budget to actual comparisons, which comprise its supplementary information which is other than required.

DISTRICT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position (deficit) may serve over time as one useful indicator of a government's financial condition. The net position (deficit) includes the District's investment in capital assets less related outstanding debt that was issued to acquire the capital assets. As the District uses these capital assets to provide services to students, they are not available for future spending. As of June 30, 2020, the District's net investment in capital assets was \$68.8 million. Total net position (deficit) includes \$7.1 million restricted for servicing long-term debt; \$4.6 million restricted for capital projects that will not be paid through the use of the bond proceeds in the Bond Projects Fund, and \$2.1 million for employee benefit (insurance) programs.

As discussed in prior years' MD&A, a view can be held that the negative net position can be attributed to the recording of a net pension liability and other postemployment benefits liability, as required by GASB Statements 68 and 75, respectively. Those liabilities and their related deferred outflows and inflows totaled \$103.3 million at year end.

Following is a summary of the District's net position (deficit) as of June 30, 2020 and 2019:

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

DISTRICT'S NET POSITION (DEFICIT)				
	2020	2019	Change	
		(In Millions)	\$	%
Assets				
Current assets	\$ 46.7	\$ 32.8	\$ 13.9	42.4%
Net capital assets	117.2	117.9	(0.7)	-0.6%
Total Assets	163.9	150.7	13.2	8.8%
Deferred Outflows	18.9	19.1	(0.2)	-1.0%
Liabilities				
Current liabilities	16.8	12.1	4.7	38.8%
Long-term liabilities	169.0	166.2	2.8	1.7%
Total Liabilities	185.8	178.3	7.5	4.2%
Deferred Inflows	10.3	7.2	3.1	43.1%
Net Position (Deficit)				
Net investment in capital assets	68.8	66.5	2.3	3.5%
Restricted	13.8	11.3	2.5	22.1%
Unrestricted	(95.9)	(93.5)	(2.4)	-2.6%
Total Net Position (Deficit)	\$ (13.3)	\$ (15.7)	2.4	15.3%

As mentioned, a case could be made that the largest impact on the District's financial statement in 2020 had no impact on the District's financial condition; GASB 75 and GASB 68 (as amended by GASB 82) require governments to recognize a net pension and net OPEB liability and their related deferrals, netting to \$103.3 million. As discussed below, users of this financial statement may gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB and the net pension and OPEB liabilities to the reported net position and subtracting deferred outflows related to pension and OPEB. The resulting net position would be \$90.0 million.

GASB statements are national and apply to all governmental financial reports which are prepared in accordance with generally accepted accounting principles. Under the standards required by GASB 68 and GASB 75, the pension and OPEB liability equals the District's proportionate share of each plan's collective present value of estimated future pension and OPEB benefits attributable to active and inactive employees' past service, less plan assets available to pay benefits.

GASB noted that the unfunded portion of the pension and OPEB benefit promise is a present obligation of the government – part of a bargained-for-benefit to the employee, and should accordingly be reported by

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Nevada, the employee shares the obligation of funding pension benefits with the employer. Contribution rates are established by State statute. Nevada's Public Employees' Retirement Act requires an adjustment in the statutory contribution rates on July 1 of each odd-numbered year, based on the actuarially determined rates indicated in the actuarial valuation report for the immediately preceding year. There is no legal means to enforce the unfunded liability of the pension and OPEB systems against the public employer.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences, are satisfied through paid time-off or payments upon employees' termination from service. There is no repayment schedule for the pension and OPEB liabilities. Changes in pension and OPEB, contribution rates, and return on investments affect the balance of the pension and OPEB liability, but are outside the control of the participating local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with the required pension and OPEB payments, State statute does not assign or identify the responsible party for the unfunded portion. In accordance with GASB 68 and GASB 75, the District's government-wide statements prepared on the accrual basis of accounting include an annual pension and OPEB expense for its proportionate share of each plan's change in net pension liability and OPEB liability not accounted for as deferred inflows or outflows.

For the sixth consecutive year, revenues increased – this year by over \$4.5 million, or 4.25%. This increase was lead primarily by a 9% increase in both property taxes as well as the local school support taxes (sales taxes).

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

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

DISTRICT'S CHANGES IN NET POSITION		
	Governmental Activities	
	2020	2019
	<i>(In Millions)</i>	
Revenues		
Program Revenues:		
Charges for services	\$ 0.5	\$ 0.8
Grants and contributions	20.8	16.1
General Revenues:		
Property taxes	19.4	17.8
Local school support taxes	12.5	11.5
Government service taxes	2.9	3.0
Unrestricted State aid	52.0	54.7
Other revenues	1.5	1.2
Total Revenues	109.6	105.1
Expenses		
Instructional services	57.5	52.6
Support services	39.2	36.8
Food service and other	3.9	3.9
Facilities acquisitions and construction	4.6	3.5
Interest on long-term debt	1.9	1.8
Total Expenses	107.1	98.6
Change in Net Position	\$ 2.5	\$ 6.5

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The governmental funds (General Fund, special revenue funds, the Debt Service Fund, and the capital projects funds) reported a June 30, 2020 fund balance of \$34.7 million, an increase of \$16.7 million from the June 30, 2019 fund balance of \$18.0 million. The governmental fund balance includes \$7.1 million which is considered restricted for debt service and \$18.1 million restricted for capital projects. In addition, \$179 thousand in inventories are deemed to be the nonspendable component of fund balance. The remaining governmental fund balance is either assigned (\$2.9 million) or unassigned (\$6.4 million).

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

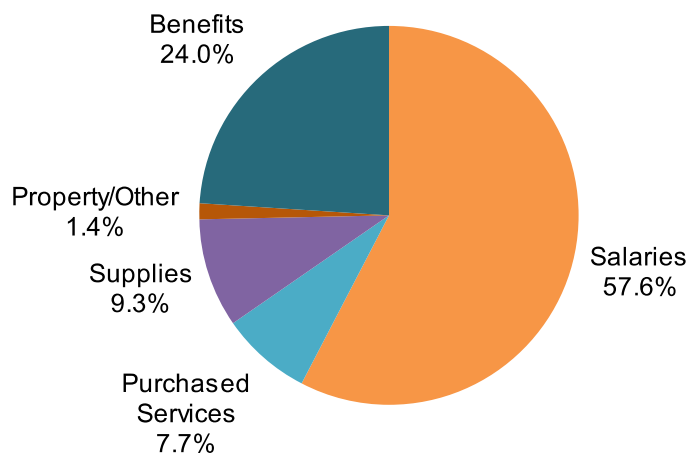
JUNE 30, 2020

The General Fund and the nine special revenue funds account for Lyon County School District's current operating revenues and expenditures. They include all governmental funds (except debt service and capital projects funds.) The following chart compares the revenues to expenditures and fund balance for these funds for the most recent five-year period.

	2016	2017	2018	2019	2020
	<i>(In Millions)</i>				
Revenues	\$83.9	\$88.2	\$91.1	\$95.7	\$99.2
Expenditures	84.1	87.2	93.4	93.2	97.5
Fund Balances	6.7	7.7	5.4	7.9	9.5

Education is labor intensive as evidenced by the following graphic of expenditures by object group. Salaries and benefits for the General Fund and the special revenue funds approximated 82% of the funds' total expenditures for the fiscal years ended June 30, 2020 and 2019. The chart below shows the composition of expenditures in the General Fund and the special revenue funds for FY20:

EXPENDITURES IN THE GENERAL AND SPECIAL REVENUE FUNDS



The Debt Service Fund's balance of \$7.1 million as of June 30, 2020 is approximately 115% of the debt service requirement for the FY ending June 30, 2021, compared to 75% last year. The fund's balance of \$7.1 million in addition to the budgeted revenues for FY21 of \$8.9 million are sufficient to cover the FY21 debt service requirement (principal and interest payments) of \$8.3 million. (The aforementioned FY21 debt service requirement is exclusive of the annual amortization of bond premiums, scheduled to be \$459 thousand.)

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

The District has four capital projects funds, including the Bonds Projects Fund, a major fund, which is used to account for proceeds of bond sales; related interest earnings and capital expenditures. During the year, \$2.7 million was spent from this fund in accordance with the District's Capital Improvement Plan. The June 30, 2020 fund balance of \$13.5 million is restricted for future capital expenditures.

The other three capital projects funds are used to accumulate resources, primarily Governmental Services Tax (62% of the funds' revenues) and the Residential Construction Tax (36% of the funds' revenues) for major capital acquisitions and improvements not part of the capital budgets related to bond issues.

The capital projects funds' (exclusive of the Bond Projects Fund) had expenditures of \$560 thousand during the year, leaving a combined fund balance of \$4.6 million as of June 30, 2020, compared to \$3.7 million at the end of the previous year.

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of June 30, 2020 and 2019 are as follows:

Capital Assets (Net of Depreciation)		
	2020	2019
	(In Millions)	
Land	\$ 8.8	\$ 8.8
Construction in progress	1.6	-
Buildings and improvements	86.8	88.5
Infrastructure	12.1	12.7
Equipment and vehicles	7.9	7.9
	<u>\$ 117.2</u>	<u>\$ 117.9</u>

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Long-term Debt

As of June 30, 2020, the District had \$59.2 million of general obligation bonded debt outstanding, plus \$4.2 million in unamortized bond premiums which are being amortized over the lives of the applicable bond issues.

A question on the November 2006 general election was passed by the voters, allowing the District to issue general obligation bonds through November 2016. Senate Bill 207 of the 2015 Nevada Legislature extended the expiration date of the District's general obligation bonds through November 2026. The bonds may only be issued if repayment is expected to be made without raising the property tax rate and other financial conditions are met. Further, issuance of bonds is conditional upon the approval of the Debt Management Commission of Lyon County. Currently, the District has no authorization from the Commission to issue general obligation bonds. The District reserves the right to issue additional bonds at any time legal requirements are met. As of June 30, 2020, the District had \$250.3 million of statutory debt limit available. However, other factors such as overlapping tax rates, available revenues, market conditions and project specifications could reduce the availability.

In addition to the District's general obligation bonded debt, the District's other debt includes \$1.6 million for compensated absences; \$100 million in net pension liability, and \$10.4 million for OPEB.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Enrollment and Funding

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

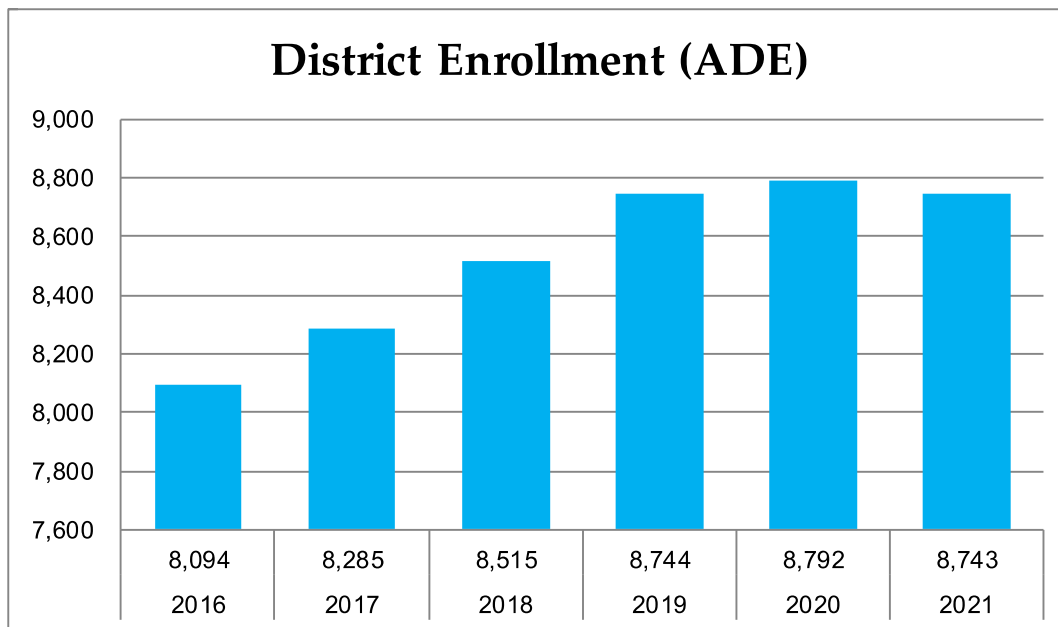
Nevada's school districts are highly dependent on the economic condition of the State. Nevada's formula for school district funding guarantees the majority of operating revenue by making up any shortfall in ad valorem or LSST collections. One of the factors determining the amount of DSA funding received is the weighted student enrollment within the District. The State's funding model utilizes a quarterly average daily enrollment (ADE) number multiplied by the districts' per-pupil support amount to determine the districts' Guaranteed Basic Support amount. Total funding is trued up quarterly with the YTD total ADE. The formula weights pre-kindergarten (pre-k) students at 0.6, while kindergarten through twelfth grades are given a weight of 1.0.

The following chart presents the District's pupil enrollment (ADE) for 2016 through 2021:

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020



The District's per-pupil support rate for FY20 was established at \$7,724, compared to FY19's of \$7,513, an increase of 2.8%. The per-pupil support rate for FY21 of \$7,836 represents an increase of 1.5% over the FY20 rate of \$7,724.

In previous years, the "hold harmless" provisions of the DSA formula protected districts during times of declining enrollment, by providing that the guaranteed level of funding was based on the higher of the current or the previous year's enrollment (unless the decline in enrollment was more than 5%, in which case the funding was based on the higher of the current or the previous two year's enrollment). Now, Districts will only qualify for "hold-harmless" status if their enrollment decreased by more than 5%, and it will only then look to the previous year's ADE.

During the 2019 State Legislature, Senate Bill 543 was passed to provide the framework for a new funding methodology for Nevada's public schools, to be fully implemented starting in FY22. Districts whose funding is "harmed" by the changes incorporated in the new funding model are to be "held harmless" at their total level of funding in FY19, but what "total" funding is exactly has yet to be determined.

Clearly, the DSA formula will continue to be subject to review and potential revisions. As such, there is a high likelihood that the District will continue to be impacted in some manner by future amendments to the funding model. The District is diligent in its on-going evaluation of its staffing levels relative to State guaranteed funding, Federal grant programs, pupil enrollment levels, and other costs, with the goal of ensuring continuity and stability of its educational programs.

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2020

Information Technology Infrastructure

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.

In order to help prevent future cybersecurity incidents, the District has implemented new password procedures and has incorporated new software and hardware to strengthen its defense against future cybersecurity threats. All third-party devices are now required to have District approved anti-virus software. The District has implemented an additional, redundant, daily off-site back-up feature to preserve its information. No amount of defensive measures can prevent all cybersecurity attacks or the resultant disruptions and costs. To that end, the District will maintain its cyber-liability insurance. In the event a future cybersecurity incident occurs that disrupts the District's daily business operations, it is not expected to impact the District's ability to make bond debt service payments as those processes are handled independently of the District's systems.

REQUESTS FOR INFORMATION

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

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2020

	Governmental Activities
ASSETS	
Cash and investments	\$ 38,515,263
Receivables	7,425,550
Inventories	179,152
Restricted cash	585,000
Capital assets not being depreciated	10,404,911
Capital assets, net of accumulated depreciation	106,860,508
Total Assets	163,970,384
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	1,352,283
Deferred outflows related to pensions and OPEB	17,509,411
	18,861,694
Total Assets and Deferred Outflows of Resources	182,832,078
LIABILITIES	
Accounts payable	1,618,803
Accrued liabilities	5,182,176
Incurred but unreported claims	2,251,000
Unearned revenues	1,150,258
Noncurrent liabilities:	
Due within one year	6,637,801
Due in more than one year	58,456,465
Obligation for other postemployment benefits	10,402,243
Net pension liability	100,095,295
Total Liabilities	185,794,041
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions and OPEB	10,328,361
Total Liabilities and Deferred Inflows	196,122,402
NET POSITION (DEFICIT)	
Net investment in capital assets	68,789,432
Restricted for:	
Debt service	7,124,464
Employee benefit programs	2,068,409
Capital projects	4,628,766
Unrestricted	(95,901,395)
Total Net Position (Deficit)	\$ (13,290,324)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

PROGRAMS / FUNCTIONS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE)	
		CHARGES	GRANTS AND	REVENUE AND	
		FOR	CONTRIBUTIONS	CHANGES IN	
		SERVICES	OPERATING	CAPITAL	NET POSITION
Instruction	\$ (57,552,028)	\$ -	\$ 10,389,042	\$ -	\$ (47,162,986)
Support Services	(39,197,561)	-	7,219,503	-	(31,978,058)
Facilities Acquisition and Construction	(4,643,121)	-	-	66,533	(4,576,588)
Food Service and Community Services	(3,873,326)	507,615	3,082,108	-	(283,603)
Interest and other costs of long-term de	(1,903,251)	-	-	-	(1,903,251)
	<u>\$ (107,169,287)</u>	<u>\$ 507,615</u>	<u>\$ 20,690,653</u>	<u>\$ 66,533</u>	<u>(85,904,486)</u>
General Revenues:					
	Property taxes				19,389,745
	Local school support taxes				12,519,536
	Governmental services tax				2,936,004
	Earnings on investments				479,603
	Other local sources				1,047,894
	State aid not restricted to specific purpose				<u>51,994,511</u>
	Total General Revenues				<u>88,367,293</u>
	Change in Net Position (Deficit)				2,462,807
NET POSITION (DEFICIT), July 1, 2019					<u>(15,753,131)</u>
NET POSITION (DEFICIT), June 30, 2020					\$ (13,290,324)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2019)

Page 1 of 2

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	BONDS PROJECTS FUND
ASSETS				
Cash and investments	\$ 7,749,581	\$ 977,697	\$ 7,042,119	\$ 13,652,675
Receivables	2,696,803	15,237	167,312	-
Due from other funds	2,466,076	-	-	-
Inventories	153,152	-	-	-
Total Assets	<u>\$ 13,065,612</u>	<u>\$ 992,934</u>	<u>\$ 7,209,431</u>	<u>\$ 13,652,675</u>
LIABILITIES				
Accounts payable	\$ 1,156,458	\$ 2,142	\$ -	\$ 168,376
Accrued payroll	3,228,613	973,660	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	84,967	-
Total Liabilities	<u>4,385,071</u>	<u>975,802</u>	<u>84,967</u>	<u>168,376</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
FUND BALANCES				
Nonspendable	153,152	-	-	-
Restricted	-	-	7,124,464	13,484,299
Assigned	2,107,118	17,132	-	-
Unassigned	6,420,271	-	-	-
Total Fund Balances	<u>8,680,541</u>	<u>17,132</u>	<u>7,124,464</u>	<u>13,484,299</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 13,065,612</u>	<u>\$ 992,934</u>	<u>\$ 7,209,431</u>	<u>\$ 13,652,675</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2019)

Page 2 of 2

	OTHER GOVERNMENTAL FUNDS	TOTALS	
		2020	2019
ASSETS			
Cash and investments	\$ 5,358,647	\$ 34,780,719	\$ 18,409,724
Receivables	4,531,472	7,410,824	10,032,919
Due from other funds	-	2,466,076	1,497,092
Inventories	26,000	179,152	147,846
Total Assets	<u>\$ 9,916,119</u>	<u>\$ 44,836,771</u>	<u>\$ 30,087,581</u>
LIABILITIES			
Accounts payable	\$ 276,965	\$ 1,603,941	\$ 806,295
Accrued payroll	676,055	4,878,328	9,151,654
Due to other funds	2,466,076	2,466,076	1,497,092
Unearned revenue	1,065,291	1,150,258	450,581
Total Liabilities	<u>4,484,387</u>	<u>10,098,603</u>	<u>11,905,622</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	-	193,600
FUND BALANCES			
Nonspendable	26,000	179,152	147,846
Restricted	4,628,766	25,237,529	10,204,922
Assigned	776,966	2,901,216	5,000,665
Unassigned	-	6,420,271	2,634,926
Total Fund Balances	<u>5,431,732</u>	<u>34,738,168</u>	<u>17,988,359</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 9,916,119</u>	<u>\$ 44,836,771</u>	<u>\$ 30,087,581</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2020

Total Fund Balance - Governmental Funds	\$ 34,738,168
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental funds are not current financial resources and therefore not reported as governmental fund assets.	117,265,419
General obligation bonds are not reported as fund liabilities since they will not be paid with current resources.	(59,248,000)
Premiums related to long-term debt are not capitalized and amortized in the fund statements since they do not represent available resources.	(4,232,946)
Unamortized amounts on refundings are not recognized in the funds.	1,352,283
The liability for interest on general obligation bonds is reported in the fund statements when due and as accrued in the statement of activities.	(303,848)
The liability for estimated future payments of benefits to be provided to current and future retirees is not due and payable in the current period; therefore, the liability and related deferred amounts are not reported in the funds.	(11,444,945)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred amounts are not reported in the funds.	(93,484,864)
Internal service funds are used to account for various employee benefit programs. The assets and liabilities of the internal service funds are included with governmental activities.	<u>2,068,409</u>
Total Net Position (Deficit) - Governmental Activities	<u>\$ (13,290,324)</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

Page 1 of 2

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	BONDS PROJECTS FUND
REVENUES				
Local sources	\$ 25,956,051	\$ -	\$ 8,883,786	\$ 83,628
State sources	51,994,511	4,161,770	-	-
Federal sources	170,050	-	-	-
Total Revenues	78,120,612	4,161,770	8,883,786	83,628
EXPENDITURES				
Regular programs	31,279,621	-	-	-
Special programs	268,869	8,937,916	-	-
Vocational programs	1,485,442	-	-	-
Adult instruction	7,213	-	-	-
Other instructional programs	1,955,260	-	-	-
Extra-curricular activities	1,432,972	-	-	-
Support services:				
Student support	3,121,961	2,773,986	-	-
Instructional staff support	1,702,952	5,239	-	-
General administration	2,034,643	252,237	-	144,968
School administration	7,637,162	-	-	-
Central services	5,010,669	-	-	-
Operations and maintenance	8,223,254	-	-	-
Student transportation	3,612,519	692,695	-	-
Noninstructional services:				
Food service	-	-	-	-
Community service	-	-	-	-
Facilities acquisition and construction	-	-	-	2,508,965
Debt service:				
Principal	-	-	5,370,000	-
Interest	-	-	1,850,379	-
Other	-	-	148,097	-
Total Expenditures	67,772,537	12,662,073	7,368,476	2,653,933
Revenues Over (Under) Expenditures	10,348,075	(8,500,303)	1,515,310	(2,570,305)
OTHER FINANCING SOURCES (USES)				
Proceeds from refunding bonds	-	-	8,155,000	-
Proceeds from bond sales	-	-	-	15,013,000
Bond premium	-	-	1,295,267	-
Payments to refunded bond escrow agent	-	-	(9,265,000)	-
Transfers (to) from other funds	(8,475,000)	8,475,000	-	-
Total Other Financing Sources (Uses)	(8,475,000)	8,475,000	185,267	15,013,000
Net Change in Fund Balances	1,873,075	(25,303)	1,700,577	12,442,695
FUND BALANCE, July 1	6,807,466	42,435	5,423,887	1,041,604
FUND BALANCE, June 30	\$ 8,680,541	\$ 17,132	\$ 7,124,464	\$ 13,484,299

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

Page 2 of 2

	OTHER GOVERNMENTAL FUNDS	TOTALS	
		2020	2019
REVENUES			
Local sources	\$ 1,965,373	\$ 36,888,838	\$ 34,321,635
State sources	8,653,818	64,810,099	60,616,171
Federal sources	7,763,107	7,933,157	10,220,853
Total Revenues	18,382,298	109,632,094	105,158,659
EXPENDITURES			
Regular programs	6,537,866	37,817,487	35,637,011
Special programs	2,696,968	11,903,753	11,733,649
Vocational programs	231,082	1,716,524	1,776,599
Adult instruction	202,490	209,703	188,518
Other instructional programs	111,400	2,066,660	2,280,354
Extra-curricular activities	-	1,432,972	1,733,915
Support services:			
Student support	1,752,800	7,648,747	7,143,492
Instructional staff support	1,133,834	2,842,025	2,430,887
General administration	179,780	2,611,628	2,275,180
School administration	-	7,637,162	7,322,496
Central services	245,672	5,256,341	4,694,663
Operations and maintenance	1,110	8,224,364	8,010,299
Student transportation	126,117	4,431,331	4,074,369
Noninstructional services:			
Food service	3,752,840	3,752,840	3,888,413
Community service	85,742	85,742	118,815
Facilities acquisition and construction	565,832	3,074,797	2,080,527
Debt service:			
Principal	-	5,370,000	5,421,000
Interest	-	1,850,379	1,954,709
Other	-	148,097	5,600
Total Expenditures	17,623,533	108,080,552	102,770,496
Revenues Over (Under) Expenditures	758,765	1,551,542	2,388,163
OTHER FINANCING SOURCES (USES)			
Proceeds from refunding bonds	-	8,155,000	-
Proceeds from bond sales	-	15,013,000	-
Bond premium	-	1,295,267	-
Payments to refunded bond escrow agent	-	(9,265,000)	-
Transfers (to) from other funds	-	-	-
Total Other Financing Sources (Uses)	-	15,198,267	-
Net Change in Fund Balances	758,765	16,749,809	2,388,163
FUND BALANCE, July 1	4,672,967	17,988,359	15,600,196
FUND BALANCE, June 30	\$ 5,431,732	\$ 34,738,168	\$ 17,988,359

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Governmental Funds \$ 16,749,809

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are reported in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. (679,074)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (70,979)

Issuance of new debt is a resource in the governmental funds, while the repayment of the principal consumes governmental resources. The net effect of these transactions is deferred and amortized in the Statement of (23,168,000)

Bond premiums realized when debt is incurred are recognized in the funds; however, they are deferred in the district-wide statements and recognized over the term of the associated debt. (908,386)

Change in pension expense related to deferred items. (2,635,459)

Any gain or loss on certain advance refundings of long-term debt are recognized currently in the fund statements. The gain or loss is deferred in the statement of net position and amortized as interest expense over the life of the debt in the statement of activities. (220,677)

Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. 14,635,000

The change in the long-term portion of compensated absences is reported in the Statement of Activities. These do not require the use of current financial resources and therefore are not reported as expenditures in governmental (163,406)

The full cost of postemployment benefits to current employees earned during the current year and the amortization of the past cost is recognized as an expense in the statement of activities while only the current contributions are reported in the fund statements. (291,345)

Internal service funds are used by the District to charge the costs of employee benefit programs to the individual funds. The net income (loss) of the internal service funds are reported with governmental activities. (784,676)

Change in Net Position (Deficit) \$ 2,462,807

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Property taxes	\$ 10,585,228	\$ 10,585,228	\$ 10,879,262	\$ 294,034	\$ 10,011,225
Sales taxes	11,891,124	11,871,124	12,519,536	648,412	11,502,563
Franchise fees	150,000	150,000	318,157	168,157	259,256
Government services tax	2,201,794	2,201,794	2,111,065	(90,729)	2,142,285
Earnings on investments	15,000	15,000	6,742	(8,258)	28,260
Other local revenue	30,000	50,000	121,289	71,289	94,203
	<u>24,873,146</u>	<u>24,873,146</u>	<u>25,956,051</u>	<u>1,082,905</u>	<u>24,037,792</u>
State Sources:					
Distributive School Fund	51,910,294	52,271,965	51,994,511	(277,454)	50,893,145
Federal Sources:					
E-Rate funds	462,000	462,000	66,533	(395,467)	863,588
Forest Service	25,000	25,000	103,517	78,517	110,427
	<u>487,000</u>	<u>487,000</u>	<u>170,050</u>	<u>(316,950)</u>	<u>974,015</u>
Total Revenue	<u>77,270,440</u>	<u>77,632,111</u>	<u>78,120,612</u>	<u>488,501</u>	<u>75,904,952</u>
EXPENDITURES					
Regular Programs:					
Instruction:					
Salaries	20,918,550	21,818,810	20,390,402	1,428,408	20,085,205
Benefits	8,763,113	9,079,099	9,683,536	(604,437)	8,315,343
Purchased services	239,118	248,682	185,293	63,389	218,494
Supplies	2,188,994	1,976,554	1,014,320	962,234	1,794,735
Other	7,070	7,353	6,070	1,283	7,142
Total Regular Programs	<u>32,116,845</u>	<u>33,130,498</u>	<u>31,279,621</u>	<u>1,850,877</u>	<u>30,420,919</u>
Special Programs (Gifted and Talented):					
Salaries	194,591	199,942	189,184	10,758	125,095
Benefits	77,676	79,812	79,685	127	51,853
Total Special Programs	<u>272,267</u>	<u>279,754</u>	<u>268,869</u>	<u>10,885</u>	<u>176,948</u>

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Vocational Programs:					
Salaries	\$ 1,084,071	\$ 1,103,883	\$ 967,179	\$ 136,704	\$ 953,468
Benefits	445,633	452,888	408,915	43,973	395,077
Purchased services	37,370	38,865	15,028	23,837	28,870
Supplies	79,790	97,982	93,238	4,744	89,484
Other	1,224	1,273	1,082	191	944
Total Vocational Programs	1,648,088	1,694,891	1,485,442	209,449	1,467,843
Other Instructional Programs:					
Salaries	1,273,792	1,458,821	1,380,194	78,627	1,256,049
Benefits	519,194	593,471	572,549	20,922	535,541
Purchased services	31,310	17,562	-	17,562	1,996
Supplies	17,675	13,382	2,517	10,865	2,778
Total Other Instructional Programs	1,841,970	2,083,236	1,955,260	127,976	1,796,364
Adult Education:					
Salaries	22,950	23,581	418	23,163	-
Benefits	5,133	5,274	-	5,274	-
Purchased services	12,120	12,605	4,830	7,775	-
Supplies	12,120	12,605	1,965	10,640	-
Total Adult Education	52,323	54,065	7,213	46,852	-
Extra-Curricular Activities:					
Co-Curricular:					
Salaries	300,900	274,175	233,612	40,563	259,842
Benefits	11,445	8,760	8,216	544	9,363
Purchased services	12,221	8,710	(2,722)	11,432	6,620
Supplies	6,060	6,302	3,365	2,937	2,388
Other	61,874	49,349	25,385	23,964	44,784
	392,500	347,296	267,856	79,440	322,997

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Athletics:					
Salaries	\$ 688,500	\$ 622,434	\$ 580,132	\$ 42,302	\$ 682,709
Benefits	68,776	55,667	52,446	3,221	58,588
Purchased services	176,750	163,820	144,132	19,688	203,279
Supplies	119,180	138,947	130,648	8,299	97,633
Other	397,878	378,793	257,758	121,035	368,709
	<u>1,451,084</u>	<u>1,359,661</u>	<u>1,165,116</u>	<u>194,545</u>	<u>1,410,918</u>
Total Extra-Curricular Activities	<u>1,843,584</u>	<u>1,706,957</u>	<u>1,432,972</u>	<u>273,985</u>	<u>1,733,915</u>
Undistributed Expenditures:					
Student Support:					
Salaries	2,097,346	2,255,023	2,172,870	82,153	2,021,434
Benefits	827,046	899,790	900,493	(703)	800,790
Purchased services	128,270	98,401	21,921	76,480	5,113
Supplies	17,246	35,936	26,677	9,259	17,612
Other	455	473	-	473	-
	<u>3,070,363</u>	<u>3,289,623</u>	<u>3,121,961</u>	<u>167,662</u>	<u>2,844,949</u>
Instructional Staff Support:					
Salaries	1,117,904	1,113,646	1,091,268	22,378	1,090,023
Benefits	386,618	372,250	351,412	20,838	350,657
Purchased services	134,406	124,782	95,425	29,357	97,261
Supplies	399,708	240,696	160,595	80,101	126,725
Other	3,535	3,676	4,252	(576)	7,104
	<u>2,042,171</u>	<u>1,855,050</u>	<u>1,702,952</u>	<u>152,098</u>	<u>1,671,770</u>
General Administration:					
Salaries	762,698	933,672	807,351	126,321	683,881
Benefits	613,676	580,552	624,063	(43,511)	557,386
Purchased services	319,897	407,693	378,630	29,063	451,852
Supplies	27,211	31,300	29,519	1,781	27,335
Other	31,567	256,567	195,080	61,487	189,248
	<u>1,755,049</u>	<u>2,209,784</u>	<u>2,034,643</u>	<u>175,141</u>	<u>1,909,702</u>

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
School Administration:					
Salaries	\$ 5,116,741	\$ 5,277,452	\$ 5,247,522	\$ 29,930	\$ 4,915,035
Benefits	1,916,607	1,949,314	1,940,107	9,207	1,900,370
Purchased services	194,922	252,719	248,679	4,040	225,482
Supplies	189,608	207,193	185,952	21,241	237,280
Property	55,550	60,772	-	60,772	5,297
Other	11,110	11,554	14,902	(3,348)	7,032
	<u>7,484,538</u>	<u>7,759,004</u>	<u>7,637,162</u>	<u>121,842</u>	<u>7,290,496</u>
Central Services:					
Salaries	1,803,682	1,903,284	1,821,646	81,638	1,793,213
Benefits	595,492	546,868	570,150	(23,282)	526,825
Purchased services	752,450	1,678,430	1,389,592	288,838	1,395,850
Supplies	980,639	1,170,799	837,083	333,716	626,468
Property	361,075	401,344	385,680	15,664	32,400
Other	23,230	14,038	6,518	7,520	12,900
	<u>4,516,568</u>	<u>5,714,763</u>	<u>5,010,669</u>	<u>704,094</u>	<u>4,387,656</u>
Operation and Maintenance:					
Salaries	3,340,640	3,292,507	3,293,540	(1,033)	3,203,979
Benefits	1,209,671	1,127,937	1,115,995	11,942	1,129,735
Purchased services	1,359,426	1,703,803	1,581,562	122,241	1,491,030
Supplies	2,146,654	2,320,520	2,224,218	96,302	2,047,162
Property	25,250	26,260	-	26,260	119,850
Other	10,100	10,504	7,939	2,565	6,891
	<u>8,091,741</u>	<u>8,481,531</u>	<u>8,223,254</u>	<u>258,277</u>	<u>7,998,647</u>
Student Transportation:					
Salaries	2,075,194	1,972,262	1,873,627	98,635	1,968,687
Benefits	808,290	720,518	699,300	21,218	720,384
Purchased services	304,212	356,380	341,730	14,650	297,167
Supplies	555,500	577,720	430,292	147,428	536,368
Property	-	650,000	530,150	119,850	139,596
Other	(440,000)	(440,000)	(262,580)	(177,420)	(400,668)
	<u>3,303,196</u>	<u>3,836,880</u>	<u>3,612,519</u>	<u>224,361</u>	<u>3,261,534</u>

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Total Undistributed Expenditures	\$ 30,263,626	\$ 33,146,635	\$ 31,343,160	\$ 1,803,475	\$ 29,364,754
Total Expenditures	68,038,703	72,096,036	67,772,537	4,323,499	64,960,743
Revenues Over Expenditures	9,231,737	5,536,075	10,348,075	4,812,000	10,944,209
OTHER FINANCING (USES)					
Transfers (to) from other funds	(8,700,000)	(9,100,000)	(8,475,000)	625,000	(8,400,000)
Contingency	(500,000)	(500,000)	-	500,000	-
Total Other Financing (Uses)	(9,200,000)	(9,600,000)	(8,475,000)	1,125,000	(8,400,000)
Net Change in Fund Balance	31,737	(4,063,925)	1,873,075	5,937,000	2,544,209
FUND BALANCE, July 1	3,066,390	7,500,000	6,807,466	(692,534)	4,263,257
FUND BALANCE, June 30	<u>\$ 3,098,127</u>	<u>\$ 3,436,075</u>	<u>\$ 8,680,541</u>	<u>\$ 5,244,466</u>	<u>\$ 6,807,466</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources:					
Distributive School Fund	\$ 3,873,831	\$ 3,873,831	\$ 4,161,770	\$ 287,939	\$ 3,828,926
EXPENDITURES					
Special Programs:					
Instruction					
Salaries	6,247,153	6,171,068	6,173,762	(2,694)	6,365,457
Benefits	2,590,876	2,693,602	2,673,435	20,167	2,490,518
Purchased services	93,840	97,594	66,329	31,265	66,166
Supplies	27,540	28,642	24,035	4,607	12,563
Other	-	1,000	355	645	468
	<u>8,959,409</u>	<u>8,991,906</u>	<u>8,937,916</u>	<u>53,990</u>	<u>8,935,172</u>
Undistributed Expenditures:					
Student Support:					
Salaries	1,642,368	1,791,639	1,616,895	174,744	1,489,972
Benefits	642,142	711,407	649,801	61,606	555,387
Purchased services	447,897	465,813	507,290	(41,477)	457,367
Supplies	<u>1,020</u>	<u>1,061</u>	<u>-</u>	<u>1,061</u>	<u>581</u>
	<u>2,733,427</u>	<u>2,969,920</u>	<u>2,773,986</u>	<u>195,934</u>	<u>2,503,307</u>
Instructional Staff Support:					
Salaries	5,100	5,253	429	4,824	661
Benefits	1,027	1,057	3,225	(2,168)	65
Purchased services	510	530	1,585	(1,055)	1,048
Supplies	<u>765</u>	<u>796</u>	<u>-</u>	<u>796</u>	<u>-</u>
	<u>7,402</u>	<u>7,636</u>	<u>5,239</u>	<u>2,397</u>	<u>1,774</u>
General Administration:					
Salaries	170,893	166,020	163,098	2,922	99,275
Benefits	60,847	60,172	56,938	3,234	34,936
Purchased services	13,260	28,790	26,306	2,484	646
Supplies	<u>10,200</u>	<u>10,608</u>	<u>5,895</u>	<u>4,713</u>	<u>4,496</u>
	<u>255,200</u>	<u>265,590</u>	<u>252,237</u>	<u>13,353</u>	<u>139,353</u>

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Student Transportation:					
Salaries	\$ 411,060	\$ 498,392	\$ 494,930	\$ 3,462	\$ 478,720
Benefits	179,638	205,027	197,765	7,262	170,525
Purchased services	15,300	5,912	-	5,912	-
	<u>605,998</u>	<u>709,331</u>	<u>692,695</u>	<u>16,636</u>	<u>649,245</u>
 Total Expenditures	 <u>12,561,436</u>	 <u>12,944,383</u>	 <u>12,662,073</u>	 <u>282,310</u>	 <u>12,228,851</u>
 Revenues Over (Under)					
Expenditures	(8,687,605)	(9,070,552)	(8,500,303)	570,249	(8,399,925)
 OTHER FINANCING SOURCES					
Transfers from other funds	<u>8,700,000</u>	<u>9,100,000</u>	<u>8,475,000</u>	<u>(625,000)</u>	<u>8,400,000</u>
 Net Change in Fund Balance	12,395	29,448	(25,303)	(54,751)	75
 FUND BALANCE, July 1	 <u>22,628</u>	 <u>22,628</u>	 <u>42,435</u>	 <u>19,807</u>	 <u>42,360</u>
 FUND BALANCE, June 30	 <u>\$ 35,023</u>	 <u>\$ 52,076</u>	 <u>\$ 17,132</u>	 <u>\$ (34,944)</u>	 <u>\$ 42,435</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2019)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2020	2019
ASSETS		
Cash and investments	\$ 3,370,045	\$ 3,382,159
Cash with fiscal agent	364,500	-
Accounts receivable	14,726	89,591
Restricted cash	585,000	585,000
Total Assets	<u>4,334,271</u>	<u>4,056,750</u>
LIABILITIES		
Accounts payable	14,862	3,665
Incurred but unreported claims	2,251,000	1,200,000
Total Liabilities	<u>2,265,862</u>	<u>1,203,665</u>
NET POSITION		
Restricted for employee benefits program	2,068,409	2,099,450
Unrestricted	-	753,635
Total Net Assets	<u>\$ 2,068,409</u>	<u>\$ 2,853,085</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2020	2019
OPERATING REVENUES		
Charges for services	\$ 10,382,947	\$ 5,213,470
Refunds and rebates	383,851	-
	<u>10,766,798</u>	<u>5,213,470</u>
OPERATING EXPENSES		
Benefit claims	10,256,565	543,749
Purchased services	1,245,988	3,925,372
Other	55,729	147,202
	<u>11,558,282</u>	<u>4,616,323</u>
Total Operating Expenses		
	(791,484)	597,147
NONOPERATING REVENUES		
Earnings on investments	6,808	161,173
	<u>6,808</u>	<u>161,173</u>
Change in Net Position	(784,676)	758,320
NET POSITION, July 1	<u>2,853,085</u>	<u>2,094,765</u>
NET POSITION, June 30	<u>\$ 2,068,409</u>	<u>\$ 2,853,085</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums received from other funds	\$ 10,457,812	\$ 5,061,304
Refunds and rebates received	383,851	-
Payments of benefits	(9,207,293)	(4,400,186)
Insurance premiums and other payments	<u>(1,288,792)</u>	<u>(165,494)</u>
Net Cash Provided by Operating Activities	<u>345,578</u>	<u>495,624</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	<u>6,808</u>	<u>161,173</u>
Net Increase in Cash and Cash Equivalents	352,386	656,797
CASH AND CASH EQUIVALENTS, July 1	<u>3,967,159</u>	<u>3,310,362</u>
CASH AND CASH EQUIVALENTS, June 30	<u><u>\$ 4,319,545</u></u>	<u><u>\$ 3,967,159</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	<u>\$ (791,484)</u>	<u>\$ 597,147</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	74,865	(80,050)
Due from or to other funds	-	(72,116)
Accounts payable	11,197	(14,357)
Liability for claims incurred but not reported	<u>1,051,000</u>	<u>65,000</u>
Total Adjustments	<u>1,137,062</u>	<u>(101,523)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 345,578</u></u>	<u><u>\$ 495,624</u></u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2020 (WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2019)

	PRIVATE PURPOSE TRUST - STUDENT SCHOLARSHIPS	AGENCY - STUDENT ACTIVITY FUNDS	TOTALS	
			2020	2019
ASSETS				
Cash and investments	\$ 989,592	\$ 951,214	\$ 1,940,806	\$ 1,762,390
Total Assets	<u>989,592</u>	<u>951,214</u>	<u>1,940,806</u>	<u>1,762,390</u>
LIABILITIES				
Due to student groups	<u>-</u>	<u>951,214</u>	<u>951,214</u>	<u>818,501</u>
Total Liabilities	<u>-</u>	<u>951,214</u>	<u>951,214</u>	<u>818,501</u>
NET POSITION				
Held in trust for student scholarships:				
Expendable	<u>989,592</u>	<u>-</u>	<u>989,592</u>	<u>943,889</u>
Total Net Position	<u>\$ 989,592</u>	<u>\$ -</u>	<u>\$ 989,592</u>	<u>\$ 943,889</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2020 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	PRIVATE-PURPOSE TRUST STUDENT SCHOLARSHIPS	
	2020	2019
ADDITIONS		
Earnings on investments	\$ 55,477	\$ 58,290
DEDUCTIONS		
Scholarships paid	<u>9,774</u>	<u>8,609</u>
Change in Net Position	45,703	49,681
NET POSITION, July 1	<u>943,889</u>	<u>894,208</u>
NET POSITION, June 30	<u><u>\$ 989,592</u></u>	<u><u>\$ 943,889</u></u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basic Financial Statements – District-Wide Statements

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

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

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

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Basic Financial Statements – Fund Financial Statements

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

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

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

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

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

The District reports the following *major* governmental funds.

General Fund

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

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Special Education Fund

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

Debt Service Fund

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

Bond Projects Fund

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

The District reports the following *nonmajor* governmental funds:

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

Additionally, the District reports the following fund types:

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

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

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

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

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Measurement Focus

District-Wide Financial Statements

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

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

Fund Financial Statements

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

Basis of Accounting

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

Revenues

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

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

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

Deferred Inflows/Outflows of Resources

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

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

The District also reports a deferred inflow of resources related to its pension and OPEB liabilities. These deferred inflows of resources are only reported in the government-wide statement of net position.

Expenses/Expenditures

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

LYON COUNTY SCHOOL DISTRICT

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Cash and Investments

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

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

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

Inventories and Prepaid Items

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

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

Restricted Assets

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

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Capital Assets

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

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

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

Long-term Obligations

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

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

Vacation Time and Sick Leave Benefits

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

The majority of the employees of the District are teachers and classified staff who accumulate sick leave up to 250 days with no vacation time provided. Although sick leave may be accumulated, the amount paid to an employee upon termination, retirement or death is based on a predetermined daily dollar amount that is

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based on the length of service and number of sick leave days accumulated. An employee's compensation is limited to \$12,500 and subject further to an annual aggregate limitation. Such payments are made each September to qualifying employees who terminated employment during the previous year. Any current liability that may exist at year-end is recorded in the General Fund. The estimated liability to employees separating from service in future years is recorded in the district-wide financial statements.

Postemployment Benefits Other than Pensions

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

Property Taxes

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

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

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

Statement of Cash Flows

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

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Use of Estimates

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

Comparative Data

Comparative data shown for the prior year has been extracted from the 2019 financial statements. It has been provided to add comparability, but is not considered full disclosure of transactions for 2019. Such information can only be obtained by referring to the financial report for that year. Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

NOTE 3 – CASH EQUIVALENTS AND INVESTMENTS

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

As of June 30, 2020, the District had the following amounts reported as cash and investments:

Government-Wide Balances:	
Pooled cash	\$ 14,695,508
Investments	24,404,755
	<u>39,100,263</u>
Fiduciary Funds:	
Student Activity Funds cash	951,214
Student Scholarship Fund investments	989,592
	<u>1,940,806</u>
	<u>\$ 41,041,069</u>

A portion of the District's cash and investments is restricted by Nevada Statutes. The amount restricted at June 30, 2020, is \$585,000, which is held in a restricted bank account to secure future workers' compensation claims.

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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 its 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 3 inputs.

As of June 30, 2020, the District had the following recurring fair value measurements:

	Fair Value	Fair Value Measurements Using Input Levels		
		1	2	3
Investments:				
WFB Advantage Gov't MM	\$ 688,979	\$ 688,979	\$ -	\$ -
Corporate Bonds	2,423,630	2,423,630	-	-
U.S. Treasury Notes	400,417	400,417	-	-
Corporate Asset Backed Securities	1,918,465	1,918,465	-	-
Government Mortgage Pool	3,006,230	3,006,230	-	-
Mortgage Backed Securities	1,201,328	1,201,328		
	\$ 9,639,049	\$ 9,639,049	\$ -	\$ -
Investments Not Classified by Level:				
Accrued interest	29,820			
State of NV Local Government Investment Pool	15,725,478			
Total Investments	\$ 25,394,347			

Except for the investment identified as the State of Nevada Local Government Investment Pool (LGIP), Wells Fargo Bank is the District's custodian for the investments and Buckhead Capital Management is the District's investment advisor and portfolio manager. Securities purchased in the District's portfolio are held in a separate safekeeping account at Wells Fargo Bank and registered in the name of the District. Specific investment guidelines, originally established by the State of Nevada's NVest program, are in place to address the various types of investment risk.

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The District is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which is authorized by NRS 355.167 and is administered by the State Treasurer. Administrative policies are adopted by the State Board of Finance, which has oversight responsibilities. The fair value of the District's position in the pool equals the value of the pool shares, as determined daily. The \$15,725,478 investment in LGIP is carried at fair value. The Pool is an unrated external investment pool with an average weighted maturity of less than a year.

As of June 30, 2020, the District's investments had the following maturities:

	Fair Value	Investment Maturities (In Years)		
		< 1	1-3	>3
Corporate Bonds	\$ 2,423,630	\$ 597,617	\$ 1,264,623	\$ 561,390
U.S. Treasury Notes	400,417	-	400,417	-
Corporate Asset Backed Securities	1,918,465	-	360,744	1,557,721
Government Mortgage Pool	3,006,230	467,394	2,506,749	32,087
Mortgage Backed Securities	1,201,328	46,407	387,999	766,922
	8,950,070	<u>\$ 1,111,418</u>	<u>\$ 4,920,532</u>	<u>\$ 2,918,120</u>
Government Money Market Fund	688,979			
Accrued interest	29,820			
Investments held by Wells Fargo	9,668,869			
Local Government Investment Pool	15,725,478			
Total Investments	<u>\$ 25,394,347</u>			

Interest Rate Risk

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

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Credit Risk

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

Concentration Risk

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

Custodial Credit Risk

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

NOTE 4 – RECEIVABLES

The District's funds reported the following receivables as of June 30, 2020:

	Taxes Receivable	Due from Other Gov't.	Total Receivables
<i>Major Governmental Funds:</i>			
General	\$ 155,086	\$ 2,541,717	\$ 2,696,803
Special Education	-	15,237	15,237
Debt Service	167,312	-	167,312
<i>Other Governmental Funds</i>	-	4,531,472	4,531,472
Total Governmental Funds	322,398	7,088,426	7,410,824
Unemployment Insurance	-	14,726	14,726
Total Receivables	<u>\$ 322,398</u>	<u>\$ 7,103,152</u>	<u>\$ 7,425,550</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The costs of group health insurance, workers' compensation and unemployment benefits are accounted for in the respective internal service fund. All funds from which salaries are paid are charged a percent of gross payroll to recover the cost of benefits.

Some federal and state grants and programs had cash deficits at year end due to outstanding cash requests.

Interfund receivable and payable balances at June 30, 2020 are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$ 2,466,076	\$ -
Nonmajor Governmental Funds:		
Federal Grants	-	1,774,121
State Grants Fund	-	509,384
Adult Diploma Fund	-	182,571
	<u>\$ 2,466,076</u>	<u>\$ 2,466,076</u>

During the year, the General Fund transferred \$8,475,000 to the Special Education Fund to cover operating costs not sufficiently covered by state revenues.

NOTE 6 – CAPITAL ASSETS

A summary of the District's capital asset balance and activity as of and for the year ended June 30, 2020 is presented on the following page.

Depreciation expense was charged to programs and functions as follows:

Instruction	\$ 127,435
Central Services	391,188
Plant Maintenance	322,024
Transportation	518,191
Other Support Services	261,334
Facilities	3,602,834
	<u>\$ 5,223,006</u>

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A summary of the District's balance in capital assets as of June 30, 2020 and the changes for year then ended are as follows:

	Balance June 30, 2019	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2020
Nondepreciable Capital Assets				
Land	\$ 8,830,484	\$ -	\$ -	\$ 8,830,484
Construction in progress	29,261	1,643,768	(98,602)	1,574,427
	<u>8,859,745</u>	<u>1,643,768</u>	<u>(98,602)</u>	<u>10,404,911</u>
Depreciable Capital Assets				
Buildings and improvements	145,894,753	1,356,276	-	147,251,029
Infrastructure	20,597,278	231,997	-	20,829,275
Equipment and vehicles	29,256,740	1,414,501	(119,407)	30,551,834
	<u>195,748,771</u>	<u>3,002,774</u>	<u>(119,407)</u>	<u>198,632,138</u>
Less accumulated depreciation:				
Buildings and improvements	(57,399,688)	(3,004,867)	-	(60,404,555)
Infrastructure	(7,926,419)	(785,980)	-	(8,712,399)
Equipment and vehicles	(21,337,918)	(1,432,159)	115,401	(22,654,676)
	<u>(86,664,025)</u>	<u>(5,223,006)</u>	<u>115,401</u>	<u>(91,771,630)</u>
Depreciable assets, net	<u>109,084,746</u>	<u>(2,220,232)</u>	<u>(4,006)</u>	<u>106,860,508</u>
Governmental Activities				
Capital Assets, net	<u>\$ 117,944,491</u>	<u>\$ (576,464)</u>	<u>\$ (102,608)</u>	<u>\$ 117,265,419</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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NOTE 7 – LONG-TERM DEBT

The District's long-term liability activity is summarized as follows:

Changes in Long-Term Debt

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
General obligation bonds	\$ 50,715,000	\$ 23,168,000	\$(14,635,000)	\$ 59,248,000	\$ 6,179,000
Deferred amounts for issuance of premiums	3,324,559	1,295,267	(386,881)	4,232,945	458,801
Compensated absences	1,449,915	163,406	-	1,613,321	-
	<u>55,489,474</u>	<u>24,626,673</u>	<u>(15,021,881)</u>	<u>65,094,266</u>	<u>6,637,801</u>
Net pension liability	100,599,130	-	(503,835)	100,095,295	-
Obligation for OPEB	<u>10,072,595</u>	<u>329,648</u>	<u>-</u>	<u>10,402,243</u>	<u>-</u>
	<u>\$ 166,161,199</u>	<u>\$ 24,956,321</u>	<u>\$(15,525,716)</u>	<u>\$ 175,591,804</u>	<u>\$ 6,637,801</u>

The District's liability related to its participation in the State of Nevada Public Employees Retirement System (PERS) is discussed at Note 9 and its liability related to other postemployment benefits is discussed at Note 10. The liability for compensated absences is generally extinguished through General Fund resources.

General Obligation Bonds

Bonds payable at June 30, 2020 are comprised of the following general obligation issues and are serviced by property tax revenues received by the Debt Service Fund:

Series	Date Issued	Date of Final Maturity	Interest Rate	Original Amount Issued	Balance on June 30, 2020	Principal Due Within One Year
2005C	9/20/05	4/1/25	3.625% - 5.00%	\$ 13,000,000	\$ 1,950,000	\$ 955,000
2011	6/21/11	6/1/26	3.76%	5,000,000	2,390,000	440,000
2012	4/11/12	6/1/32	0.0% - 3.75%	7,955,000	4,440,000	1,060,000
2013	3/13/13	4/1/25	1.25% - 2.50%	9,765,000	4,075,000	1,495,000
2016A	6/21/16	4/1/36	3.00%	6,400,000	6,200,000	100,000
2017A	8/8/17	6/1/30	3.00% - 5.00%	17,900,000	17,025,000	965,000
2019	10/9/19	4/1/28	5.00%	7,055,000	7,055,000	490,000
2020A	5/13/20	6/1/35	2.29%	16,113,000	16,113,000	674,000
					<u>\$ 59,248,000</u>	<u>\$ 6,179,000</u>

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NOTES TO FINANCIAL STATEMENTS

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At June 30, 2020, the District's limit of bonded indebtedness as defined by NRS 387.400 was \$309,601,608. The District had \$59,248,000 in bonded debt outstanding, leaving an unused bonding capacity of \$250,353,608. However, there are other factors which could limit the District's bonding capacity, such as overlapping tax rates, available revenues, market conditions, and project specifications.

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2020 are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2021	\$ 6,179,000	\$ 2,108,371	\$ 8,287,371
2022	6,227,000	1,889,885	8,116,885
2023	6,454,000	1,646,332	8,100,332
2024	5,856,000	1,398,564	7,254,564
2025	6,088,000	1,170,914	7,258,914
2026-2030	18,939,000	2,964,309	21,903,309
2031-2035	9,005,000	746,543	9,751,543
2036	500,000	15,000	515,000
	<u>\$ 59,248,000</u>	<u>\$ 11,939,918</u>	<u>\$ 71,187,918</u>

The principal amounts shown above exclude unamortized bond premiums of \$4,232,945 as of June 30, 2020, of which \$458,801 will be amortized in FY 21.

Interest expense reported in the Statement of Activities funds for FY20 was \$1,903,251.

Advance Refundings

For bond refunds resulting in the defeasance of the debt reported in the district-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The unamortized amount is presented as a deferred outflow of resources. As of June 30, 2020, this deferred outflow of resources was \$1,352,283 and the amortization in 2020 was \$220,677 which was included with interest expense in the Statement of Activities.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 8 – RISK FINANCING

Self-Insured Workers Compensation Benefits

Effective July 1, 2003, the District adopted a self-insured program for providing workers compensation benefits paid due to work related injuries. The program is accounted for in the Workers Compensation Insurance Fund. Under the self-insured program, the District contracts with a third-party administrator to process claims and purchased reinsurance to cover individual claims that exceed \$250,000. The liability for incurred but unreported claims as of June 30, 2020 is \$1,200,000 as determined by an independent actuary. Interfund premiums are based on rates expected to meet current expenditures and fund the liability for incurred but unreported claims.

Self-Insured Health Care Insurance (Group Insurance Fund)

In December 2018, the District became self-insured for its group health, dental and vision care coverage, pursuant to NRS 287.010(1), for claims beginning in January 2019. The District has contracted with a third-party to provide administration and payment of the claims. The Group Insurance Fund collects interfund charges from the operating funds of the District, based on established by the District's Insurance Committee. Claims are paid by the District upon receipt of a monthly invoice from the third-party administrator.

The District has a stop-loss policy, which limits its liability relative to the participants' claims. The individual limit is \$200,000 and the aggregate limit is \$1,000,000. Claims paid by the District in excess of these limits are reimbursable to the District.

An approximate 1,078 employees and 621 dependents were enrolled in this plan as of June 30, 2020. Effective January 1, 2021, the District discontinued their group insurance fund. Coverage is now available through AetnaHealth, with participant benefits and cost to the District being substantially the same as under the self-insured plan. The District's contract with AetnaHealth is on a calendar year basis with a guarantee that the cost increase to the District for calendar year 2022 will not exceed 11%.

The changes to the claims liability as of June 30, 2020 and 2019 for these self-insurance programs is as follows:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

	Self-Insurance Funds		
	Group Insurance	Workers' Compensation	Total
Claims liability, June 30, 2018	\$ -	\$ 1,135,000	\$ 1,135,000
Current year claims and changes in estimates	3,903,947	543,479	4,447,426
Claim payments	(3,902,010)	(478,479)	(4,380,489)
Claims liability, June 30, 2019	1,937	1,200,000	1,201,937
Current year claims and changes in estimates	9,650,091	599,611	10,249,702
Claim payments	(8,601,028)	(599,611)	(9,200,639)
Claims liability, June 30, 2020	<u>\$ 1,051,000</u>	<u>\$ 1,200,000</u>	<u>\$ 2,251,000</u>

Property and Liability Claims

The District's property and liability insurance policy includes a self-insured retention provision whereby the District is responsible for claims up to \$25,000 per occurrence. Claims are paid from the General Fund. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Benefits Provided

Benefits provisions of the defined benefit pension plan are established by Nevada Revised Statutes (NRS or statute), which may be amended. Benefits are determined by the number of years of accredited service at time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010, and on or after 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 at 2.5% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010, there is a 2.5% multiplier, and for regular members entering PERS on or after July 1, 2015, there is a 2.25% multiplier. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

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

Vesting

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

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

Contributions

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

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

The required contribution rates for the year ended June 30, 2020 were 15.25% for the EE/ER plan and 29.25% for the EPC plan. The District's contributions to the Plan were \$7,658,540 and \$7,162,970 for the years ended June 30, 2020 and 2019, 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's adopted policy target asset allocation as of June 30, 2019:

Asset Class	Target Allocation	Long-term
		Geometric Expected Real Rate of Return
U.S. Stocks	42%	5.50%
International Stocks	18%	5.50%
U.S. Bonds	28%	0.75%
Private Markets	12%	6.65%
	100%	

Net Pension Liability

At June 30, 2020, the District reported a liability of \$100,095,295 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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 the PERS pension plan relative to the total contributions of all participating reporting units and members. At June 30, 2019, the District's proportion of the regular plan was .73405%, which was a decrease from its .73765% proportion measured as of June 30, 2018.

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

The following presents the net pension liability of the District calculated using the discount rate of 7.5%. The following also reflects what the District's net pension liability would be if it were calculated using a discount rate that is 1.00 percentage point lower (6.50%) or 1.00 percentage point higher (8.50%) than the current discount rate of 7.50%.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
Net Pension Liability	\$ 154,985,450	\$ 100,095,295	\$ 54,467,648

Pension Plan Fiduciary Net Position

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

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.5% per year.
Salary increases	4.25% to 9.15% depending on service.
Inflation rate	2.75% per year.
Productivity pay increase	0.50%
Consumer Price Index	2.75%
Other assumptions	Same as those used in the June 30, 2019 funding actuarial valuation.

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of the experience review study for the period July 1, 2012 through June 30, 2016, dated October 16, 2017.

The discount rate used to measure the total pension liability was 7.5%. 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 was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

For the year ended June 30, 2020, the District recognized pension expense of \$6,675,154. As of June 30, 2020, 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
Difference between expected and actual experience	\$ 3,753,459	\$ 2,887,121
Changes in assumptions	4,073,465	
Net difference between projected and actual earnings on pension plan assets	-	4,979,381
Changes in proportion and differences between the District's contributions and proportionate share of contributions	821,053	1,829,584
The District's contributions subsequent to the measurement date	7,658,540	-
	<u>\$ 16,306,517</u>	<u>\$ 9,696,086</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	Amount
2021	\$ 108,569
2022	(2,063,998)
2023	195,401
2024	397,489
2025	285,926
2026	28,504
	<u>\$ (1,048,109)</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Retirees of the District may receive these other postemployment benefits (OPEB) through the Nevada Public Employees' Benefits Program (PEBP) or through the District's healthcare plan offered to its active employees.

Plan Descriptions

Nevada Public Employees' Benefits Program

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

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. PEBP is administered by the State of Nevada and is not considered a "plan" for GASB 74 purposes. (However, to enhance the understanding of this footnote, this PEBP program may be referred to as a "plan.") Any assets accumulated for OPEB purposes are to be reported as assets of the employer.

The contribution requirements of plan members and the District are established and may be amended by the Board of the Public Employees' Benefits Program. The amount of subsidy an individual retiree is entitled is predicated on the years of service and a legislatively determined base amount. The District contributed \$357,887 during the year on behalf of 172 participating retirees.

Lyon County School District Healthcare Plan

The District administers a single-employer defined benefit healthcare plan. This plan provides postemployment healthcare benefits to retirees of the District. Any retiree who participates in the Nevada Public Employees' Retirement System (PERS) may purchase coverage for themselves and dependents at the same premium rate which is charged to the District's active employees. Because retirees pay the same premium as active employees rather than a higher rate that would result from rating retirees as a separate insured group, the District incurs the cost of an implicit premium subsidy. A separate report has not been issued for this plan. The District has elected to pay the implicit cost of postemployment benefits on the *pay-as-you-go* basis.

Plan membership consisted of 1,019 active plan members, 81 retirees receiving benefits, and 34 retirees

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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entitled to but not receiving benefits as of June 30, 2018, the date of the latest actuarial valuation. The District contributed \$162,296 on their behalf during the year ended June 30, 2020.

NRS 288.150 specifies that insurance benefits are subject to mandatory bargaining. The amount employees contribute towards their insurance premium is negotiated with each association.

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 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:

	<u>District</u>	<u>PEBP</u>
Valuation Date	6/30/18	6/30/18
Actuarial cost method	Entry Age Normal	Entry Age Normal
Salary increases	4%	N/A
Discount rate		
As of June 30, 2018	2.98%	2.98%
As of June 30, 2019	2.79%	2.79%
Healthcare inflation	6.0% effective	<i>Pre-Medicare:</i>
	January 2020, grading	6.25% effective
	down to 5.0% by 2024	July 2019, grading
		down to 5%.
		<i>Post-Medicare:</i>
		4.50%
Retirement age	Ages 45 to 75	N/A
Mortality	NV PERS	NV PERS
	2017 Study	2017 Study
Mortality Improvement	MW Scale 2018	MW Scale 2018
	Generationally	Generationally

Sensitivity of the OPEB Liabilities to Changes in the Discount Rate and Healthcare Cost Trend Rate

The following presents the net OPEB liabilities of the District's plan and PEBP, as well as what the liabilities would be if they were calculated using a discount rate that is 1% lower (1.79%) or 1% higher (3.79%) than the current discount rate of 2.79%.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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<u>Net OPEB Liability</u>	<u>1% Decrease in Discount Rate to 1.79%</u>	<u>Current Discount Rate 2.79%</u>	<u>1% Increase in Discount Rate to 3.79%</u>
District	\$ 4,915,179	\$ 4,521,161	\$ 4,176,827
PEBP	6,640,388	5,881,082	5,249,608
	<u>\$ 11,555,567</u>	<u>\$ 10,402,243</u>	<u>\$ 9,426,435</u>

The following presents the net OPEB liabilities of the District's Plan and PEBP, as well as what the liabilities would be if they were calculated using a 1% decrease and a 1% increase in the healthcare cost trend rate.

<u>Net OPEB Liability</u>	<u>1% Decrease in Current Trend</u>	<u>Current Trend</u>	<u>1% Increase in Current Trend</u>
District	\$ 4,182,791	\$ 4,521,161	\$ 4,908,283
PEBP	5,275,121	5,881,082	6,595,068
	<u>\$ 9,457,912</u>	<u>\$ 10,402,243</u>	<u>\$ 11,503,351</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$478,104 for the District Plan and \$393,576 for PEBP, for a total of \$871,680. As of June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

	District Plan	PEBP	Total
Deferred Outflows of Resources			
Changes of assumptions	\$ 613,151	\$ -	\$ 613,151
Contributions made subsequent to the measurement date	196,167	393,576	589,743
	<u>\$ 809,318</u>	<u>\$ 393,576</u>	<u>\$ 1,202,894</u>
Deferred Inflows of Resources			
Changes of assumptions	\$ 166,936	\$ -	\$ 166,936
Differences between expected and actual experience	465,339	-	465,339
	<u>\$ 632,275</u>	<u>\$ -</u>	<u>\$ 632,275</u>

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

	Recognized Net Deferred Outflows (Inflows) of Resources		
Year Ending	District Plan	PEBP	Total
<u>June 30,</u>			
2021	\$ (5,728)	-	\$ (5,728)
2022	(5,728)	-	(5,728)
2023	(5,728)	-	(5,728)
2024	(5,728)	-	(5,728)
2025	(5,728)	-	(5,728)
Thereafter	9,516	-	9,516
	<u>\$ (19,124)</u>	<u>\$ -</u>	<u>\$ (19,124)</u>

Change in Net OPEB Liability

The following table depicts the District's changes in the net OPEB liability for the year ended June 30, 2020:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

	<u>District</u>	<u>PEBP</u>	<u>Combined</u>
Balance, July 1, 2019	<u>\$ 4,131,854</u>	<u>\$ 5,940,741</u>	<u>\$10,072,595</u>
Changes for the Year:			
Service cost	352,610	-	352,610
Interest cost	131,222	171,702	302,924
Changes of assumptions	67,671	126,526	194,197
Benefit payments	<u>(162,296)</u>	<u>(357,887)</u>	<u>(520,183)</u>
Net Changes	<u>389,207</u>	<u>(59,659)</u>	<u>329,548</u>
Balance, June 30, 2020	<u>\$ 4,521,061</u>	<u>\$ 5,881,082</u>	<u>\$10,402,143</u>

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

District-Wide Financial Statements

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

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

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

Unrestricted net position represents available financial resources of the District.

Fund Financial Statements

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

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

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Unassigned – the residual classification for the General Fund.

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

The following table is a summary of the District's fund balances at June 30, 2020:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Special Education Fund	Debt Service Fund	Bond Projects Fund		
Fund Balances						
Nonspendable inventories	\$ 153,152	\$ -	\$ -	\$ -	\$ 26,000	\$ 179,152
Restricted for:						
Debt service	-	-	7,124,464	-	-	7,124,464
Capital projects	-	-	-	13,484,299	4,628,355	18,112,654
Assigned to:						
Education services	-	17,132	-	-	191,066	208,198
Food service	-	-	-	-	585,900	585,900
Subsequent year's budget	2,107,118	-	-	-	-	2,107,118
Unassigned	6,420,271	-	-	-	-	6,420,271
Total Fund Balance	<u>\$ 8,680,541</u>	<u>\$ 17,132</u>	<u>\$7,124,464</u>	<u>\$13,484,299</u>	<u>\$ 5,431,321</u>	<u>\$ 34,737,757</u>

NOTE 12 – COMPLIANCE WITH NEVADA REVISED STATUTES (NRS) & NEVADA ADMINISTRATIVE CODE (NAC)

The following possible violations of NRS/NAC were noted for the year ended June 30, 2020:

- A formal budget was not prepared for the District's Group Insurance Fund. As cited in NAC 354.481, the expenses did not cause a deficit in the equity balance of the fund; however, a budget for this fund was not adjusted in a manner provided by law.
- The District did not include budgeted revenues or expenditures for its Federal Grants or State Grants funds (special revenue funds) in its tentative or final budgets for June 30, 2020. The Department of Taxation's Form 4405LGF states in its General Instructions that "Budgets must be prepared for all funds except agency and non-expendable trust funds that do not receive property tax."
- NRS 354.624(2)(a) requires that the audit be completed and submitted to the Board of Trustees not later than October 31st (four months after the end of the fiscal year). As provided for by NRS 354.624(1), the District requested an extension for filing. The date of the auditors' opinion on the June 30, 2020 financial statements is January 19, 2021.

NOTE 13 – NEW ACCOUNTING PRONOUNCEMENTS

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The District is currently evaluating the impact this standard will have on the financial statements. The statement is effective for the District's financial statements for the year ending June 30, 2021.

LYON COUNTY SCHOOL DISTRICT

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JUNE 30, 2020

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the District's financial statements for the year ending June 30, 2022.

NOTE 14 – COVID-19 PANDEMIC

In March 2020, the World Health Organization declared COVID-19 a global pandemic, resulting in far-reaching effects, including economic implications of a global reach. Closer to home, state-wide and local measures were enacted to contain the virus, including quarantines and closures of school campuses and the transition to alternative learning models, including part-time and full-time distance learning.

The District's future operations and business activities could be materially adversely affected by reductions in the level of funding and impacts to the timing of cash flows. Measures which may be taken to limit the spread of COVID-19 could also materially adversely affect significant estimates made by the District and future debt ratings.

For the 2021 school year, the District is providing instructional formats that comply with state and local guidelines. Since March 2020, the District's response to the pandemic has included various safety measures designed to protect its students, employees, and community. Revisions and enhancements will continue to be made as the pandemic situation warrants.

NOTE 15 – CONSTRUCTION COMMITMENTS

During FY20, the District entered into an approximate \$7.8 million contract for the expansion of facilities at East Valley Elementary School. As of the date of the auditor's report, an approximate \$3.4 million has been incurred on this contract. Future amounts will be financed through the Bond Projects Fund. As of June 30, 2020, the fund balance of the Bond Projects Fund was \$13,484,299, all of which is restricted for future capital improvements and construction projects.

LYON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULES OF CHANGES IN NET OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS*

	2020			2019			2018		
	District	PEBP	Total	District	PEBP	Total	District	PEBP	Total
Total OPEB Liability									
Service cost	\$ 352,610	\$ -	\$ -	\$ 353,881	\$ -	\$ 353,881	\$ 374,429	\$ -	\$ 374,429
Interest	131,222	171,702	302,924	123,565	175,619	299,184	101,987	164,403	266,390
Changes in benefit terms	-	-	-	-	24,182	24,182	-	-	-
Differences between expected and actual experience	-	-	-	(568,389)	(180,891)	(749,280)	-	-	-
Changes in assumptions	67,671	126,526	194,197	673,647	501,406	1,175,053	(231,142)	(300,228)	(531,370)
Benefit payments	(162,296)	(357,887)	(520,183)	(89,480)	(380,812)	(470,292)	(75,389)	(394,781)	(470,170)
Net change in Total OPEB Liability	389,207	(59,659)	(23,062)	493,224	139,504	632,728	169,885	(530,606)	(360,721)
Total OPEB Liability, beginning	4,131,853	5,940,741	10,072,594	3,638,629	5,801,237	9,439,866	3,468,744	6,331,843	9,800,587
Total OPEB Liability, ending	4,521,060	5,881,082	10,049,532	4,131,853	5,940,741	10,072,594	3,638,629	5,801,237	9,439,866
Plan Fiduciary Net Position									
Employer contributions	162,296	-	-	89,480	380,812	1,028,921	75,389	394,781	1,028,921
Net investment income	-	-	-	-	-	-	-	-	-
Benefit payments	(162,296)	-	-	(89,480)	(380,812)	(1,028,921)	(75,389)	(394,781)	(1,028,921)
Net change in Plan Fiduciary Net Position	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position, beginning	-	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position, ending	-	-	-	-	-	-	-	-	-
District's Net OPEB Liability	\$ 4,521,060	\$ 5,881,082	\$ 10,049,532	\$ 4,131,853	\$ 5,940,741	\$ 10,072,594	\$ 3,638,629	\$ 5,801,237	\$ 9,439,866
Covered payroll	\$ 50,275,106	N/A	N/A	\$ 47,121,055	N/A	N/A	\$ 45,228,239	N/A	N/A
District's Net OPEB Liability as a percentage of covered payroll	8.99%	N/A	N/A	8.77%	N/A	N/A	8.05%	N/A	N/A

*GASB Statement No. 75 requires ten years of information to be presented. However, until all 10 years of data is available the District presents information for those years for which the information is available.

LYON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NPL (NET PENSION LIABILITY) PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA LAST TEN FISCAL YEARS*

	Plan Year Ended					
	2019	2018	2017	2016	2015	2014
District's proportion of the Net Pension Liability	0.73405%	0.73765%	0.73864%	0.75753%	0.74096%	0.74190%
District's proportionate share of the Net Pension Liability	\$ 100,095,295	\$ 100,599,130	\$ 98,237,626	\$ 101,942,119	\$ 84,909,369	\$ 77,321,756
District's covered employee payroll	\$ 51,858,445	\$ 50,453,598	\$ 48,705,600	\$ 46,963,783	\$ 45,566,218	\$ 44,186,238
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	193.02%	199.39%	201.70%	217.07%	186.34%	174.99%
Plan fiduciary net position as a percentage of the Total Pension Liability	76.46%	75.23%	74.42%	72.20%	75.10%	76.30%

*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the District presents information for those years for which the information is available.

LYON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF DISTRICT'S CONTRIBUTIONS PUBLIC EMPLOYEES' RETIREMENT SYSTEM OF NEVADA LAST TEN FISCAL YEARS*

	Determined for the Year Ended					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 7,658,540	\$ 7,162,970	\$ 6,875,462	\$ 6,422,758	\$ 11,410,032	\$ 11,377,956
Contributions in relation to the statutorily required contribution	<u>7,658,540</u>	<u>7,162,970</u>	<u>6,875,462</u>	<u>6,422,758</u>	<u>11,410,032</u>	<u>11,377,956</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 51,858,445	\$ 50,453,598	\$ 48,705,600	\$ 46,963,783	\$ 45,566,218	\$ 44,186,238
Contributions as a percentage of covered employee payroll	14.77%	14.20%	14.12%	13.68%	25.04%	25.75%

*GASB Statement No. 68 requires ten years of information to be presented. However, until a full 10 year trend is available, the District presents information for those years for which the information is available.

LYON COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Ad valorem taxes	\$ 8,280,475	\$ 8,280,475	\$ 8,510,483	\$ 230,008	\$ 7,783,803
Earnings on investments	10,000	10,000	373,303	363,303	305,705
Total Revenue	8,290,475	8,290,475	8,883,786	593,311	8,089,508
EXPENDITURES					
Debt Service:					
Principal retirement	5,401,000	5,401,000	5,370,000	31,000	5,421,000
Interest	1,799,402	1,799,402	1,850,379	(50,977)	1,954,709
Other	-	-	148,097	(148,097)	5,600
	7,200,402	7,200,402	7,368,476	(168,074)	7,381,309
Revenues Over (Under)					
Expenditures	1,090,073	1,090,073	1,515,310	425,237	708,199
OTHER FINANCING SOURCES (USES)					
Proceeds from refunding bonds	-	-	8,155,000	8,155,000	-
Bond premium	-	-	1,295,267	1,295,267	-
Payment to refunded bonds escrow agent	-	-	(9,265,000)	(9,265,000)	-
	-	-	185,267	185,267	-
Net Change in Fund Balance	1,090,073	1,090,073	1,700,577	610,504	708,199
FUND BALANCE, July 1	5,165,114	5,165,114	5,423,887	258,773	4,715,688
FUND BALANCE, June 30	\$ 6,255,187	\$ 6,255,187	\$ 7,124,464	\$ 869,277	\$ 5,423,887

LYON COUNTY SCHOOL DISTRICT

BOND PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Earnings on investments	\$ -	\$ -	\$ 83,628	\$ 83,628	\$ 59,545
EXPENDITURES					
Undistributed Expenditures:					
General Administration:					
Purchased services	-	20,000	144,968	(124,968)	-
Facilities Acquisition and Construction:					
Architectural and Engineering Services:					
Purchased services	750,000	785,000	615,963	169,037	118,019
Other	-	35,000	28,624	6,376	3,500
	750,000	820,000	644,587	175,413	121,519
Building Acquisition and Construction:					
Purchased services	7,000,000	3,910,000	40,038	3,869,962	1,373,643
Other	45,000	45,000	-	45,000	-
	7,045,000	3,955,000	40,038	3,914,962	1,373,643
Site Improvements:					
Purchased services	500,000	500,000	-	500,000	-
Other	25,000	25,000	-	25,000	-
	525,000	525,000	-	525,000	-
Building Improvements:					
Purchased services	-	3,000,000	1,824,340	1,175,660	7,600
Total Facilities Acquisition and Construction	8,320,000	8,300,000	2,508,965	5,791,035	1,502,762
Total Expenditures	8,320,000	8,320,000	2,653,933	5,666,067	1,502,762
Revenues Over (Under)					
Expenditures	(8,320,000)	(8,320,000)	(2,570,305)	5,749,695	(1,443,217)

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

BOND PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	<u>2020 BUDGET</u>		<u>2020</u>		<u>2019</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
OTHER FINANCING SOURCES					
Proceeds from bond sale	\$ 18,000,000	\$ 18,000,000	\$ 15,013,000	\$ (2,987,000)	\$ -
Net Change in Fund Balance	9,680,000	9,680,000	12,442,695	2,762,695	(1,443,217)
FUND BALANCE, July 1	<u>900,825</u>	<u>942,973</u>	<u>1,041,604</u>	<u>98,631</u>	<u>2,484,821</u>
FUND BALANCE, June 30	<u>\$ 10,580,825</u>	<u>\$ 10,622,973</u>	<u>\$ 13,484,299</u>	<u>\$ 2,861,326</u>	<u>\$ 1,041,604</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2019)

Page 1 of 3

	SPECIAL REVENUE FUNDS					
	FEDERAL GRANTS	INSURANCE LOSS	FEDERAL SCHOOL LUNCH	ADULT DIPLOMA	CLASS SIZE REDUCTION	PRIVATE DONATIONS & GRANTS
ASSETS						
Cash and investments	\$ -	\$ 109,135	\$ 271,393	\$ -	\$ 202,899	\$ -
Receivables	2,372,765	-	421,969	202,491	-	-
Inventories	-	-	26,000	-	-	-
Total Assets	<u>\$ 2,372,765</u>	<u>\$ 109,135</u>	<u>\$ 719,362</u>	<u>\$ 202,491</u>	<u>\$ 202,899</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ 59,735	\$ -	\$ 3,127	\$ -	\$ -	\$ -
Accrued payroll	85,124	-	83,664	17,953	202,889	-
Due to other funds	1,774,121	-	-	182,571	-	-
Unearned revenues	453,785	-	20,671	-	-	-
Total Liabilities	<u>2,372,765</u>	<u>-</u>	<u>107,462</u>	<u>200,524</u>	<u>202,889</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	26,000	-	-	-
Restricted	-	-	-	-	-	-
Assigned	-	109,135	585,900	1,967	10	-
Total Fund Balances	<u>-</u>	<u>109,135</u>	<u>611,900</u>	<u>1,967</u>	<u>10</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,372,765</u>	<u>\$ 109,135</u>	<u>\$ 719,362</u>	<u>\$ 202,491</u>	<u>\$ 202,899</u>	<u>\$ -</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2019)

Page 2 of 3

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS	
	STATE GRANTS	MEDICAID	NEW NEVADA PLAN	TOTAL	CAPITAL PROJECTS	BUILDING AND SITES
ASSETS						
Cash and investments	\$ -	\$ 108,820	\$ 241,141	\$ 933,388	\$ 2,545,220	\$ 205,004
Receivables	1,292,210	-	398	4,289,833	181,447	800
Inventories	-	-	-	26,000	-	-
Total Assets	<u>\$ 1,292,210</u>	<u>\$ 108,820</u>	<u>\$ 241,539</u>	<u>\$ 5,249,221</u>	<u>\$ 2,726,667</u>	<u>\$ 205,804</u>
LIABILITIES						
Accounts payable	\$ 3,870	\$ 17,101	\$ 155,000	\$ 238,833	\$ 38,132	\$ -
Accrued payroll	188,121	12,176	86,128	676,055	-	-
Due to other funds	509,384	-	-	2,466,076	-	-
Unearned revenues	590,835	-	-	1,065,291	-	-
Total Liabilities	<u>1,292,210</u>	<u>29,277</u>	<u>241,128</u>	<u>4,446,255</u>	<u>38,132</u>	<u>-</u>
FUND BALANCES						
Nonspendable	-	-	-	26,000	-	-
Restricted	-	-	-	-	2,688,535	205,804
Assigned	-	79,543	411	776,966	-	-
Total Fund Balances	<u>-</u>	<u>79,543</u>	<u>411</u>	<u>802,966</u>	<u>2,688,535</u>	<u>205,804</u>
Total Liabilities and Fund Balances	<u>\$ 1,292,210</u>	<u>\$ 108,820</u>	<u>\$ 241,539</u>	<u>\$ 5,249,221</u>	<u>\$ 2,726,667</u>	<u>\$ 205,804</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2019)

Page 3 of 3

	CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	RES CONSTR TAX	TOTAL	2020	2019
ASSETS				
Cash and investments	\$ 1,675,035	\$ 4,425,259	\$ 5,358,647	\$ 5,205,182
Receivables	59,392	241,639	4,531,472	2,978,660
Inventories	-	-	26,000	39,228
Total Assets	<u>\$ 1,734,427</u>	<u>\$ 4,666,898</u>	<u>\$ 9,916,119</u>	<u>\$ 8,223,070</u>
LIABILITIES				
Accounts payable	\$ -	\$ 38,132	\$ 276,965	\$ 229,794
Accrued payroll	-	-	676,055	1,372,636
Due to other funds	-	-	2,466,076	1,497,092
Unearned revenues	-	-	1,065,291	450,581
Total Liabilities	<u>-</u>	<u>38,132</u>	<u>4,484,387</u>	<u>3,550,103</u>
FUND BALANCES				
Nonspendable	-	-	26,000	39,228
Restricted	1,734,427	4,628,766	4,628,766	3,739,431
Assigned	-	-	776,966	894,308
Total Fund Balances	<u>1,734,427</u>	<u>4,628,766</u>	<u>5,431,732</u>	<u>4,672,967</u>
Total Liabilities and Fund Balances	<u>\$ 1,734,427</u>	<u>\$ 4,666,898</u>	<u>\$ 9,916,119</u>	<u>\$ 8,223,070</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

Page 1 of 3

	SPECIAL REVENUE FUNDS					
	FEDERAL GRANTS	INSURANCE LOSS	FEDERAL SCHOOL LUNCH	ADULT DIPLOMA	CLASS SIZE REDUCTION	PRIVATE DONATIONS & GRANTS
REVENUES						
Local sources	\$ -	\$ -	\$ 507,615	\$ -	\$ -	\$ 8,441
State sources	-	-	10,775	202,490	2,571,037	-
Federal sources	4,281,015	-	3,071,333	-	-	-
Total Revenues	4,281,015	-	3,589,723	202,490	2,571,037	8,441
EXPENDITURES						
Regular programs	386,952	-	-	-	1,793,200	8,441
Special programs	1,609,151	-	-	-	777,837	-
Vocational programs	111,616	-	-	-	-	-
Adult instruction	-	-	-	202,490	-	-
Other instructional programs	37,066	-	-	-	-	-
Support Services:						
Student support	1,093,660	-	-	-	-	-
Instructional staff support	743,921	-	-	-	-	-
General administration	2,078	-	-	-	-	-
School administration	-	-	-	-	-	-
Central services	176,484	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	-
Student transportation	11,056	-	-	-	-	-
Noninstructional services:						
Food service	23,289	-	3,729,551	-	-	-
Community service	85,742	-	-	-	-	-
Facilities acquisition and construction	-	-	5,850	-	-	-
Total Expenditures	4,281,015	-	3,735,401	202,490	2,571,037	8,441
Net Changes in Fund Balances	-	-	(145,678)	-	-	-
FUND BALANCE, July 1	-	109,135	757,578	1,967	10	-
FUND BALANCE, June 30	\$ -	\$ 109,135	\$ 611,900	\$ 1,967	\$ 10	\$ -

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

Page 2 of 3

	SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS	
	STATE GRANTS	MEDICAID	NEW NEVADA PLAN	TOTAL	CAPITAL PROJECTS	BUILDING AND SITES
REVENUES						
Local sources	\$ -	\$ -	\$ -	516,056	\$ 824,939	\$ 20,692
State sources	4,676,916	-	1,192,600	8,653,818	-	-
Federal sources	-	410,759	-	7,763,107	-	-
Total Revenues	<u>4,676,916</u>	<u>410,759</u>	<u>1,192,600</u>	<u>16,932,981</u>	<u>824,939</u>	<u>20,692</u>
EXPENDITURES						
Regular programs	3,221,735	-	1,127,538	6,537,866	-	-
Special programs	12,641	297,339	-	2,696,968	-	-
Vocational programs	119,466	-	-	231,082	-	-
Adult instruction	-	-	-	202,490	-	-
Other instructional programs	74,334	-	-	111,400	-	-
Support Services:				-		
Student support	594,489	-	64,651	1,752,800	-	-
Instructional staff support	389,913	-	-	1,133,834	-	-
General administration	78,979	98,723	-	179,780	-	-
School administration	-	-	-	-	-	-
Central services	69,188	-	-	245,672	-	-
Operations and maintenance	1,110	-	-	1,110	-	-
Student transportation	115,061	-	-	126,117	-	-
Noninstructional services:				-		
Food service	-	-	-	3,752,840	-	-
Community service	-	-	-	85,742	-	-
Facilities acquisition and construction	-	-	-	5,850	482,897	-
Total Expenditures	<u>4,676,916</u>	<u>396,062</u>	<u>1,192,189</u>	<u>17,063,551</u>	<u>482,897</u>	<u>-</u>
Net Changes in Fund Balances	-	14,697	411	(130,570)	342,042	20,692
FUND BALANCE, July 1	<u>-</u>	<u>64,846</u>	<u>-</u>	<u>933,536</u>	<u>2,346,493</u>	<u>185,112</u>
FUND BALANCE, June 30	<u>\$ -</u>	<u>\$ 79,543</u>	<u>\$ 411</u>	<u>\$ 802,966</u>	<u>\$ 2,688,535</u>	<u>\$ 205,804</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

Page 3 of 3

	CAPITAL PROJECTS FUNDS			
	RES CONSTR	TOTAL CAPITAL PROJECTS	TOTALS	
	TAX		2020	2019
REVENUES				
Local sources	\$ 603,686	\$ 1,449,317	\$ 1,965,373	\$ 2,134,790
State sources	-	-	8,653,818	5,894,100
Federal sources	-	-	7,763,107	9,246,838
Total Revenues	603,686	1,449,317	18,382,298	17,275,728
EXPENDITURES				
Regular programs	-	-	6,537,866	5,216,092
Special programs	-	-	2,696,968	2,621,529
Vocational programs	-	-	231,082	308,756
Adult instruction	-	-	202,490	188,518
Other instructional programs	-	-	111,400	483,990
Support Services:				
Student support	-	-	1,752,800	1,795,236
Instructional staff support	-	-	1,133,834	757,343
General administration	-	-	179,780	226,125
School administration	-	-	-	32,000
Central services	-	-	245,672	307,007
Operations and maintenance	-	-	1,110	11,652
Student transportation	-	-	126,117	163,590
Noninstructional services:				
Food service	-	-	3,752,840	3,888,413
Community service	-	-	85,742	118,815
Facilities acquisition and construction	77,085	559,982	565,832	577,765
Total Expenditures	77,085	559,982	17,623,533	16,696,831
Net Changes in Fund Balances	526,601	889,335	758,765	578,897
FUND BALANCE, July 1	1,207,826	3,739,431	4,672,967	4,094,070
FUND BALANCE, June 30	\$ 1,734,427	\$ 4,628,766	\$ 5,431,732	\$ 4,672,967

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Federal Sources	\$ -	\$ 4,281,015	\$ 4,281,015	\$ -	\$ 5,875,105
EXPENDITURES					
Regular Programs:					
Salaries	-	171,714	171,714	-	1,480,184
Benefits	-	56,209	56,209	-	601,128
Purchased services	-	22,401	22,401	-	5,348
Supplies	-	129,737	129,737	-	133,917
Other	-	6,891	6,891	-	17,138
Total Regular Programs	-	386,952	386,952	-	2,237,715
Special Programs:					
Salaries	-	819,559	819,559	-	660,345
Benefits	-	323,157	323,157	-	194,126
Purchased services	-	264,926	264,926	-	279,014
Supplies	-	201,509	201,509	-	193,365
Total Special Programs	-	1,609,151	1,609,151	-	1,326,850
Vocational Programs:					
Purchased services	-	-	-	-	46,471
Supplies	-	8,167	8,167	-	31,642
Property	-	103,449	103,449	-	25,912
Total Vocational Programs	-	111,616	111,616	-	104,025
Other Instructional Programs:					
Salaries	-	1,990	1,990	-	42,846
Benefits	-	185	185	-	6,155
Purchased services	-	18,967	18,967	-	49,389
Supplies	-	15,924	15,924	-	32,088
Total Other Instructional	-	37,066	37,066	-	130,478

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Undistributed Expenditures					
Student Support:					
Salaries	\$ -	\$ 252,878	\$ 252,878	\$ -	\$ 253,016
Benefits	-	49,968	49,968	-	42,041
Purchased services	-	236,118	236,118	-	175,021
Supplies	-	549,410	549,410	-	394,156
Other	-	5,286	5,286	-	3,584
	-	1,093,660	1,093,660	-	867,818
Instructional Staff Support:					
Salaries	-	254,880	254,880	-	337,108
Benefits	-	64,064	64,064	-	86,822
Purchased services	-	394,189	394,189	-	216,013
Supplies	-	30,788	30,788	-	21,302
Other	-	-	-	-	600
	-	743,921	743,921	-	661,845
General Administration:					
Salaries	-	2,078	2,078	-	-
School Administration:					
Salaries	-	-	-	-	30,000
Central Services:					
Salaries	-	125,773	125,773	-	219,273
Benefits	-	42,956	42,956	-	72,881
Purchased services	-	2,758	2,758	-	5,801
Supplies	-	4,997	4,997	-	6,249
	-	176,484	176,484	-	304,204
Student Transportation:					
Salaries	-	2,943	2,943	-	5,686
Benefits	-	455	455	-	804
Purchased services	-	7,658	7,658	-	28,359
	-	11,056	11,056	-	34,849

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other Support Services:					
Food Service:					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 497
Benefits	-	-	-	-	743
Supplies	-	15,941	15,941	-	26,352
Property	-	7,348	7,348	-	30,914
	-	23,289	23,289	-	58,506
Community Service:					
Salaries	-	-	-	-	418
Benefits	-	-	-	-	14
Purchased services	-	-	-	-	10,867
Supplies	-	85,742	85,742	-	107,516
	-	85,742	85,742	-	118,815
Total Undistributed Expenditures	-	2,136,230	2,136,230	-	2,076,037
Total Expenditures	-	4,281,015	4,281,015	-	5,875,105
Revenue Over (Under) Expenditures	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

INSURANCE LOSS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Undistributed Expenditures:					
General Administration:					
Other	-	-	-	-	-
Net Change in Fund Balance	-	-	-	-	-
FUND BALANCE, July 1	104,135	104,135	109,135	5,000	109,135
FUND BALANCE, June 30	\$ 104,135	\$ 104,135	\$ 109,135	\$ 5,000	\$ 109,135

LYON COUNTY SCHOOL DISTRICT

FEDERAL SCHOOL LUNCH FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Daily sales	\$ 650,000	\$ 650,000	\$ 489,140	\$ (160,860)	\$ 744,579
Other local	25,000	25,000	18,475	(6,525)	20,635
	675,000	675,000	507,615	(167,385)	765,214
State Sources:					
State Match	30,000	30,000	10,775	(19,225)	12,836
Federal Sources:					
School Nutrition Programs	2,806,250	2,806,250	3,071,333	265,083	2,924,988
Total Revenue	3,511,250	3,511,250	3,589,723	78,473	3,703,038
EXPENDITURES					
Food Service Operations:					
Salaries	1,359,359	1,500,140	1,462,855	37,285	1,411,250
Benefits	405,750	450,922	392,502	58,420	347,922
Purchased services	125,600	129,368	128,937	431	272,922
Supplies	1,600,000	1,725,000	1,729,980	(4,980)	1,693,699
Property	128,750	150,000	12,563	137,437	100,068
Other	1,500	1,600	2,714	(1,114)	4,046
	3,620,959	3,957,030	3,729,551	227,479	3,829,907
Building Improvement:					
Purchased services	-	150,000	5,850	144,150	-
Total Expenditures	3,620,959	4,107,030	3,735,401	371,629	3,829,907
Net Change in Fund Balance	(109,709)	(595,780)	(145,678)	450,102	(126,869)
FUND BALANCE, July 1	159,522	757,192	757,578	386	884,447
FUND BALANCE, June 30	\$ 49,813	\$ 161,412	\$ 611,900	\$ 450,488	\$ 757,578

LYON COUNTY SCHOOL DISTRICT

ADULT DIPLOMA FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Tuition	\$ -	\$ -	\$ -	\$ -	\$ 1,103
State Sources:					
State funding	192,325	202,490	202,490	-	188,518
Total Revenue	192,325	202,490	202,490	-	189,621
EXPENDITURES					
Salaries	145,000	134,535	134,535	-	126,579
Benefits	47,325	58,213	58,213	-	43,970
Purchased services	-	9,742	9,742	-	13,418
Supplies	-	-	-	-	4,551
Total Expenditures	192,325	202,490	202,490	-	188,518
Net Change in Fund Balance	-	-	-	-	1,103
FUND BALANCE, July 1	864	864	1,967	1,103	864
FUND BALANCE, June 30	\$ 864	\$ 864	\$ 1,967	\$ 1,103	\$ 1,967

LYON COUNTY SCHOOL DISTRICT

CLASS SIZE REDUCTION FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources:					
State funding	\$ 1,800,000	\$ 2,571,037	\$ 2,571,037	\$ -	\$ 2,575,365
EXPENDITURES					
Regular Programs:					
Salaries	1,250,000	1,766,037	1,793,200	(27,163)	1,800,000
Benefits	550,000	805,000	777,837	27,163	775,355
Total Expenditures	1,800,000	2,571,037	2,571,037	-	2,575,355
Net Change in Fund Balance	-	-	-	-	10
FUND BALANCE, July 1	-	-	10	10	-
FUND BALANCE, June 30	\$ -	\$ -	\$ 10	\$ 10	\$ 10

LYON COUNTY SCHOOL DISTRICT

PRIVATE DONATIONS AND GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Private donations and grants	\$ -	\$ 8,441	\$ 8,441	\$ -	\$ 25,587
EXPENDITURES					
Regular Programs:					
Salaries	-	-	-	-	600
Benefits	-	-	-	-	55
Supplies	-	8,441	8,441	-	4,398
	-	8,441	8,441	-	5,053
Undistributed Expenditures:					
Instructional Staff Support:					
Purchased services	-	-	-	-	1,845
Supplies	-	-	-	-	4,323
	-	-	-	-	6,168
School Administration:					
Other	-	-	-	-	2,000
Operations and Maintenance:					
Property	-	-	-	-	10,541
Building Acquisition and Constr:					
Property	-	-	-	-	1,825
Total Undistributed Expenditures	-	-	-	-	20,534
Total Expenditures	-	8,441	8,441	-	25,587
Net Change in Fund Balance	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

STATE GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources	\$ -	\$ 4,676,916	\$ 4,676,916	\$ -	\$ 2,595,383
EXPENDITURES					
Regular Programs:					
Salaries	-	1,469,044	1,469,044	-	659,604
Benefits	-	570,167	570,167	-	262,681
Purchased services	-	386,547	386,547	-	190,465
Supplies	-	795,977	795,977	-	60,574
Total Regular Programs	-	3,221,735	3,221,735	-	1,173,324
Special Programs:					
Salaries	-	808	808	-	1,350
Benefits	-	21	21	-	124
Purchased services	-	4,626	4,626	-	163
Supplies	-	7,186	7,186	-	8,649
Total Special Programs	-	12,641	12,641	-	10,286
Vocational Programs:					
Purchased services	-	3,066	3,066	-	24,337
Supplies	-	104,340	104,340	-	108,004
Property	-	12,060	12,060	-	72,390
Total Vocational Programs	-	119,466	119,466	-	204,731
Other Instructional Programs:					
Salaries	-	43,481	43,481	-	256,110
Benefits	-	30,853	30,853	-	95,416
Supplies	-	-	-	-	1,986
Total Other Instructional	-	74,334	74,334	-	353,512
Undistributed Expenditures:					
Student Support:					
Salaries	-	50,639	50,639	-	49,056
Benefits	-	243	243	-	21,198
Purchased services	-	510,709	510,709	-	306,649
Supplies	-	32,898	32,898	-	28,517
	-	594,489	594,489	-	405,420

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

STATE GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Instructional Staff Support:					
Salaries	\$ -	\$ 115,218	\$ 115,218	\$ -	\$ 21,537
Benefits	-	34,425	34,425	-	1,175
Purchased services	-	196,792	196,792	-	41,157
Supplies	-	43,478	43,478	-	25,461
	-	389,913	389,913	-	89,330
General Administration:					
Salaries	-	-	-	-	225,863
Benefits	-	-	-	-	262
Purchased services	-	78,979	78,979	-	-
	-	78,979	78,979	-	226,125
Central Services:					
Salaries	-	45,056	45,056	-	2,797
Benefits	-	16,538	16,538	-	6
Purchased services	-	7,594	7,594	-	-
	-	69,188	69,188	-	2,803
Operations and Maintenance:					
Purchased services	-	1,110	1,110	-	1,111
Student Transportation:					
Purchased services	-	115,061	115,061	-	128,741
Total Undistributed Expenditures	-	1,248,740	1,248,740	-	853,530
Total Expenditures	-	4,676,916	4,676,916	-	2,595,383
Net Change in Fund Balance	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

MEDICAID FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Federal Sources:					
Medicaid Program	\$ 500,000	\$ 500,000	\$ 410,759	\$ (89,241)	\$ 446,745
EXPENDITURES					
Special Programs:					
Student Support:					
Salaries	169,650	174,740	135,580	39,160	192,807
Benefits	83,244	85,741	56,714	29,027	73,772
Purchased services	152,250	159,863	79,154	80,709	106,656
Supplies	17,640	18,522	25,891	(7,369)	29,137
	<u>422,784</u>	<u>438,866</u>	<u>297,339</u>	<u>141,527</u>	<u>402,372</u>
Instructional Staff Support:					
Purchased services	-	-	-	-	8,055
General Administration:					
Salaries	44,880	46,226	44,841	1,385	40,418
Benefits	20,530	21,146	19,065	2,081	17,659
Purchased services	36,000	37,800	27,424	10,376	39,504
Supplies	1,515	1,591	7,393	(5,802)	1,030
	<u>102,925</u>	<u>106,763</u>	<u>98,723</u>	<u>8,040</u>	<u>98,611</u>
Total Expenditures	<u>525,709</u>	<u>545,629</u>	<u>396,062</u>	<u>149,567</u>	<u>509,038</u>
Net Change in Fund Balance	(25,709)	(45,629)	14,697	60,326	(62,293)
FUND BALANCE, July 1	<u>37,039</u>	<u>60,000</u>	<u>64,846</u>	<u>4,846</u>	<u>127,139</u>
FUND BALANCE, June 30	<u>\$ 11,330</u>	<u>\$ 14,371</u>	<u>\$ 79,543</u>	<u>\$ 65,172</u>	<u>\$ 64,846</u>

LYON COUNTY SCHOOL DISTRICT

NEW NEVADA PLAN (SB 178) FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources:					
State funding	\$ -	\$ 1,192,600	\$ 1,192,600	\$ -	\$ 521,998
EXPENDITURES					
Regular Programs:					
Salaries	-	727,012	727,012	-	-
Benefits	-	294,724	294,724	-	-
Purchased services	-	34,656	34,656	-	-
Supplies	-	71,146	71,146	-	-
	-	1,127,538	1,127,538	-	-
Undistributed Expenditures:					
Student Support:					
Salaries	-	28,816	28,816	-	264,032
Benefits	-	1,095	1,095	-	79,228
Purchased services	-	-	-	-	12,025
Supplies	-	34,740	34,740	-	166,713
Total Expenditures	-	64,651	64,651	-	521,998
Total Expenditures	-	1,192,189	1,192,189	-	521,998
Net Change in Fund Balance	-	411	411	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ 411	\$ 411	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Government Services Tax	\$ 798,000	\$ 798,000	\$ 824,939	\$ 26,939	\$ 830,492
EXPENDITURES					
Facilities Acquisition and Construction:					
Architecture and Engineering:					
Purchased services	25,000	55,000	12,413	42,587	10,500
Building Acquisition and Construction:					
Property	-	250,000	190,660	59,340	-
Site Improvement:					
Purchased services	250,000	300,000	153,484	146,516	555,306
Building Improvements:					
Purchased services	400,000	470,000	126,340	343,660	10,134
Total Facilities Acquisition and Construction	675,000	1,075,000	482,897	592,103	575,940
Net Change in Fund Balance	123,000	(277,000)	342,042	619,042	254,552
FUND BALANCE, July 1	1,751,941	2,346,493	2,346,493	-	2,091,941
FUND BALANCE, June 30	\$ 1,874,941	\$ 2,069,493	\$ 2,688,535	\$ 619,042	\$ 2,346,493

LYON COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Rents	\$ 9,600	\$ 9,600	\$ 9,600	\$ -	\$ 9,600
Earnings on investments	-	-	11,092	11,092	11,617
	<u>9,600</u>	<u>9,600</u>	<u>20,692</u>	<u>11,092</u>	<u>21,217</u>
EXPENDITURES					
Undistributed Expenditures:					
Operations and Maintenance:					
Supplies	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
Net Change in Fund Balance	(140,400)	(140,400)	20,692	138,908	21,217
FUND BALANCE, July 1	<u>173,495</u>	<u>173,495</u>	<u>185,112</u>	<u>11,617</u>	<u>163,895</u>
FUND BALANCE, June 30	<u>\$ 33,095</u>	<u>\$ 33,095</u>	<u>\$ 205,804</u>	<u>\$ 150,525</u>	<u>\$ 185,112</u>

LYON COUNTY SCHOOL DISTRICT

RESIDENTIAL CONSTRUCTION TAX FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Residential Construction Tax	\$ 427,000	\$ 427,000	\$ 598,848	\$ 171,848	\$ 485,609
Earnings on investments	-	-	4,838	4,838	5,568
Total Revenue	427,000	427,000	603,686	176,686	491,177
EXPENDITURES					
Undistributed Expenditures:					
Operations and Maintenance					
Property	40,000	40,000	-	40,000	-
Facilities Acquisition and Construction:					
Building Acquisition/Construction:					
Purchased services	735,000	735,000	-	735,000	-
Supplies	225,000	225,000	-	225,000	-
	960,000	960,000	-	960,000	-
Site Improvement:					
Purchased services	250,000	250,000	-	250,000	-
Property	-	-	77,085	(77,085)	-
	250,000	250,000	77,085	172,915	-
Total Expenditures	1,250,000	1,250,000	77,085	1,172,915	-
Net Change in Fund Balance	(823,000)	(823,000)	526,601	1,349,601	491,177
FUND BALANCE, July 1	1,151,649	1,202,258	1,207,826	5,568	716,649
FUND BALANCE, June 30	\$ 328,649	\$ 379,258	\$ 1,734,427	\$ 1,355,169	\$ 1,207,826

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2019)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOY- MENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2020	2019
ASSETS					
Cash and cash equivalents	\$ 1,669,175	\$ 1,000,453	\$ 700,417	\$ 3,370,045	\$ 3,382,159
Cash with fiscal agent	-	-	364,500	364,500	-
Accounts receivable	-	14,726	-	14,726	89,591
	1,669,175	1,015,179	1,064,917	3,749,271	3,471,750
Restricted cash	585,000	-	-	585,000	585,000
Total Assets	<u>2,254,175</u>	<u>1,015,179</u>	<u>1,064,917</u>	<u>4,334,271</u>	<u>4,056,750</u>
LIABILITIES					
Accounts payable	14,862	-	-	14,862	3,665
Incurred but unreported claims	<u>1,200,000</u>	<u>-</u>	<u>1,051,000</u>	<u>2,251,000</u>	<u>1,200,000</u>
Total Liabilities	<u>1,214,862</u>	<u>-</u>	<u>1,051,000</u>	<u>2,265,862</u>	<u>1,203,665</u>
NET POSITION					
Restricted for employee benefits program	<u>\$ 1,039,313</u>	<u>\$ 1,015,179</u>	<u>\$ 13,917</u>	<u>\$ 2,068,409</u>	<u>\$ 2,853,085</u>

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOY- MENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2020	2019
OPERATING REVENUES					
Charges for services	\$ 423,088	\$ 156,569	\$ 9,803,290	\$ 10,382,947	\$ 5,213,470
Refunds and rebates	-	-	383,851	383,851	-
	<u>423,088</u>	<u>156,569</u>	<u>10,187,141</u>	<u>10,766,798</u>	<u>5,213,470</u>
OPERATING EXPENSES					
Benefit claims	599,611	4,926	9,652,028	10,256,565	4,469,121
Purchased services	72,870	-	1,173,118	1,245,988	83,137
Other	55,729	-	-	55,729	64,065
	<u>728,210</u>	<u>4,926</u>	<u>10,825,146</u>	<u>11,558,282</u>	<u>4,616,323</u>
Total Operating Expenses					
Operating Income (Loss)	(305,122)	151,643	(638,005)	(791,484)	597,147
NONOPERATING REVENUES					
Earnings on investments	<u>5,800</u>	<u>-</u>	<u>1,008</u>	<u>6,808</u>	<u>161,173</u>
Change in Net Position	(299,322)	151,643	(636,997)	(784,676)	758,320
NET POSITION, July 1	<u>1,338,635</u>	<u>863,536</u>	<u>650,914</u>	<u>2,853,085</u>	<u>2,094,765</u>
NET POSITION, June 30	<u>\$ 1,039,313</u>	<u>\$ 1,015,179</u>	<u>\$ 13,917</u>	<u>\$ 2,068,409</u>	<u>\$ 2,853,085</u>

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOY- MENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES					
Premiums received from other funds	\$ 494,246	\$ 160,276	\$ 9,803,290	\$ 10,457,812	\$ 5,061,304
Refunds and rebates received	-	-	383,851	383,851	-
Payment of benefits	(599,611)	(6,654)	(8,601,028)	(9,207,293)	(4,400,186)
Insurance premiums and other	(113,737)	-	(1,175,055)	(1,288,792)	(165,494)
Net Cash Provided (Used) by Operating Activities	(219,102)	153,622	411,058	345,578	495,624
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	5,800	-	1,008	6,808	161,173
Net Increase (Decrease) in Cash and Cash Equivalents	(213,302)	153,622	412,066	352,386	656,797
CASH AND CASH EQUIVALENTS, July 1	<u>2,467,477</u>	<u>846,831</u>	<u>652,851</u>	<u>3,967,159</u>	<u>3,310,362</u>
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 2,254,175</u>	<u>\$ 1,000,453</u>	<u>\$ 1,064,917</u>	<u>\$ 4,319,545</u>	<u>\$ 3,967,159</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (305,122)	\$ 151,643	\$ (638,005)	\$ (791,484)	\$ 597,147
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	71,158	3,707	-	74,865	(80,050)
Due from or to other funds	-	-	-	-	(72,116)
Accounts payable	14,862	(1,728)	(1,937)	11,197	(14,357)
Incurred but not reported claims	-	-	1,051,000	1,051,000	65,000
Total Adjustments	86,020	1,979	1,049,063	1,137,062	(101,523)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (219,102)</u>	<u>\$ 153,622</u>	<u>\$ 411,058</u>	<u>\$ 345,578</u>	<u>\$ 495,624</u>

LYON COUNTY SCHOOL DISTRICT

WORKERS COMPENSATION INSURANCE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	<u>2020 BUDGET</u>		<u>2020</u>		<u>2019</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
OPERATING REVENUES					
Charges for services	\$ 580,000	\$ 580,000	\$ 423,088	\$ (156,912)	\$ 579,471
OPERATING EXPENSES					
Benefits	580,000	580,000	599,611	(19,611)	543,749
Purchased services	135,000	135,000	72,870	62,130	83,137
Other	50,000	50,000	55,729	(5,729)	64,065
	<u>765,000</u>	<u>765,000</u>	<u>728,210</u>	<u>36,790</u>	<u>690,951</u>
Operating Income (Loss)	(185,000)	(185,000)	(305,122)	(120,122)	(111,480)
NONOPERATING REVENUES					
Earnings on investments	<u>10,000</u>	<u>10,000</u>	<u>5,800</u>	<u>(4,200)</u>	<u>161,173</u>
Change in Net Position	(175,000)	(175,000)	(299,322)	(124,322)	49,693
NET POSITION, July 1	<u>1,133,942</u>	<u>1,133,942</u>	<u>1,338,635</u>	<u>204,693</u>	<u>1,288,942</u>
NET POSITION, June 30	<u>\$ 958,942</u>	<u>\$ 958,942</u>	<u>\$ 1,039,313</u>	<u>\$ 80,371</u>	<u>\$ 1,338,635</u>

LYON COUNTY SCHOOL DISTRICT

WORKERS COMPENSATION INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Charges for services	\$ 600,000	\$ 600,000	\$ 494,246	\$ (105,754)	\$ 429,453
Payment of benefits	(500,000)	(500,000)	(599,611)	(99,611)	(478,479)
Insurance premiums paid, other payments	<u>(145,000)</u>	<u>(145,000)</u>	<u>(113,737)</u>	<u>31,263</u>	<u>(165,494)</u>
Net Cash Provided (Used) By Operating Activities	(45,000)	(45,000)	(219,102)	(174,102)	(214,520)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	<u>10,000</u>	<u>10,000</u>	<u>5,800</u>	<u>(4,200)</u>	<u>161,173</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(35,000)	(35,000)	(213,302)	(178,302)	(53,347)
CASH AND CASH EQUIVALENTS, July 1					
	<u>2,505,824</u>	<u>2,505,824</u>	<u>2,467,477</u>	<u>(38,347)</u>	<u>2,520,824</u>
CASH AND CASH EQUIVALENTS, June 30					
	<u>\$ 2,470,824</u>	<u>\$ 2,470,824</u>	<u>\$ 2,254,175</u>	<u>\$ (216,649)</u>	<u>\$ 2,467,477</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ -	\$ -	\$ (305,122)	\$ (305,122)	\$ (111,480)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	-	71,158	71,158	(71,158)
Accounts payable	-	-	14,862	14,862	(18,022)
Due to other funds	-	-	-	-	(78,860)
Incurred but not reported claims	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,000</u>
Total Adjustments	<u>-</u>	<u>-</u>	<u>86,020</u>	<u>86,020</u>	<u>(103,040)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (219,102)</u>	<u>\$ (219,102)</u>	<u>\$ (214,520)</u>

LYON COUNTY SCHOOL DISTRICT

UNEMPLOYMENT INSURANCE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
OPERATING REVENUES					
Charges for services	\$ 155,000	\$ 155,000	\$ 156,569	\$ 1,569	\$ 155,071
OPERATING EXPENSES					
Benefits	20,000	20,000	4,926	15,074	21,425
Change in Net Position	135,000	135,000	151,643	16,643	133,646
NET POSITION, July 1	854,890	854,890	863,536	8,646	729,890
NET POSITION, June 30	\$ 989,890	\$ 989,890	\$ 1,015,179	\$ 25,289	\$ 863,536

LYON COUNTY SCHOOL DISTRICT

UNEMPLOYMENT INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	<u>2020 BUDGET</u>		<u>2020</u>		<u>2019</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Charges for services	\$ 155,000	\$ 155,000	\$ 160,276	\$ 5,276	\$ 143,382
Payment of benefits	<u>(35,000)</u>	<u>(35,000)</u>	<u>(6,654)</u>	<u>28,346</u>	<u>(19,697)</u>
Net Cash Provided By Operating Activities	120,000	120,000	153,622	33,622	123,685
CASH AND					
CASH EQUIVALENTS, July 1	<u>833,146</u>	<u>776,901</u>	<u>846,831</u>	<u>69,930</u>	<u>723,146</u>
CASH AND					
CASH EQUIVALENTS, June 30	<u>\$ 953,146</u>	<u>\$ 896,901</u>	<u>\$ 1,000,453</u>	<u>\$ 103,552</u>	<u>\$ 846,831</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 151,643</u>	<u>\$ 151,643</u>	<u>\$ 133,646</u>
Adjustments to reconcile operating income to net cash provided by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	-	3,707	3,707	(18,433)
Due from other funds	-	-	-	-	6,744
Accounts payable	<u>-</u>	<u>-</u>	<u>(1,728)</u>	<u>(1,728)</u>	<u>1,728</u>
Total Adjustments	<u>-</u>	<u>-</u>	<u>1,979</u>	<u>1,979</u>	<u>(9,961)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,622</u>	<u>\$ 153,622</u>	<u>\$ 123,685</u>

LYON COUNTY SCHOOL DISTRICT

GROUP INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
OPERATING REVENUES					
Charges for services	\$ -	\$ -	\$ 9,803,290	\$ 9,803,290	\$ 4,478,928
Refunds and rebates	-	-	383,851	383,851	-
	-	-	10,187,141	10,187,141	4,478,928
OPERATING EXPENSES					
Benefits			9,652,028	(9,652,028)	3,903,947
Purchased services	-	-	1,173,118	(1,173,118)	-
	-	-	10,825,146	(10,825,146)	3,903,947
Operating Income (Loss)	-	-	(638,005)	(638,005)	574,981
NONOPERATING REVENUES					
Earnings on investments	-	-	1,008	1,008	-
Change in Net Position	-	-	(636,997)	(636,997)	574,981
NET POSITION, July 1	-	-	650,914	650,914	75,933
NET POSITION, June 30	\$ -	\$ -	\$ 13,917	\$ 13,917	\$ 650,914

LYON COUNTY SCHOOL DISTRICT

GROUP INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2020

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2019)

	2020 BUDGET		2020		2019
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Charges for services received	\$ 70,000	\$ 70,000	\$ 9,803,290	\$ 9,733,290	\$ 4,488,469
Refunds and rebates received	-	-	383,851	383,851	-
Payment of benefits	-	-	(8,601,028)	(8,601,028)	(3,902,010)
Payment for services and other	-	-	(1,175,055)	(1,175,055)	-
Net Cash Provided (Used) By Operating Activities	70,000	70,000	411,058	341,058	586,459
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash transferred to other funds	(35,000)	(35,000)	-	35,000	-
Earnings on investments	-	-	1,008	-	-
Net Cash Provided (Used) By Operating Activities	(35,000)	(35,000)	1,008	35,000	-
Net Increase (Decrease) in Cash and Cash Equivalents	35,000	35,000	412,066	376,058	586,459
CASH AND CASH EQUIVALENTS, July 1					
	96,392	96,392	652,851	556,459	66,392
CASH AND CASH EQUIVALENTS, June 30					
	\$ 131,392	\$ 131,392	\$ 1,064,917	\$ 932,517	\$ 652,851
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ -	\$ -	\$ (638,005)	\$ (638,005)	\$ 574,981
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	-	-	-	9,541
Accounts payable	-	-	(1,937)	(1,937)	-
Claims incurred but not reported	-	-	1,051,000	1,051,000	1,937
Total Adjustments	-	-	1,049,063	1,049,063	11,478
NET CASH PROVIDED BY OPERATING ACTIVITIES					
	\$ -	\$ -	\$ 411,058	\$ 411,058	\$ 586,459

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>NET CHANGE</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
YERINGTON ELEMENTARY			
Assets:			
Cash and investments	<u>\$ 20,307</u>	<u>\$ (10,724)</u>	<u>\$ 9,583</u>
Liabilities:			
Due to student groups	<u>\$ 20,307</u>	<u>\$ (10,724)</u>	<u>\$ 9,583</u>
YERINGTON INTERMEDIATE			
Assets:			
Cash and investments	<u>\$ 26,985</u>	<u>\$ 3,850</u>	<u>\$ 30,835</u>
Liabilities:			
Due to student groups	<u>\$ 26,985</u>	<u>\$ 3,850</u>	<u>\$ 30,835</u>
YERINGTON HIGH			
Assets:			
Cash and investments	<u>\$ 154,823</u>	<u>\$ 92,225</u>	<u>\$ 247,048</u>
Liabilities:			
Due to student groups	<u>\$ 154,823</u>	<u>\$ 92,225</u>	<u>\$ 247,048</u>
SMITH VALLEY SCHOOLS			
Assets:			
Cash and investments	<u>\$ 38,560</u>	<u>\$ 5,312</u>	<u>\$ 43,872</u>
Liabilities:			
Due to student groups	<u>\$ 38,560</u>	<u>\$ 5,312</u>	<u>\$ 43,872</u>
SILVER STAGE ELEMENTARY			
Assets:			
Cash and investments	<u>\$ 27,586</u>	<u>\$ (2,102)</u>	<u>\$ 25,484</u>
Liabilities:			
Due to student groups	<u>\$ 27,586</u>	<u>\$ (2,102)</u>	<u>\$ 25,484</u>

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>NET CHANGE</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
SILVER STAGE MIDDLE			
Assets:			
Cash and investments	\$ <u>10,124</u>	\$ <u>(8,377)</u>	\$ <u>1,747</u>
Liabilities:			
Due to student groups	\$ <u>10,124</u>	\$ <u>(8,377)</u>	\$ <u>1,747</u>
SILVER STAGE HIGH			
Assets:			
Cash and investments	\$ <u>46,009</u>	\$ <u>(4,951)</u>	\$ <u>41,058</u>
Liabilities:			
Due to student groups	\$ <u>46,009</u>	\$ <u>(4,951)</u>	\$ <u>41,058</u>
SILVERLAND MIDDLE			
Assets:			
Cash and investments	\$ <u>46,154</u>	\$ <u>(10,448)</u>	\$ <u>35,706</u>
Liabilities:			
Due to student groups	\$ <u>46,154</u>	\$ <u>(10,448)</u>	\$ <u>35,706</u>
FERNLEY ELEMENTARY			
Assets:			
Cash and investments	\$ <u>16,200</u>	\$ <u>(1,834)</u>	\$ <u>14,366</u>
Liabilities:			
Due to student groups	\$ <u>16,200</u>	\$ <u>(1,834)</u>	\$ <u>14,366</u>
COTTONWOOD ELEMENTARY			
Assets:			
Cash and investments	\$ <u>4,762</u>	\$ <u>(790)</u>	\$ <u>3,972</u>
Liabilities:			
Due to student groups	\$ <u>4,762</u>	\$ <u>(790)</u>	\$ <u>3,972</u>

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>NET CHANGE</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
EAST VALLEY ELEMENTARY			
Assets:			
Cash and investments	<u>\$ 8,694</u>	<u>\$ 1,361</u>	<u>\$ 10,055</u>
Liabilities:			
Due to student groups	<u>\$ 8,694</u>	<u>\$ 1,361</u>	<u>\$ 10,055</u>
FERNLEY INTERMEDIATE			
Assets:			
Cash and investments	<u>\$ 22,193</u>	<u>\$ 4,576</u>	<u>\$ 26,769</u>
Liabilities:			
Due to student groups	<u>\$ 22,193</u>	<u>\$ 4,576</u>	<u>\$ 26,769</u>
FERNLEY HIGH			
Assets:			
Cash and investments	<u>\$ 210,375</u>	<u>\$ 37,977</u>	<u>\$ 248,352</u>
Liabilities:			
Due to student groups	<u>\$ 210,375</u>	<u>\$ 37,977</u>	<u>\$ 248,352</u>
DAYTON ELEMENTARY			
Assets:			
Cash and investments	<u>\$ 24,194</u>	<u>\$ (2,095)</u>	<u>\$ 22,099</u>
Liabilities:			
Due to student groups	<u>\$ 24,194</u>	<u>\$ (2,095)</u>	<u>\$ 22,099</u>
SUTRO ELEMENTARY			
Assets:			
Cash and investments	<u>\$ 16,361</u>	<u>\$ 810</u>	<u>\$ 17,171</u>
Liabilities:			
Due to student groups	<u>\$ 16,361</u>	<u>\$ 810</u>	<u>\$ 17,171</u>

Continued on next page.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2020

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>NET CHANGE</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
RIVERVIEW ELEMENTARY			
Assets:			
Cash and investments	<u>\$ 16,236</u>	<u>\$ (10,004)</u>	<u>\$ 6,232</u>
Liabilities:			
Due to student groups	<u>\$ 16,236</u>	<u>\$ (10,004)</u>	<u>\$ 6,232</u>
DAYTON INTERMEDIATE			
Assets:			
Cash and investments	<u>\$ 28,148</u>	<u>\$ 6,492</u>	<u>\$ 34,640</u>
Liabilities:			
Due to student groups	<u>\$ 28,148</u>	<u>\$ 6,492</u>	<u>\$ 34,640</u>
DAYTON HIGH			
Assets:			
Cash and investments	<u>\$ 100,790</u>	<u>\$ 31,435</u>	<u>\$ 132,225</u>
Liabilities:			
Due to student groups	<u>\$ 100,790</u>	<u>\$ 31,435</u>	<u>\$ 132,225</u>
TOTALS			
Assets:			
Cash and investments	<u>\$ 818,501</u>	<u>\$ 132,713</u>	<u>\$ 951,214</u>
Liabilities:			
Due to student groups	<u>\$ 818,501</u>	<u>\$ 132,713</u>	<u>\$ 951,214</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyon County School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 19, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item #2020-1 that we consider to be a material weakness.

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

Silva Scirene & Assoc, LLC

Reno, Nevada
January 19, 2021





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

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

Report on Compliance for Each Major Federal Program

We have audited the Lyon County School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Yerington Office

22 State Route 208 • Yerington, NV 89447 • ph 775/463-3515

Reno Office

9585 Prototype Court, Suite C • Reno, NV 89521 • ph 775/624-9105

Report on Internal Control Over Compliance

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

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

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

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

Adora Scerifone & Assoc, LLC

Reno, Nevada
January 19, 2021



LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2020

PAGE 1 OF 2

FEDERAL/PASS THROUGH GRANTOR AND PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through the State of Nevada Department of Education</i>			
Individuals with Disabilities Education Act (IDEA) - Special Education Cluster:			
IDEA, Part B - Grants to States	84.027	20-639-10	\$ 1,555,080
IDEA - District Improvement Grant	84.027	20-641-10	84,091
IDEA - Special Project	84.027	20-667-10	132,769
IDEA - Early Childhood	84.173	20-665-10	45,199
Total Special Education Cluster			1,817,139
Title I, Part A - Grants to Local Educational Agencies	84.010	20-633-10	1,363,704
Title I, 1003 (a) School Improvement	84.010A	20-624-10	198,426
Title I, Part C - Education of Migrant Children	84.011A	20-629-10	36,204
Title I, Part D - Neglected and Delinquent	84.010	20-650-10	12,538
Career and Technical Education (Perkins IV)	84.048	20-631-10	111,662
Perkins Special Populations	84.048	20-654-10	11,230
McKinney-Vento Homeless Assistance	84.196A	20-688-10	80,175
Title IV, Part B - Twenty-First Century Community Learning Centers	84.287	20-770-10	105,406
GEAR UP	84.334s	20-610-10	72,952
Title III, Part A - English Language Acquisition	84.365A	20-658-10	44,098
Title III, Part B - Immigrant	84.365A	20-659-10	14,141
Title II, Part A - Teacher/Principal Training & Recruiting	84.367	20-709-10	201,920
Title IV, Part A - Student Support and Academic Enrichment	84.424A	20-715-10	188,130
<i>Total Passed through the State of Nevada Department of Education</i>			4,257,725
Total U.S. Department of Education			4,257,725

Continued on next page.

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

PAGE 2 OF 2

FEDERAL/PASS THROUGH GRANTOR AND PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through the State of Nevada Department of Agriculture</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 683,060
National School Lunch Program	10.555	N/A	1,803,453
National School Lunch Program - Commodities	10.555	N/A	584,820
Total Child Nutrition Cluster			3,071,333
 NSLP Equipment Grant	 10.579	 N/A	 23,289
<i>Passed through Lyon County</i>			
Schools and Roads - Grants to Counties	10.666	N/A	103,517
 <i>Total U.S. Department of Agriculture</i>			 3,198,139
 <i>Total Federal Financial Assistance</i>			 <u><u>\$ 7,455,864</u></u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2020

NOTE 1 – REPORTING ENTITY

The accompanying *Schedule of Expenditures of Federal Awards* presents the expenditure activity of all federal award programs of the Lyon County School District (the District) for the year ended June 30, 2020. The District's reporting entity is defined in Note 1 to its basic financial statements. All expenditures of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the *Schedule of Expenditures of Federal Awards*.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying *Schedule of Expenditures of Federal Awards* is prepared on the modified accrual basis of accounting. The amounts shown as expenditures of CFDA #10.555 – National School Lunch Program Commodities represents the fair value of commodity food received by the District for the year ended June 30, 2020.

NOTE 3 – INDIRECT COST RATE

The Lyon County School District has elected not to use an indirect cost rate.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

A. SUMMARY OF AUDIT RESULTS

Financial Statements

Type of Auditor's Report issued:	Unmodified
Internal Control over Financial Reporting	
Material weaknesses identified:	Yes
Significant deficiencies identified:	None reported
Noncompliance material to financial statements noted:	None

Federal Awards

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

Major Programs

The major programs for the year ended June 30, 2020 are as follows:

Special Education Cluster (CFDA 84.027; CFDA 84.173)
Title I, Part A (CFDA 84.010)

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

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2020

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding #2020-1 - Material Weakness

During the year ended June 30, 2020, certain accounting tasks were not being completed routinely, timely or accurately. While not intending to be a complete listing of such tasks, the following were deemed to be most significant:

- Monthly bank reconciliations were not being completed accurately or timely, and were not being reviewed by District management.
- The capital asset register was not being updated for new asset acquisitions.
- Procedures for analysis and reconciliation of federal and state grant revenues and expenditures could be strengthened through better coordination between the Business office and the Grants office.
- The transactions related to the District's medical self-insurance (group health insurance) were not recorded in the District's general ledger until the year-end financial audit.

A complete bank reconciliation compares the bank statement balance to the respective balances in the general ledger accounts. Bank reconciliations reduce the risk that errors on the part of the bank or District will remain undetected. This is a repeat of the prior year finding and relates to the District's operating accounts and the schools' student activity accounts.

The capital asset register is the basis for the capital assets reported on the district-wide financial statements. A capital asset register that is properly maintained can ensure that capital assets and the related depreciation expense are fairly stated and presented.

The Business and Finance office oversees accounting for federal and state grants. Routine analysis of grant revenue and expenditures ensures that reimbursement requests are being completed accurately and timely, thereby assisting in maintaining proper levels of cash flow.

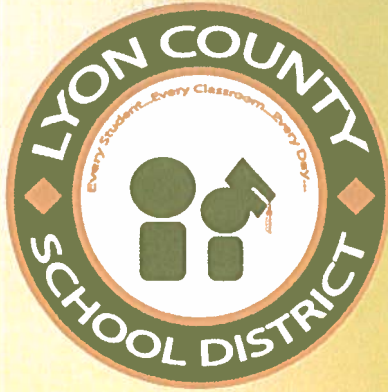
The District contracts with a third-party provider for the payment of health claims and the administration of the group health insurance program. Nevertheless, transactions should have been recorded in the District's general ledger throughout the year as opposed to being recorded during the conduct of the annual financial audit.

When accounting tasks such as those described above are not routinely, timely, or accurately completed, certain risks to the District may be increased beyond an acceptable level. Those risks typically include: failure to properly safeguard District assets; noncompliance with contracts and grants; failure to adequately prepare for the annual audit; failure to meet reporting deadlines; and material misstatement of financial reports.

District's Response to the Finding: Please see following page.

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

None.



Superintendent
Wayne Workman

Deputy Superintendent
Tim Logan

Board President
Neal McIntyre

Board Clerk
Holly Villines

Board of Trustees
Phil Cowee
Kimber LA Crabtree
Barbara Jones
Sherry Parsons
Bridget Peterson

Lyon County School District
25 E. Goldfield Ave.
Yerington, NV 89447

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

www.lyoncsd.org

January 20, 2021

To whom it may concern:

As we have previously made aware, the District's systems were compromised by a ransomware attack in July 2019. We reiterate that no data was stolen but our systems were compromised from that attack. As of the date of this notice, we are recovered from that incident but the affects and recovery of the business office were far reaching into fiscal year 19-20. Recovery was further disrupted by untimely vacancies.

As time and resources were spent on recovery and training of new personnel, our office used every available resource to maintain the most essential business office functions and complete them all as timely as possible.

Bank reconciliations – reconfiguration of account structure is still in process. Start delayed by lengthier-than-anticipated recovery and office disruption from Covid-19.

Capital asset register – regular updates were delayed to focus on items of a critical nature with pressing deadlines. Most updates to register are now complete.

Federal and State Grants – New Grants Manager and restructuring of Grants Office has already increased coordination between maintenance of grants and oversight by business office.

District self-insured Medical – Transactions were monitored on a weekly basis but were not transferred timely to District Ledgers. As of January 1, 2021, the District is no longer self-insured for medical insurance.

From fiscal year-end till now, all processes have been substantially improved and we continue to strive for increased accuracy and improved timeliness.

Thank you.

Spencer Winward
Finance Manager/Comptroller
Lyon County School District

LYON COUNTY SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT

Finding #2019-1 - Material Weakness

Monthly bank reconciliations are not being completed accurately or timely, and are not being reviewed by District management.

This condition existed during the entire year audited, and includes not only the District's operating accounts, but the Student Activity Fund accounts as well. A complete reconciliation compares the bank statement balance to the respective balances in the general ledger accounts. Accurate and timely bank reconciliations reduce the risk that errors on the part of the bank or District will remain undetected. Without accurate bank reconciliations general ledger accounts may be inaccurate and incomplete increasing the likelihood of material misstatement of financial reports, or noncompliance with laws, regulations, contracts and grants. Bank reconciliations are also an important internal control for detecting fraudulent payments.

District's Original Response to the Finding (included in the June 30, 2019 audit):

In early July 2019, the District's systems were the victim of a ransomware attack. Although the attack did not result in the exposure or theft of District information, it disrupted the District's business operations, including its email, internet, and phone lines, which prevented the business and finance department from completing certain day-to-day tasks. Additionally, some of our financial data for fiscal year 2019 was corrupted disrupting and delaying the reconciliation process. This was exacerbated by untimely vacancies in the business office.

To facilitate timely reconciliations in the future, we are reconfiguring our cash fund account structure to streamline the systems. Our account structure was set up in a cumbersome manner upon implementation of our current accounting software. Streamlining this will bring it into line with other area districts practices who use the same software.

Status as of June 30, 2020:

We noted there was not sufficient progress related to this finding; therefore, it has been repeated this year and reported as *Finding #2020-1*.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

There were no audit findings relative to the major federal award program audit reported for the year ended June 30, 2019.

LYON COUNTY SCHOOL DISTRICT

INDEPENDENT AUDITORS' COMMENTS

JUNE 30, 2020

STATUTE COMPLIANCE

Current Year

The required disclosure on compliance with applicable Nevada Revised Statutes and the Nevada Administrative Code is included in Note 12 to the financial statements.

Prior Year

Potential violations due to over-expenditures were also reported in the financial statements for the year ended June 30, 2019.

AUDIT RECOMMENDATIONS

Current Year

Finding #2020-1 has been reported in the Schedule of Findings and Questioned Costs, section B.

Prior Year

Finding #2019-1 Material Weakness was reported in the Schedule of Findings and Questioned Costs, section B, within the audit report for the year ended June 30, 2019. The *District's Response to the Finding* was also included in the report. In connection with the June 30, 2020 audit we noted there was not sufficient progress related to this finding and it is included again in *Finding #2020-1*.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Lyon County School District, Nevada (the “Issuer”) in connection with the issuance of the Issuer’s Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2021, in the aggregate principal amount of \$_____ (the “Bonds”). The Bonds are being issued pursuant to the bond resolution of the Issuer adopted January 26, 2021 (the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

“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 nine (9) months following the end of the Issuer's fiscal year of each year, commencing nine (9) months following the end of the Issuer's fiscal year ending June 30, 2021, 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 file or cause to be filed in a timely manner with the MSRB, a notice in substantially the form attached as Exhibit A.

(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*;

* 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.

(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 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 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: _____, 2021.

LYON COUNTY SCHOOL DISTRICT, NEVADA

Director of Business Services

EXHIBIT A
NOTICE TO MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Lyon County School District, Nevada

Name of Bond Issue: General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2021

CUSIP:

Date of Issuance: _____, 2021

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 January 26, 2021 and the Continuing Disclosure Certificate executed on _____, 2021 by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

LYON COUNTY SCHOOL DISTRICT,
NEVADA

By: _____
Its: _____

EXHIBIT B

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(see page iv of the Official Statement)

APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

Lyon County School District
25 E. Goldfield Avenue
Yerington, NV 89447

\$ _____
Lyon County School District, Nevada
General Obligation (Limited Tax)
School Improvement and Refunding Bonds
Series 2021

Ladies and Gentlemen:

We have acted as bond counsel to the Lyon County School District (the “District”), Nevada (the “State”), in connection with the issuance of its General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2021, in the aggregate principal amount of \$ _____ (the “Bonds”) pursuant to an authorizing resolution of the Board of Trustees of the District adopted and approved on January 26, 2021 (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, 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 expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay all principal and interest when due on the 2011 Refunded Bonds either at the stated maturity or upon the prior redemption thereof.

We understand that the payment of principal and interest on the Bonds has been guaranteed by the State Permanent School Fund pursuant to the provisions of NRS 387.513 through 387.528. We express no opinion as to the validity or enforceability of such guarantee or the security afforded thereby.

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of this Official Statement contains general information concerning the historic economic and demographic conditions in the District. This portion of this Official Statement is intended only to provide prospective investors with general information regarding the District's community. The information was obtained from the sources indicated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The District makes no representation as to the accuracy or completeness of data obtained from parties other than the District.

Population and Age Distribution

Population. The table below shows the population growth of Lyon County and the State since 1970. Between 2011 and 2019, Lyon County's population increased 7.7%, and the State increased 14.4%.

<u>Population</u>				
Year	Lyon County	Percent Change	Nevada	Percent Change
1970	8,221	--	488,738	--
1980	13,594	65.4%	800,493	63.8%
1990	20,001	47.1	1,201,833	50.1
2000	34,501	72.5	1,998,257	66.3
2010	51,980	50.7	2,700,551	35.1
2011	52,443	0.9	2,721,794	0.8
2012	52,245	(0.4)	2,750,217	1.0
2013	52,960	1.4	2,800,967	1.8
2014	53,344	0.7	2,843,301	1.5
2015	53,277	(0.1)	2,897,584	1.9
2016	53,644	0.7	2,953,375	1.9
2017	54,657	1.9	2,986,656	1.1
2018	55,551	1.6	3,057,582	2.4
2019	56,497	1.7	3,112,937	1.8

Sources: United States Department of Commerce, Bureau of the Census (1970–2010 as of April 1st) and Nevada State Department of Taxation (2011–2019 estimates 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 Lyon County, the State and the nation on January 1, 2021.

Age Distribution Projection

Age	Lyon County	Nevada	United States
0-17	21.0%	22.5%	22.2%
18-24	7.3	8.3	9.4
25-34	11.8	13.9	13.5
35-44	11.8	13.5	12.7
45-54	11.4	12.8	12.3
55-64	14.2	12.3	12.8
65-74	14.4	10.3	10.1
75 and Older	8.1	6.4	7.0

Copyright © 2020 Environics Analytics (EA). Source: ©Claritas, LLC 2021.

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 ⁽²⁾	Lyon County	Nevada	United States
2017	\$44,351	\$47,914	\$48,043
2018	46,996	50,009	50,620
2019	48,276	51,985	52,468
2020	52,212	55,709	54,686
2021	56,354	56,292	56,093

(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.

(2) Annual estimates are snapshots of effective buying income for the date of January 1 of each year.

Sources: © The Nielsen Company, *SiteReports*, 2017; and Claritas, LLC © 2018-2021 Environics Analytics (EA).

Percent of Households by Effective Buying Income Groups – 2021 Estimates⁽¹⁾

Effective Buying Income Group	Lyon County Households	Nevada Households	United States Households
Under \$24,999	17.4%	18.2%	19.6%
\$25,000 - 49,999	26.4	26.1	25.1
\$50,000 - 74,999	22.3	20.0	19.5
\$75,000 - 99,999	17.1	15.1	14.7
\$100,000 - 124,999	9.2	8.2	7.4
\$125,000 - 149,999	3.5	4.5	4.6
\$150,000 or More	4.1	7.9	9.1

(1) Estimates are snapshots of income groups on January 1, 2021.

Copyright © 2020 Environics Analytics (EA). Source: ©Claritas, LLC 2021.

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⁽¹⁾

Year	Lyon County	State of Nevada	United States
2015	\$33,757	\$44,314	\$49,019
2016	35,516	45,351	50,015
2017	37,311	47,650	52,118
2018	38,361	50,000	54,606
2019	39,650	51,161	56,490

(1) County figures posted November 2020, state and national figures posted September 2020. All figures are subject to periodic revisions.

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

Employment

The Lyon County average annual labor force summary as prepared by the State's Department of Employment, Training and Rehabilitation ("DETR") is as follows:

Average Annual Labor Force Summary
Lyon County, Nevada

Calendar Year	2015	2016	2017	2018	2019	2020 ⁽¹⁾
TOTAL LABOR FORCE ⁽²⁾	21,793	21,773	22,188	22,467	23,164	22,803
Unemployment	2,025	1,602	1,314	1,212	1,102	1,949
Unemployment Rate ⁽³⁾	9.3%	7.4%	5.9%	5.4%	4.8%	8.5%
Total Employment	19,768	20,171	20,874	21,255	22,062	20,854

(1) Estimates through November 2020.

(2) All figures are subject to change.

(3) The U.S. annual average unemployment rates for the years 2015-2019 are 5.3%, 4.9%, 4.4%, 3.9%, and 3.7%, respectively.

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

The following table sets forth the number of persons employed, by type of employment, in non-agricultural industrial employment in Lyon County.

Establishment Based Industrial Employment
Lyon County, Nevada

Calendar Year	2015	2016	2017	2018	2019	2020 ⁽²⁾
Natural Resources and Mining	939	815	795	890	970	969
Construction	614	704	776	862	1,044	989
Manufacturing	2,133	2,162	2,086	1,980	2,037	1,948
Trade, Transportation and Utilities	2,242	2,165	2,313	2,411	2,558	2,628
Information	31	n/a	36	27	37	33
Financial Activities	356	277	277	297	276	259
Professional and Business Services	797	812	838	842	845	834
Education and Health Services	472	504	568	639	654	643
Leisure and Hospitality	1,455	1,508	1,521	1,556	1,598	1,348
Other Services	311	330	316	307	329	273
Unclassified	7	0	14	10	15	39
Government	<u>2,073</u>	<u>2,147</u>	<u>2,185</u>	<u>2,291</u>	<u>2,373</u>	<u>2,322</u>
TOTAL ALL INDUSTRIES ⁽¹⁾	<u>11,429</u>	<u>11,464</u>	<u>11,723</u>	<u>12,108</u>	<u>12,742</u>	<u>12,285</u>

(1) Totals may not sum due to rounding. All numbers are subject to periodic revision.

(2) Averaged figures through June 30, 2020.

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.

2020 - Largest Employers - Lyon County, Nevada

Employer	Employees	Industry
Lyon County School District	1,000 - 4,999	School district
Wal-Mart Supercenter	250 - 499	Department store
Snyder Family Foods	250 - 499	Fruits & vegetables & produce - retail
South Lyon Medical Center	100 - 249	Hospital
Ameri Gas	100 - 249	Gas company
Nevada Automotive Testing Center	100 - 249	Laboratory - testing
Hodges Transportation Inc.	100 - 249	Testing
Nevada Cement Company	100 - 249	Cement - manufacturer
Snyder Livestock Co. Inc.	100 - 249	Ranches
Medallic Art Co. Ltd.	100 - 249	Metals – precious sheet wire tubing
Pilot Travel Center	100 - 249	Truck stop & plaza
Trex Company Inc.	100 - 249	Building material - manufacturer
Lyon County Sheriff's Dept.	100 - 249	Government offices - county
Sherwin-Williams	100 - 249	Paint - retail
Pioneer Crossing	100 - 249	Casino

Sources: Data Axle ®, Omaha, NE, 800-555-5211 © January 1, 2021. All Rights Reserved. (As posted by Nevada DETR Research & Analysis Bureau.); and the School District.

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

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

CALENDAR YEAR	2 nd Qtr. 2020	2 nd Qtr. 2019	Percent Change 2020/2019	Employment Totals 2 nd Qtr. 2020
TOTAL NUMBER OF WORKSITES	1,003	1,007	(0.4)%	9,666
Less Than 10 Employees	772	763	1.2	2,233
10-19 Employees	130	125	4.0	1,738
20-49 Employees	66	82	(19.5)	1,883
50-99 Employees	21	20	5.0	1,322
100-249 Employees	10	14	(28.6)	1,252
250-499 Employees	4	3	33.3	1,238
500-999 Employees	0	0	0.0	0
1000+ Employees	0	0	0.0	0

(1) Subject to revisions.

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

Retail Sales

The following table sets forth a history of taxable sales in the County.

Taxable Sales in the County

Fiscal Year ⁽¹⁾	Lyon County Total ⁽²⁾	Percent Change	State Total ⁽²⁾	Percent Change
2016	\$380,805,051	--	\$52,788,295,421	--
2017	456,071,375	19.8%	56,547,741,530	7.1%
2018	490,414,813	7.5	58,947,823,520	4.2
2019	605,862,308	23.5	62,561,025,875	6.1
2020	687,125,877	13.4	61,365,683,690	(1.9)
Jul 19 - Oct 19	\$233,793,158	--	\$21,586,505,236	--
Jul 20 - Oct 20	238,184,328	1.9%	20,453,790,161	(5.2)%

(1) Fiscal year runs from July 1st to the following June 30th.

(2) Subject to revision.

Source: State of Nevada, Department of Taxation.

Agriculture

Ranching and farming have been a cornerstone of the County's economy for more than 100 years. Lyon County is home to approximately 462 farms covering 366,006 acres of land, which accounts for approximately 28.6% of land area in the County. Approximately 60 percent of the farms are small farms between 1 to 49 acres. According to the 2019 edition of *An Economic Analysis of the Food and Agriculture Sector in Nevada*, prepared by the Nevada Department of Agriculture, the value of Lyon County's agriculture production output in 2017 was \$150 million, accounting for 5% of the total output value of the County; and employing 952 workers. The top three agriculture industries were beef cattle ranching/farming, animal production, and dairy cattle and milk production. The total County value of agriculture production exports in 2017 was \$120.1 million and the value of imports was \$27.2 million, making the agricultural production sector in Lyon County a positive economic sector in its contribution to a favorable balance of trade.

Construction

The following two tables set forth a history of the number of building permits issued in the unincorporated County and the City of Fernley. Construction valuation is a value placed on a project in order to determine permit and fees, and has no relationship to assessed valuation.

Building Permits - City of Fernley, Nevada

Year	New Single Family Permits	New Commercial Permits	All Permits	Total Valuation of All Permits
2016	81	3	376	\$49,934,690
2017	213	1	580	120,647,122
2018	201	5	536	165,819,265
2019	177	6	594	71,571,468
2020	117	50	504	154,127,210

Source: City of Fernley, Building Department.

Building Permits – Unincorporated Lyon County, Nevada⁽¹⁾

Year	New Single Family		New Commercial		All Permits	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2015	142	\$29,909,738	12	\$4,848,565	653	\$42,259,642
2016	133	29,316,169	12	2,466,010	615	47,664,543
2017	132	32,584,605	15	3,517,229	709	71,203,052
2018	121	31,641,457	12	5,153,995	1,014	59,168,090
2019	120	32,225,360	n/a ⁽³⁾	--	n/a ⁽³⁾	--
2020 ⁽²⁾	201	52,278,863	n/a ⁽³⁾	--	n/a ⁽³⁾	--

(1) The County does not issue permits for the Cities of Fernley and Yerington which are incorporated.

(2) As of November 30, 2020.

(3) The Building Department changed software in 2019 and is currently providing data only for new single family residential permits.

Source: Lyon County Building Department.

Transportation

Three primary transportation routes transect Lyon County. Interstate 80 parallels the northwest border, and continues west to San Francisco (via Reno/Sparks) and east to Salt Lake City. U.S. Highway 50 crosses east-west through the county, westbound through Carson City and eastbound through Ely. U.S. Highway 95A spurs off I-80 and runs north-south, southbound to Las Vegas passing through Yerington. The extension of USA Parkway (SR 439) completed in 2017 now connects Interstate 80 and U.S. 50 near Silver Springs and increases regional mobility. Approximately sixty regional and national carriers are available for shipments in and out of Lyon County.

Both Yerington and Dayton have airports capable of handling corporate jets. In addition, Yerington has full service fixed base operations (FBO) with fuel, maintenance, avionics, café, lighted runway, beacon, and unicom. Charter air service is available to Yerington. Commercial air service is available in Reno. Rail service is provided by Union Pacific to Fernley and Silver Springs. In 2018, Black Gold Rail Terminals Northern Nevada established a transloading and storage facility at Northern Nevada Railport & Logistics Center in Fernley. The site has the distinction of being served by both Union Pacific Railroad and BNSF Railway and is the first short line railroad in Northern Nevada.

Development Activity

The Northern Nevada Development Authority (NNDA) serves to promote economic development activity in the Sierra Region which includes Carson City, Douglas, Lyon and Storey counties.

Complementing the area's emphasis on economic diversification are the numerous business advantages unique to the State. Competitive wage rates, low workers' compensation costs, an expanding labor force, centralized location and attractive transportation costs to other prominent western markets, and the State's incentive programs combine to give business and industry an attractive incentive to move to, relocate or expand in the Sierra Region of Nevada.

APPENDIX F

OFFICIAL NOTICE OF BOND SALE

\$14,410,000*

**LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT AND REFUNDING BONDS
SERIES 2021**

PUBLIC NOTICE IS HEREBY GIVEN that the Board of Trustees of the Lyon County School District, in the State of Nevada (the “Board”, the “District”, and the “State”, respectively), on

Tuesday, February 23, 2021

at the hour of 8:30 a.m., local time at the following location:

**PLC, Silver Stage Middle School Campus
3800 Spruce Avenue
Silver Springs, NV 89429**

will publicly open and receive bids electronically via PARITY, a division of i-Deal LLC (“PARITY”) (no bids will be received by mail) for the purchase of the above-referenced bonds of the District, particularly described below. Bids must be submitted electronically via PARITY, and must be received on or before 8:30 a.m., local time, on such day of sale, or at such other time, date or place as designated via PARITY before the date of sale.

BOND PROVISIONS

ISSUE: The Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2021 (the “Bonds”), in the aggregate principal amount of \$14,410,000*, will be dated as of the date of delivery of the Bonds. The Bonds will be issued by means of a book entry system with no physical distribution of bond certificates to the public. See “BOOK ENTRY TRANSFER AND EXCHANGE” below. The Bonds will be in book entry form.

MATURITIES: The Bonds will mature on the dates and in the amounts designated in the maturity schedule set forth in the preliminary official statement dated February 12, 2021 (the “Preliminary Official Statement”) relating to the Bonds or as amended in the maturity schedule available from JNA Consulting Group, LLC the District’s Municipal Advisor, and published on PARITY prior to the bid opening for the Bonds (the “Maturity Schedule”), subject to adjustment as provided below in “ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID.

* Preliminary, subject to change.

ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID:

The aggregate principal amount and the principal amount of each maturity of the Bonds are subject to adjustment by the District, after the determination of the best bid. Changes to be made will be communicated to the successful bidder by time of written award of the Bonds, and will not reduce or increase the aggregate principal amount of the Bonds or the amount of the Bonds maturing in any year by more than five percent or \$100,000, whichever is greater, from the amounts shown in the Maturity Schedule. The price bid (*i.e.*, par less the discount bid or plus the premium bid, as applicable) by a successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits. The price bid will be changed so that the percentage of net compensation to the successful bidder (*i.e.*, the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the District (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in the Maturity Schedule.

To facilitate any adjustment in the principal amounts and price bid, the successful bidder is required to indicate by email to the Municipal Advisor on behalf of the District, to marty@jnaconsultinggroup.com no later than one-half hour after the bid opening, the amount of any original issue discount or premium on each maturity of the Bonds, the amount received from the sale of the Bonds to the public that will be retained by the successful bidder as its compensation, and in the case of a bid submitted with bond insurance, the cost of the insurance premium. A bidder who intends to insure the Bonds shall also state, in that facsimile transmission, whether the amount of the insurance premium will change as a result of changes in the principal amount of the Bonds or the amount of principal maturing in any year, and the method used to calculate any such change in the insurance premium.

OPTIONAL PRIOR REDEMPTION: The Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after June 1, 2032 shall be subject to redemption prior to their respective maturities, at the option of the District as directed by the Director of Business Services, on and after June 1, 2031, in whole or in part at any time, from any maturities selected by the District and by lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, accrued interest thereon to the redemption date.

MANDATORY SINKING FUND REDEMPTION: A bidder may request that one or more Bonds maturing on and after June 1, 2032, be included in one or more term bonds ("Term Bonds"). Amounts included in a single Term Bond must consist of consecutive maturities of Bonds, must bear the same rate of interest and must include the entire principal amount between a serial maturity and a mandatory sinking fund redemption. Any such Term Bond will be subject to mandatory sinking fund redemption in installments in the same amounts and on the same dates as the Bonds would have matured if they were not included in a Term Bond. Bonds redeemed pursuant to the mandatory sinking fund redemption provisions will be redeemed at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date in the manner and as otherwise provided in the 2021 Bond Resolution (as defined below). Any election to designate Bonds as being included in a Term Bond must be made electronically (see "BID PROPOSALS" below).

INTEREST RATES AND LIMITATIONS: The following interest limitations are applicable:

A. Interest on the Bonds will be payable on June 1 and December 1, in each year, commencing on December 1, 2021.

B. In addition, the interest rate on any Bond and the True Interest Cost for the Bonds (see “BASIS OF AWARD”, below) may not exceed, by more than 3% the “Index of Twenty Bonds” most recently published in The Bond Buyer before the bids are received.

C. Each interest rate specified must be stated in a multiple of 1/8th or 1/20th of 1% per annum.

D. Only one interest rate can be stated for any maturity, i.e., all of the Bonds with the same maturity date must bear the same rate of interest.

F. Each Bond as initially issued will bear interest from its date to its stated maturity date at the interest rate stated in the bid. A zero rate of interest may not be named.

It is permissible to bid different interest rates for the Bonds, but only as stated in the bid and subject to the above limitations. If any Bond is not paid upon presentation at maturity, it will draw interest at the same rate until principal is paid in full.

PREMIUM ALLOWED: A bidder may offer to purchase the Bonds at par, or at a premium. A discount may not be bid for the Bonds.

PAYMENT: The principal of the Bonds, shall be payable at the office of U.S. Bank National Association, as Paying Agent, or such other office as designated by the Paying Agent to the registered owner thereof (*i.e.*, Cede & Co.) as shown on the registration records of U.S. Bank National Association, as Registrar, upon maturity thereof (or earlier prior redemption) and upon presentation and surrender of such Bonds at the office of such Paying Agent. Payment of interest on any Bond shall be made to the registered owner thereof (*i.e.*, Cede & Co.) by check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof at his or her address as it appears on the registration records of the Registrar for such Bonds as of the close of business on the fifteenth day of the calendar month preceding such interest payment date (or by such other arrangement as may be mutually agreed to by the Paying Agent and The Depository Trust Company). All such payments shall be made in lawful money of the United States of America.

BOND INSURANCE/RATING LETTERS: Payment of the principal of and interest on the Bonds when due may be insured by a municipal bond insurance policy at bidder's option and expense. The District will pay for a rating on the Bonds from S&P Global Ratings.

BOOK ENTRY/TRANSFER AND EXCHANGE: The Bonds will be issued as fully registered book entry bonds, in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be issued in registered form and bond certificates for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York (“DTC”), registered in the name of its nominee, Cede & Co., and immobilized in its custody, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. Principal of and interest on the Bonds will be payable by the Paying Agent by wire transfer or in same day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the District nor the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

BOND RESOLUTION: The resolution authorizing the issuance of the Bonds (the “2021 Bond Resolution”) was adopted by the Board of Trustees of the District on January 26, 2021. The 2021 Bond Resolution sets forth, among other matters, the form, terms and conditions of the Bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, the security therefor, and other details concerning the Bonds, the use of Bond proceeds, and the District, including, without limitation, covenants and agreements in connection therewith. Copies of the 2021 Bond Resolution are available for inspection at the office of the Director of Business Services and at the office of the District’s Municipal Advisor at the addresses listed under “INFORMATION”, below.

AUTHORIZATION OF BONDS: The Bonds are authorized to be issued pursuant to Chapters 350, 349 and 387 of Nevada Revised Statutes (“NRS”) and NRS 350.684.

SECURITY FOR THE BONDS: The Bonds, in the opinion, of Sherman & Howard L.L.C., (“Bond Counsel”), will be direct general obligations of the District, payable as to all principal, interest and any prior redemption premium (the “2021 Bond Requirements”) from general (ad valorem) taxes (herein “General Taxes”) levied against all taxable property within the District except to the extent that other revenues are made available therefor, subject to the limitations imposed by the statutes and Constitution of the State (see “Constitutional Tax Limitations” and “Statutory Tax Limitation” below). The Bonds will be a debt of the District, and the District shall thereby pledge its full faith and credit for their payment.

ISSUANCE OF ADDITIONAL SECURITIES: The District reserves the privilege of issuing additional general obligation bonds hereafter authorized at any time or from time to time for any lawful purpose, as permitted by law. The District has approval of the Lyon County Debt Management Commission to issue up to \$35 million of additional general obligation bonds for new money purposes.

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 present 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 as described in the Preliminary Official Statement.

STATE TAX EXEMPTION: In the opinion of Bond Counsel, under present laws of the State, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to chapter 375B of NRS.

CONSTITUTIONAL TAX LIMITATION: Section 2, article 10, State Constitution, provides:

“The total tax levy for all public purposes including levies for bonds, within the state, or any subdivision thereof, shall not exceed five cents on one dollar of assessed valuation.”

STATUTORY TAX LIMITATION: NRS 361.453 provides:

“ . . . the total ad valorem tax levy for all public purposes must not exceed \$3.64 on each \$100 of assessed valuation, or a lesser or greater amount fixed by the State Board of Examiners if the State Board of Examiners is directed by law to fix a lesser or greater amount for that fiscal year.”

STATUTORY PRIORITY FOR THE BONDS: NRS 361.463:

“1. In any year in which the total taxes levied by all overlapping units within the boundaries of the state exceed the limitation imposed by NRS 361.453, and it becomes necessary for that reason to reduce the levies made by any of those units, the reduction so made must be in taxes levied by those units (including the state) for purposes other than the payment of bonded indebtedness, including interest thereon.

2. The taxes levied for the payment of bonded indebtedness and the interest thereon enjoy a priority over taxes levied by each such unit (including the state) for all other purposes where reduction is necessary to comply with the limitation imposed by NRS 361.453.”

STATUTORY PROVISIONS FOR TAX LEVIES: NRS 350.592 provides in relevant part:

“1. There must be levied annually in due season a special tax on all property, both real and personal, subject to taxation within the boundaries of the municipality, fully sufficient together with the revenue which will result from application of the rate to the net proceeds of minerals, without regard to any statutory

or charter tax limitation, other than the limitation set forth in NRS 361.453, to pay the interest on the general obligation municipal securities and to pay and retire the securities as provided in the Local Government Securities Law and in any act supplemental hereto. The amount of money to be raised by the tax must be included in the annual estimate or budget for each county within the state for each year for which the tax is hereby required to be levied. The tax must be levied and collected in the same manner and at the same time as other taxes are levied and collected.

2. The proceeds thereof levied to pay interest on the securities must be kept by the treasurer in a special fund, separate and apart from all other funds, and the proceeds of the tax levied to pay the principal of the securities must be kept by the treasurer in a special fund, separate and apart from all other funds. The two special funds must be used for no other purpose than the payment of the interest on the securities and the principal thereof, respectively, when due;”

TIMES OF LEVIES: NRS 350.594 provides:

“Such tax shall be levied immediately after the issuance of any general obligation securities issued in accordance with the provisions of the Local Government Securities Law, and annually thereafter, at the times and in the manner provided by law, until all of the securities, and the interest thereon, have been fully discharged. Such tax may be first levied after the municipality has contracted to sell any securities but before their issuance.”

USE OF GENERAL FUND: NRS 350.596 provides:

“Any sums coming due on any general obligations municipal securities at any time when there are not on hand from such tax levy or levies sufficient funds to pay the same shall be promptly paid when due from the general fund of the municipality, reimbursement to be made to such general fund in the sums thus advanced when the taxes herein provided for have been collected.”

USE OF OTHER FUNDS: NRS 350.598 provides:

“Nothing contained in the Local Government Securities Law shall be so construed as to prevent the municipality from applying any funds (other than taxes) that may be available for that purpose to the payment of the interest on or the principal of any general obligation municipal securities as the same respectively mature, and regardless of whether the payment of the general obligation municipal securities is additionally secured by a pledge

of revenues, and upon such payments, the levy or levies of taxes provided in the Local Government Securities Law may thereupon to that extent be diminished.”

STATUTORY APPROPRIATIONS: NRS 350.602 provides:

“There is by the Local Government Securities Law, and there shall be by ordinance authorizing the issuance of any indebtedness contracted in accordance with the provisions of the Local Government Securities Law, specially appropriated the proceeds of such taxes to the payment of such principal and interest; and such appropriations shall not be repealed nor the taxes postponed or diminished (except as herein otherwise expressly provided) until the principal of and interest on the municipal securities evidencing such debt have been wholly paid.”

NO PLEDGE OF PROPERTY: The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District.

IMMUNITY OF INDIVIDUALS: NRS 350.606 provides:

“No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with any bonds or other municipal securities or for any claim based thereon or otherwise upon the ordinance authorizing their issuance or other instrument appertaining thereto, against any individual member of the governing body or any officer or other agent of the municipality, past, present or future, either directly or indirectly through the governing body or the municipality, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such liability, if any, being by the acceptance of the securities and as a part of the consideration of their issuance specially waived and released.”

ACTS IRREPEALABLE: NRS 350.610 provides:

“The faith of the state is hereby pledged that the Local Government Securities Law, any law supplemental or otherwise appertaining thereto, and any other act concerning the bonds or other municipal securities, taxes or the pledged revenues or any combination of such securities, such taxes and such revenues shall not be repealed nor amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding municipal securities, until all such securities have been discharged in full or provision for their payment and redemption has been fully made, including without limitation the known minimum yield

from the investment or reinvestment of moneys pledged therefor in federal securities.”

TERMS OF SALE

BID PROPOSALS: Bids are required to be submitted electronically as described below. Any bidder is required to submit an unconditional and written bid for all of the Bonds specifying:

(1) The lowest rate or rates of interest at which the bidder will purchase all of the Bonds; and

(2) Whether the bidder intends to designate term bonds (with respect to the Bonds described above under “*Mandatory Sinking Fund Redemption*”) and the maturities affected thereby.

It is also requested for informational purposes only, but it is not required, that each bid disclose:

(3) The “true interest cost” (i.e., actuarial yield) on the Bonds stated as a nominal annual percentage rate. See the caption “--Basis of Award” below.

Solely as an accommodation to the bidders, the District will receive bids delivered electronically through PARITY. Each bidder submitting an electronic bid is solely responsible for all arrangements with PARITY.

By utilizing PARITY, a prospective bidder represents and warrants to the District that such bidder’s bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds. Bids must be submitted electronically for the purchase of the Bonds by means of PARITY by 8:30 a.m. local time. Prior to that time, an eligible prospective bidder may (1) input the proposed terms of its bid on PARITY, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, (3) send its proposed bid, or (4) withdraw its proposed bid. Once the bids are communicated electronically via PARITY, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided.

Each prospective bidder shall be solely responsible to register to bid via PARITY as described above. Each prospective bidder shall be solely responsible to make necessary arrangements to access PARITY for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Bond Sale. Neither the District nor the Municipal Advisor shall have any duty or be obligated to provide or assure such access to any prospective bidder, and neither the District nor the Municipal Advisor shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by PARITY. The District is not responsible for, and each bidder expressly assumes the risk of and responsibility for, any incomplete, inaccurate or untimely bid submitted by such bidder and is not liable for any damages caused by PARITY. Bidders

must obtain instructions for submitting electronic bids from PARITY. The District is using PARITY as a communication mechanism, and not as the District's agent, to conduct the electronic bidding for the Bonds.

Each bidder is required to transmit electronically via PARITY an unconditional bid specifying the lowest rate or rates of interest and the premium, or discount, as applicable, at which the bidder will purchase the Bonds. Each bid must be for all of the Bonds. If any provision in this Official Notice of Bond Sale conflicts with information or terms provided or represented by PARITY, the Official Notice of Bond Sale, including any amendments issued by public wire shall control.

For informational purposes only, the electronic bid will show the effective interest rate for the Bonds represented on a TIC basis, as described under "BASIS OF AWARD" below, represented by the rate or rates of interest and the bid price specified in the bid. No bid will be received after the time for receiving such bids specified above.

GOOD FAITH DEPOSIT: Except as otherwise provided below, a good faith deposit ("Deposit") in the form of a certified or cashier's check drawn on a solvent commercial bank or trust company in the United States of America, made payable to

Lyon County School District, Nevada

in the amount of

\$150,000

must accompany each bid for the Bonds. **If the apparent successful bidder on the Bonds is determined to be a bidder who has not submitted a Deposit in the form of a check, as provided above, the Municipal Advisor will request the apparent successful bidder for the Bonds to immediately wire the Deposit and provide the Federal wire reference number of such Deposit to the Municipal Advisor within 90 minutes of such request by the Municipal Advisor.** The Bonds will not be officially awarded to a bidder who has not submitted a Deposit, as provided above, until such time as the bidder has provided a Federal wire reference number for the Deposit to the Municipal Advisor.

No interest on the Deposit will accrue to any bidder, except as otherwise provided under "MANNER AND TIME OF DELIVERY", below. The Deposit of the successful bidder will be applied to the purchase price of the Bonds. In the event the successful bidder fails to honor its accepted bid, the Deposit plus any interest accrued on the Deposit will be retained by the District. Deposits accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bidder.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on each maturity of the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser to accept delivery of and pay for the Bonds in accordance with the terms of the purchase contract. All expenses relating to printing the CUSIP numbers on the Bonds and the CUSIP Global Services charge for the assignment of the numbers will be the responsibility of and must be paid by the purchaser.

METHOD OF EXERCISING BIDDER'S OPTIONS: Any option granted a bidder may be exercised only as expressly provided herein.

SALES RESERVATIONS: The District reserves the privilege:

- A. Of waiving any irregularity or informality in any bid;
- B. Of rejecting any and all bids; and
- C. Of reoffering any Bonds for public sale or private sale as provided by law.

The District reserves the privilege of changing the sale date and/or sale time of the Bonds. Any change in the time and/or date of any Bond sale will be announced via PARITY before the time of the sale.

BASIS OF AWARD: The Bonds, subject to such sale reservations, will be sold by the District to the responsible bidder making the best bid for all the Bonds. The best bid will be determined by computing the True Interest Cost on the Bonds (i.e, using an actuarial or TIC method) for each bid received and an award will be made (if any is made) to the responsible bidder submitting the bid which results in the lowest true interest cost for the Bonds. "True Interest Cost" on the Bonds as used herein means that yield which if used to compute the present worth of all payments of principal and interest to be made on the Bonds from the date of delivery of the Bonds to their respective maturity dates (or any mandatory sinking fund redemption dates), produces an amount equal to the principal amount of the Bonds as set forth in the Maturity Schedule plus any premium or less any discount bid (i.e., net original issue premium or discount, as applicable, less the underwriter's discount). No adjustment shall be made in such calculation for accrued interest on the Bonds from their date to the date of delivery thereof. Such calculation shall be based on a 360 day year and a semiannual compounding interval. If there are two or more equal bids for the Bonds and such equal bids are the best bids received, the District's Director of Business Services will determine which bid will be accepted, if any.

PLACE AND TIME OF AWARD: The District's Director of Business Services or his designee, will open bids on behalf of the District at the time and place stated. The Director of Business Services (or the Superintendent of the District) will take action awarding the Bonds or rejecting all bids not later than 36 hours after the time stated for opening bids. A bidder may not withdraw its bid during such 36-hour period. An award may be made after the stated period if the bidder shall not have given to the District Director of Business Services notice in writing of the withdrawal of its bid. **By submitting a bid for the Bonds, each bidder certifies it has an established industry reputation for underwriting new issuance of municipal bonds.**

MANNER AND TIME OF DELIVERY: The Deposit will be credited to the purchaser at the time of delivery of the Bonds (without accruing interest). If the successful bidder for the Bonds fails, neglects, or refuses to complete the purchase of the Bonds on the date on which the Bonds are made ready and are tendered by the District for delivery, the amount of its Deposit will be forfeited (as liquidated damages for noncompliance with the bid) to the District. In that event, the District may reoffer the Bonds for sale, as provided by law. The

Bonds will be made available for delivery by the District to the purchaser as soon as reasonably possible after the date of the sale, and the District contemplates delivering the Bonds on or about March 11, 2021. The purchaser of the Bonds will be given 72 hours' notice of the time fixed by the Board for tendering the Bonds for delivery.

PAYMENT AT AND PLACE OF DELIVERY: The successful bidder will be required to accept delivery of the Bonds at DTC or at the Paying Agent on behalf of DTC, pursuant to the FAST System. Payment of the balance of the purchase price due for the Bonds at the time of their delivery must be made in Federal Reserve Bank funds or other funds acceptable to the District for immediate and unconditional credit to the account of the District, at a bank designated by the Director of Business Services, so that such Bond proceeds may be deposited or invested, as the District may determine, simultaneously with the delivery of the Bonds. The balance of the purchase price of the Bonds must be paid in such funds and not by any waiver of interest, and not by any other concession as a substitution for such funds.

INFORMATION: This Official Notice of Bond Sale, an official statement, and financial and other information concerning the District and the Bonds may be obtained prior to the sale from the District Director of Business Services:

**Harman Bains
Director of Business Services
Lyon County School District
25 E. Goldfield Avenue
Yerington, Nevada 89447
(775) 463-6800**

or

the District's Municipal Advisor:

**JNA Consulting Group, LLC
410 Nevada Way, Suite 200
Boulder City, Nevada 89005
(702) 294-5100
marty@jnaconsultinggroup.com**

LEGAL OPINION, BONDS AND TRANSCRIPT: The validity and enforceability of the Bonds will be approved by:

**Sherman & Howard LLC
50 W. Liberty Street, Suite 1000
Reno, Nevada 89501
(775) 323-1980**

whose final, approving opinion, together with the Bonds, a certified transcript of the legal proceedings, including a certificate stating that there is no litigation pending affecting the validity of the Bonds as of the date of their delivery (the "Closing Date"), and other closing documents, will be furnished to the purchaser of the Bonds without charge by the District.

DISTRICT REPRESENTED BY INDEPENDENT REGISTERED MUNICIPAL ADVISOR: The District has engaged, is represented by and will rely on the advice of the Municipal Advisor, an independent registered municipal advisor, to advise it on the issuance of the Bonds and other aspects of the financing for which the Bonds are being issued. The District intends that (i) this statement constitutes the “required representation” for purposes of the independent registered municipal advisor exemption set forth in SEC Rule 15Ba1-1(d)(3) and (ii) prospective bidders and other market participants may rely on this written statement and receive and use it for purposes of that exemption.

FORM OF APPROVING OPINION: Bond counsel’s final approving opinion for the Bonds will recite in conventional form that the designated law firm has examined the constitution and laws of the State and a certified copy of the record of the proceedings taken preliminary to and in the issue of the Bonds. The form of such approving opinion is set forth in Appendix D of the Preliminary Official Statement.

OFFICIAL STATEMENT: The District has prepared the Preliminary Official Statement which is deemed by the District to be final as of its date for purposes of allowing bidders to comply with Rule 15c2-12(b)(1) of the Securities Exchange Commission (“the Rule”), except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendment and completion in a “Final Official Statement”.

The District will prepare a Final Official Statement, dated as of the date of its delivery to the successful bidder as soon as practicable after the date of award to the successful bidder. The District will electronically provide to the successful bidder of the Bonds copies of the Final Official Statement on or before seven business days following the date of the award to the successful bidder. The successful bidder may obtain printed copies of the Final Official Statement at the expense of the successful bidder.

The District authorizes the successful bidder to distribute the Final Official Statement in connection with the offering of the Bonds.

For a period beginning on the date of the Final Official Statement and ending twenty-five days following the date a successful bidder shall no longer hold for sale any of the Bonds (which date shall be the Closing Date unless the successful bidder notifies the District in writing otherwise), if any event concerning the affairs, properties or financial condition of the District shall occur as a result of which it is necessary to supplement the Final Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, at the request of the successful bidder, the District shall forthwith notify the successful bidder of any such event of which it has knowledge and shall cooperate fully in the preparation and furnishing of any supplement to the Final Official Statement necessary, in the reasonable opinion of the District and the successful bidder, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time.

CONTINUING DISCLOSURE UNDERTAKING: Pursuant to the Rule, the District will undertake in a continuing disclosure certificate which is authorized in the 2021 Bond Resolution to provide certain ongoing disclosure, including annual operating data and

financial information, audited financial statements and notices of the occurrences of certain material events. A description of the undertaking is set forth in the Preliminary Official Statement, and a copy of such certificate in substantially the form that will be executed by the Director of Business Services as of the Closing Date is set forth in Appendix C of the Preliminary Official Statement.

DISCLOSURE CERTIFICATES: The closing certificates for the Bonds included in the transcript of legal proceedings will include:

1. A certificate, dated as of the Closing Date, and signed by the President and Clerk of the Board, the Director of Business Services and the Attorney for the District in which each of them states, after reasonable investigation, that to the best of his or her knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of the knowledge of each of them, threatened, in any way contesting the completeness or accuracy of the Final Official Statement, (b) the Final Official Statement as it pertains to the District and the Bonds (except as to information therein concerning price and yield of the Bonds, and information therein relating to the book-entry system for the Bonds, as to all of which no representations will be made) does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (c) no event affecting the District has occurred since the date of the Final Official Statement which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the District does not make any representation concerning the pricing information contained in the Final Official Statement; and

2. A certificate, dated as of the Closing Date, and signed by the Director of Business Services stating after reasonable investigation, that to the best of such officer's knowledge, as of the date of the Final Official Statement and on the date of such certificate, the information contained in the Final Official Statement relating to revenues and expenditures of the District is true and correct and does not contain any untrue statement of a material fact or omit any information necessary to be included therein in order that the Final Official Statement be not misleading for the purposes for which it is to be used.

CONSENT TO JURISDICTION: A bid submitted by electronic bidding, if accepted by the Director of Business Services or Superintendent on behalf of the District, forms a contract between the successful bidder and the District subject to the terms of this Official Notice of Bond Sale. By submitting a bid, the bidder consents to the exclusive jurisdiction of any court of the State of Nevada located in Lyon County or the United States District Court for the State of Nevada for the purpose of any suit, action or other proceeding arising as a result of the submittal of the bid, and the bidder irrevocably agrees that all claims in respect to any such suit, action or proceeding may be heard and determined by such court. The bidder further agrees that service of process in any such action commenced in such State or Federal court shall be effective on such bidder by deposit of the same as registered mail addressed to the bidder at the address set forth in the bid.

REOFFERING PRICES: The successful bidder (or manager of the purchasing account) shall notify the District Director of Business Services of the District and the Municipal

Advisor by electronic transmission to marty@jnaconsultinggroup.com within one-half hour of the bid opening, of the initial offering prices of the Bonds to the public. The notification must be confirmed in writing in the form and substance satisfactory to Sherman & Howard L.L.C. (“Bond Counsel”) prior to the delivery of the Bonds. The confirmation will be part of the “Purchaser’s Certificate” which will be in substantially the same form as Exhibit A in the event the District receives 3 or more bids that conform to the requirements of this Official Notice of Sale for the Bonds; or in substantially the same form as Exhibit B in the event the District does not receive 3 or more such bids for the Bonds.

By order of the Board of Trustees of the Lyon County School District, Nevada,
this February 12, 2021.

LYON COUNTY SCHOOL DISTRICT, NEVADA

/s/ Harman Bains
Director of Business Services

Exhibit A

Purchaser's Certificate

IT IS HEREBY CERTIFIED by the undersigned on behalf of _____ (the "Purchaser"), as representative of the underwriters for the Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2021 (the "Bonds"):

1. We acknowledge receipt of the Bonds in the aggregate principal amount of \$_____, bearing interest and maturing as provided in the Bond Resolution of the Board of Trustees of the Lyon County School District (the "Issuer") adopted and approved on January 26, 2021, and the instruments described therein, and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Bonds on the Sale Date at the Prices shown on the inside cover page of the Official Statement for the Bonds. Those Prices are the reasonably expected initial offering Prices of each maturity of the Bonds to the Public which were used by the Purchaser in formulating its bid to purchase the Bonds. For purposes of Paragraphs 2, 3 and 4, the following defined terms shall have the meanings assigned thereto as set forth below.

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party. The term "Related Party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

"Sale Date" means the date the Purchaser's bid for the Bonds was accepted on behalf of the Issuer.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

If a yield is shown on the inside cover page of the Official Statement for any maturity, "Price" herein means the dollar price that produces that yield.

3. The Purchaser was not given the opportunity to review other bids prior to submitting its bid.

4. The bid submitted by the Purchaser constituted a firm bid to purchase the Bonds.

5. The Purchaser has an established industry reputation for underwriting new issuance of municipal bonds.

6. The Issuer and its counsel may rely on these certifications in concluding that the Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the “Code”), relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate.

DATED as of _____, 2021.

_____, as Representative of the Underwriters

By: _____

Title: _____

Exhibit B

Purchaser's Certificate

IT IS HEREBY CERTIFIED by the undersigned on behalf of _____ (the "Purchaser"), as representative of the underwriters for the Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds, Series 2021 (the "Bonds"):

1. We acknowledge receipt of the Bonds in the aggregate principal amount of \$_____, bearing interest and maturing as provided in the Bond Resolution of the Board of Trustees of the Lyon County School District (the "Issuer") adopted and approved on January 26, 2021, and the instruments described therein, and such Bonds being in the denominations and registered in the name of Cede & Co., as nominee of The Depository Trust Company, as requested by us.

2. A bona fide public offering was made for all of the Bonds on the Sale Date at the Prices shown [on the inside cover page of the Official Statement for the Bonds][in Exhibit 1]. The first Price at which a Substantial Amount of each maturity of the Bonds was sold to the Public is the Price shown [on the inside cover page of the Official Statement][in Exhibit 1] for that maturity of the Bonds. For purposes of this Paragraph 2, the following defined terms shall have the meanings assigned thereto as set forth below:

"Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party. The term "Related Party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

"Sale Date" means the date the Purchaser's bid for the Bonds was accepted on behalf of the Issuer.

"Substantial Amount" is 10% or more of each maturity.

"Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

If a yield is shown on the inside cover page of the Official Statement for any maturity, "Price" herein means the dollar price that produces that yield.

3. The Purchaser has an established industry reputation for underwriting new issuance of municipal bonds.

4. The Issuer and its counsel may rely on these certifications in concluding that the Bonds meet certain requirements of the Internal Revenue Code of 1986 as amended (the “Code”), relating to tax-exempt bonds; however, nothing herein represents our interpretation of any law and we are not providing any interpretations of law or regulations in executing and delivering this certificate.

DATED as of _____, 2021.

_____, as Representative of the Underwriters

By: _____

Title: _____

Attach Exhibit 1 to Purchaser's Certificate
(Offering Prices of Bonds)