

OFFICIAL STATEMENT

\$9,315,000

**CHURCHILL COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT BONDS
(PSF GUARANTEED)
SERIES 2014**



**NEW ISSUE NEW ISSUE
BOOK-ENTRY ONLY
BANK QUALIFIED**

**PSF RATING: S&P: “AAA”
UNDERLYING RATING: S&P: “A+” (negative outlook)
See “RATINGS”**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described herein. See “TAX MATTERS.” The District will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Tax Code. See “FINANCIAL INSTITUTION INTEREST DEDUCTION.”

\$9,315,000

**CHURCHILL COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) SCHOOL IMPROVEMENT BONDS
(PSF GUARANTEED)
SERIES 2014**

Dated: Date of Delivery

Due: April 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 below, payable on April 1, 2015, and semiannually thereafter on October 1 and April 1 of each year. Interest will be paid to and including the maturity dates shown herein (unless the Bonds are redeemed earlier), to the registered owners of the Bonds (initially Cede & Co.). The principal of the Bonds will be payable upon presentation and surrender at the corporate trust office of Wells Fargo Bank, N.A., 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.”

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

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

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

The Bonds are offered when, as, and if issued by the District, subject to the approval of legality of the Bonds by Sherman & Howard L.L.C., Reno, Nevada, and the satisfaction of certain other conditions. Sherman & Howard L.L.C., also has acted as special counsel to the District in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. JNA Consulting Group, LLC, Boulder City, Nevada, is acting as the Financial Advisor to the District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about July 30, 2014.

Official Statement dated July 10, 2014

MATURITY SCHEDULE
(CUSIP© 6-digit issuer number: 171466)

\$9,315,000

CHURCHILL COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) SCHOOL IMPROVEMENT BONDS
(PSF GUARANTEED)
SERIES 2014

Maturing (April 1)	Principal Amount	Interest Rate	Yield†	CUSIP©		Interest Rate	Yield	CUSIP©	
				Issue Number	Maturing (April 1)				Issue Number
2017	\$320,000	3.000%	0.850%	PP4	2026	\$425,000	3.750%	2.750%	PY5
2018	325,000	3.000	1.150	PQ2	2027	445,000	3.750	2.900	PZ2
2019	335,000	3.000	1.450	PR0	2028	460,000	4.000	3.000	QA6
2020	345,000	3.000	1.700	PS8	2029	480,000	4.000	3.100	QB4
2021	355,000	3.000	1.950	PT6	2030	705,000	4.000	3.200	QC2
2022	365,000	3.000	2.150	PU3	2031	840,000	4.000	3.300	QD0
2023	380,000	3.000	2.300	PV1	2032	875,000	4.000	3.400	QE8
2024	395,000	3.000	2.450	PW9	2033	910,000	4.000	3.500	QF5
2025	410,000	3.500	2.600	PX7	2034	945,000	4.000	3.600	QG3

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† Provided by BOSCO, Inc., the Initial Purchase of the Bonds. See "UNDERWRITING."

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

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

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

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

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

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

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.

CHURCHILL COUNTY SCHOOL DISTRICT, NEVADA

BOARD OF TRUSTEES

Ron Evans, President
Steve Nunn, Vice President
Nona McFarlane, Clerk
Carmen Schank, Acting Clerk
Richard Gent
Clay Hendrix
Dr. Gregory S. Koenig

ADMINISTRATIVE OFFICIALS

Dr. Sandra Sheldon, Superintendent
Phyllis Dowd, Director of Business Services

FINANCIAL ADVISOR

JNA Consulting Group, LLC
Boulder City, Nevada

BOND AND SPECIAL COUNSEL

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

REGISTRAR AND PAYING AGENT

Wells Fargo Bank, N.A.
Minneapolis, Minnesota

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**CHURCHILL COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) SCHOOL IMPROVEMENT BONDS
(PSF GUARANTEED)
SERIES 2014**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, provides information concerning Churchill County School District, Nevada (the “District”) and its \$9,315,000 General Obligation (Limited Tax) School Improvement Bonds (PSF Guaranteed), Series 2014 (the “Bonds”). The Bonds will be issued pursuant to a resolution (the “Bond Resolution”) adopted by the District’s Board of Trustees (the “Board”) on June 26, 2014.

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 Churchill County (the “County”). The District covers an area of approximately 5,023 square miles in the west central portion of the State of Nevada (the “State”). The District serves the residents of the County, including the City of Fallon. See “CHURCHILL COUNTY SCHOOL DISTRICT.”

The Bonds; Prior Redemption

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

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

Authority for Issuance

The Bonds are being issued pursuant to the constitution and laws of the State, particularly Nevada Revised 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 387.513 through 387.528, inclusive (the “Guarantee Act”), NRS Chapter 348, an election held in the District on November 4, 2008 (the “Election”), and the Bond Resolution.

Purpose

The Bonds are being issued to: (i) acquire, construct, improve, and equip school facilities (the “Project”); and (ii) pay the costs of issuing the 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 principal and interest and any premium in connection with a redemption of 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.”

After the issuance of the Bonds, the District will have \$44,533,600 aggregate principal amount of general obligation bonds outstanding. See “DEBT STRUCTURE – Outstanding Debt and Other Obligations.”

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

Professionals

Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel in connection with the Bonds and also has acted as special counsel to the District in connection with this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. JNA Consulting Group, LLC, Boulder City, Nevada, is providing financial advisory services to the District. See “FINANCIAL ADVISOR.” The fees being paid to the Financial Advisor are contingent upon the execution and delivery of the Bonds. The audited basic financial statements of the District, attached to this Official Statement as Appendix A, include the report of Kafoury, Armstrong & Co., certified public accountants, Fallon, Nevada. See “INDEPENDENT AUDITORS.” Wells Fargo Bank, N.A., Minneapolis, Minnesota, will act as Registrar and Paying Agent for the Bonds.

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 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the “Tax Code”) and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS – Federal Tax Matters.”

The District will designate the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Tax Code. See “FINANCIAL INSTITUTION INTEREST DEDUCTION.”

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

Continuing Disclosure Undertaking

The District will execute a continuing disclosure certificate (the “District Certificate”) and the State Treasurer, on behalf of the PSF, will execute a Continuing Disclosure Agreement (the “PSF Agreement,” and together with the District Certificate, the “Disclosure Certificates”) at the time of the closing for the Bonds. The Disclosure Certificates will be executed for the benefit of the beneficial owners of the Bonds. The District will covenant in the Bond Resolution to comply with, and cause the State to comply with, the terms of the Disclosure Certificates. The District Certificate will provide that so long as the Bonds remain outstanding, the District will provide the following information to the Municipal Securities Rulemaking Board (“MSRB”), through its Electronic Municipal Market Access System (“EMMA”): (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; all as more particularly described in the District’s Certificate. The PSF Agreement will provide that so long as the Bonds remain outstanding, the State will annually provide certain financial information related to the PSF and also will provide notice of the occurrence of specified events, all as detailed in the PSF Agreement. The forms of the District Certificate and the PSF Agreement are attached hereto as Appendix C to this Official Statement. In the last five years, neither the District nor the PSF has failed to materially comply with any prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the “Rule”). However, the District did file its annual reports and audits relating to fiscal years 2010 and 2011 with EMMA four days and one day late, respectively. Such late filings have been reported on EMMA and the annual filings for fiscal years 2009, 2012 and 2013 were filed on time.

Certain Bondholder Risks

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

Certain Risks Related to Property Taxes. Numerous factors over which the District has no control may impact the amount and 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 taxable value of the property in the District declined in fiscal year 2012 and 2013 before increasing 1.8% and decreasing 0.8% (preliminary) for fiscal years 2014 and 2015, respectively. While the County continues to feel the effects of the recent economic downturn, property values and other economic indicators appear to have stabilized. It is not possible to predict what effect the downturn will have on property values, foreclosures or delinquencies in property tax payments. It is not possible to predict whether property values in the District will continue to decline, whether foreclosure rates will continue to rise or whether any increase in foreclosures will cause significant delinquencies in property tax payments and the realization of property tax revenues by the District.

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

The Nevada State Legislature (the "Legislature") determines the amount of State funds that will be distributed to school districts for operating purposes in each year pursuant to statutory funding formulas. In response to the difficult economic situation being experienced in the State, the Legislature has reduced the amount of State funding to school districts (including the District) in recent years. The State continues to face significant budgetary pressures and it is not possible to predict what actions the Legislature will take in future years. Future actions taken by the Legislature will impact the District's operations and finances to an extent that cannot be determined at this time.

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

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the sections entitled “DISTRICT FINANCIAL INFORMATION – General Fund History of Revenues, Expenditures and Changes in Fund Balance,” “DISTRICT FINANCIAL INFORMATION – Debt Service Fund History of Revenues, Expenditures and Changes in Fund Balance,” and “DISTRICT FINANCIAL INFORMATION – Analysis of Recent Financial Developments,” and any statements throughout this Official Statement referring to budgeted, unaudited or interim results for fiscal year 2014 or future years, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not occur as assumed or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be materially adverse to the owners of the Bonds.

Secondary Market

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

Additional Information

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

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

Churchill County School District
Attn: Director of Business Services
690 South Maine St.
Fallon, NV 89406
Telephone: 775-428-7230 x120

JNA Consulting Group, LLC
1400 Wyoming Street, Suite 3
Boulder City, Nevada 89005
Telephone: 702-294-5100.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

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

Sources and Uses of Funds

	<u>Amount</u>
SOURCES:	
Principal amount	\$9,315,000
Plus/(less): net original issue premium/(discount).....	<u>550,020</u>
Total	<u>\$9,865,020</u>
USES:	
The Project.....	\$9,610,394
Costs of issuance (including underwriting discount).....	<u>254,626</u>
Total	<u>\$9,865,020</u>

Source: The Financial Advisor.

The Project

The Project is comprised of the acquisition, construction, improvement, and equipping of school facilities, including construction of an auxiliary high school gym, upgrading the District's telephone system, replacement of a middle school roof, upgrading the District's ADA access and various renovations to the District's buildings. The costs of the various projects are estimated and may change. In addition, the Board may determine to change the scope or priority of the projects described above.

THE BONDS

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

General

The Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The Bonds will be dated as of their date of delivery and will 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 April 1 and October 1 (each an interest payment date), commencing April 1, 2015, by check or draft mailed by the Paying Agent on each interest payment date (or, if the interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof (*i.e.*, Cede & Co.) at the address shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month preceding such interest payment date (the “Regular Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a “Special Record Date”). The Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten days prior thereto by first class mail to each such registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent (provided, however, that the District shall not be required to make funds available to the Paying Agent prior to the due dates of interest and principal, respectively). Principal on the Bonds will be payable at maturity and upon presentation and surrender at the corporate trust office of the Paying Agent (or at such other office designated by the Paying Agent). Any Bond not paid upon presentation and surrender at or after maturity shall continue to draw interest at the rate stated in the Bond until the principal is paid in full. All such payments of principal and interest shall be made in lawful money of the United States of America.

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

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

Redemption Provisions

Optional Redemption. The Bonds maturing on and after April 1, 2025, are subject to redemption before their respective maturities, at the option of the District, on or after April 1, 2024, in whole or in part, at any time, from any maturity selected by the District, and by

lot within a maturity (giving proportionate weight to Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, plus accrued interest thereon to the redemption date.

Notice of Redemption. Unless waived by any registered owner of a Bond to be redeemed, notice of prior redemption shall be given by the Registrar, electronically, as long as Cede & Co. is the registered owner of the Bonds, and otherwise by first-class mail, at least 30 days but not more than 60 days prior to the Redemption Date, to the State Treasurer and 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. 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 described above in "Payment Provisions"), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said Bonds, the Bonds called for redemption will be paid. Actual receipt of such notice by the State Treasurer or any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the State Treasurer or the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that notice of call and redemption has been given as described above 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. Simultaneously with the above notice, the Registrar will file the notice of redemption with the MSRB via its EMMA System.

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 with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income from federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The covenant described above shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

Defeasance

When all Bond Requirements of any Bond have been duly paid, the pledge and lien and all obligations 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. The District shall immediately give written notice of any such defeasance to the State Treasurer.

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

Replacement of Registrar and Paying Agent

If the Registrar and Paying Agent resigns, or if the Board shall reasonably determine that the Registrar or Paying Agent has become incapable of performing its duties under the Bond Resolution or that it would be in the best interests of the District to appoint a new Registrar or Paying Agent under the Bond Resolution, the Board may, upon notice to the State Treasurer and notice given to each registered owner of any Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. Every successor Registrar or Paying Agent shall be an officer or employee of the District or a banking institution authorized to exercise trust powers. It shall not be required that the same person or institution serve as both a Registrar and Paying Agent under the Bond Resolution, but the Board shall have the right to have the same person or 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: (1) without the consent of or notice to the holders of the Bonds for the purpose of curing any ambiguity or formal defect or

omission therein; and (2) with the consent of a majority of the Bondholders, with the consent of the State Treasurer, in connection with any other amendment.

Notwithstanding the foregoing, no such amendment, unless consented to by the Bondholder adversely affected thereby, shall permit: (1) a change in the maturity or in the terms of redemption of the principal of any outstanding Bond or any installment of interest thereon; (2) a reduction in the principal amount of any Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or (3) the establishment of any priorities as between Bonds issued and outstanding under the provisions of the Bond Resolution.

Book-Entry Only System

The Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiple thereof. DTC will act as the initial securities depository for the Bonds. The ownership of one fully registered Bond for each maturity, 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 estimated 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.

Bond Debt Service Requirements⁽¹⁾

Fiscal <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	--	\$227,728	\$227,728
2016	--	340,175	340,175
2017	\$320,000	340,175	660,175
2018	325,000	330,575	655,575
2019	335,000	320,825	655,825
2020	345,000	310,775	655,775
2021	355,000	300,425	655,425
2022	365,000	289,775	654,775
2023	380,000	278,825	658,825
2024	395,000	267,425	662,425
2025	410,000	255,575	665,575
2026	425,000	241,225	666,225
2027	445,000	225,288	670,288
2028	460,000	208,600	668,600
2029	480,000	190,200	670,200
2030	705,000	171,000	876,000
2031	840,000	142,800	982,800
2032	875,000	109,200	984,200
2033	910,000	74,200	984,200
2034	<u>945,000</u>	<u>37,800</u>	<u>982,800</u>
Total	\$9,315,000	\$4,662,591	\$13,977,591

(1) Totals may not add due to rounding.

Source: The Financial Advisor.

SECURITY FOR THE BONDS

General Obligations

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

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

State Guarantee of Debt Service Payments on Bonds

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

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

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

Information About the Permanent School Fund. The Permanent School Fund is funded primarily by escheated estates, gifts and proceeds from the sale of federal lands. Interest on the fund is used to support education in the State. As of December 31, 2013, the State Controller reported that the total assets of the PSF, including all investments reported at fair value, were \$324,984,701. Presently, the PSF is invested primarily in U.S. Treasury and Agency fixed income securities with maturities no longer than 10 years, but since January 2013 the fund has made a \$2 million private equity investment and commitments totaling more than \$12 million with private equity managers. In addition, the State Treasurer anticipates making public equity investments and additional private equity investments in PSF in the future as part of a plan to phase the PSF portfolio from a fixed income portfolio to a blended equity/bond portfolio over time.

Pursuant to NRS 387.516(1) the maximum amount of principal that can be guaranteed by the State for any school district is limited to \$40,000,000. Further, pursuant to NRS 387.522(1)(a), the total amount of bonds that can be guaranteed by the State is limited to 250% of the lower of the cost or fair market value of the assets in the PSF. Based on the current balance of the PSF, the maximum principal that can be guaranteed is more than \$750 million. As of June 1, 2014, \$257,477,900 in bonds has been guaranteed, or authorized by the State Board of Finance to be guaranteed, by the PSF. See Appendix E for specific information.

Debt Service Tax Levy

At an election held on November 4, 2008 (the “Election”), District voters approved a proposal that allowed the District to issue general obligation bonds for school construction purposes until November 4, 2018, provided that the Board makes a finding that the proposed bonds could be paid within a \$0.55 property tax rate for debt service. Those findings require approval of the Churchill County Debt Management Commission. The District currently expects to repay all of its outstanding general obligation bonds, including the Bonds, issued pursuant to such authorization without increasing its debt rate of \$0.55. However, if necessary, the District may increase that rate to pay debt service on its bonds, subject to the State constitutional and statutory limitations discussed throughout this Official Statement.

Reserve Account

Pursuant to NRS 350.020(5), the Board has established a reserve account (the “Reserve Account”) within its Debt Service Fund for payment of the outstanding general obligation bonds of the District and, if then permitted by the statutes of the State, amounts in the Reserve Account may be withdrawn and used for purposes other than payment of debt service on outstanding District bonds. Pursuant to current law, the Reserve Account must be established and maintained in an amount at least equal to the lesser of: 50% of the amount of principal and interest payments, net of any subsidies, due on all of the outstanding bonds of the District in the next fiscal year, or 10% of the outstanding principal amount of the District’s bonds, or any other amount required by statute (the “Reserve Requirement”). The Legislature may change the Reserve Requirement from time to time.

The amounts on deposit in the Reserve Account are not directly pledged to pay debt service on the Bonds. If permitted by State law in the future, amounts in the Reserve Account may be withdrawn and used for purposes other than payments of debt service on outstanding District bonds.

As of the date of issuance of the Bonds, the amount in the Reserve Account will be approximately \$2,529,258. See “DISTRICT FINANCIAL INFORMATION – Debt Service Fund.” If the amount in the Reserve Account falls below the required amount, NRS 350.020(5) provides that: (i) the Board shall not issue additional bonds pursuant to NRS 350.020(4) (the provision that allows the issuance of certain general obligation bonds pursuant to the Election) until the reserve account is restored to the level set forth above; and (ii) the Board shall apply all of the taxes levied by the District for payment of bonds of the District that are not needed for payment of the principal and interest on bonds of the District in the current fiscal year to restore the reserve account to the Reserve Requirement.

Additional Bonds

Pursuant to NRS 350.020(4), the District received voter approval at the Election to issue general obligation bonds until November 4, 2018, provided that certain findings are made by the District Board (with approval of the Churchill County Debt Management Commission), that such bonds can be paid within the existing property tax for the District’s bond debt service. At the time of issuance of such bonds, the District must fund the Reserve Account as described above.

The District currently anticipates issuing additional bonds in 2016 or 2017 (after the proceeds of the Bonds are spent). The amount of that anticipated issue has not yet been determined and is dependent upon the District’s capital needs and other factors. 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.

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

Limitations on Remedies

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

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

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

PROPERTY TAX INFORMATION

Property Tax Base

The State Department of Taxation reports that the total assessed valuation of property within the District for the fiscal year ending June 30, 2014, to be \$695,624,777. That assessed valuation represented a decline of 1.8% from the assessed valuation for fiscal year 2013.

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 for the fiscal year 2014, the taxable value of all taxable property within the District is \$2,020,119,123.

The State Department of Taxation has released preliminary assessed valuation information for the fiscal year ending June 30, 2015. The District's preliminary assessed valuation for fiscal year 2015, which remains subject to change until mid-July 2014, is \$701,513,275, which would represent a 0.8% decrease from the assessed valuation from fiscal year 2014. Based upon that preliminary assessed valuation, the preliminary taxable value of all property within the District for fiscal year 2015 is \$2,004,323,643.

"Taxable value" is defined in the statutes as the full cash value in the case of land, as the replacement cost less applicable straight-line depreciation and obsolescence in the case of improvements to land, and as the replacement cost less applicable depreciation and obsolescence (determined in accordance with the regulations of the Nevada Tax Commission) with respect to taxable personal property; but the computed taxable value of any property must not exceed its full cash value. Depreciation of improvements to real property must be calculated at 1.5% of the cost of replacement for each year of adjusted actual age up to a maximum of 50 years. Adjusted actual age is actual age adjusted for any addition or replacement. The maximum depreciation allowed is 75% of the cost of replacement. When a substantial addition or replacement is made to depreciable property, its "actual age" is adjusted, *i.e.*, reduced to reflect the increased useful term of the structure. The adjusted actual age has been used on appraisals for taxes since 1986-87.

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

History of Assessed Value

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

History of Assessed Valuation

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Net Proceeds of Mines⁽¹⁾</u>	<u>Total Assessed Valuation</u>	<u>Percent Change</u>
2010	\$758,978,103	\$31,841,455	\$790,819,558	--
2011	780,222,345	33,008,267	813,230,612	2.8%
2012	708,612,795	24,673,378	733,286,173	(9.8)
2013	676,251,835	18,113,845	694,365,680	(5.3)
2014	672,577,889	23,046,888	695,624,777	1.8
2015 ⁽³⁾	683,625,992	17,887,283	701,513,275	(0.8)

(1) This portion of assessed valuation is provided separately since net proceeds of mines have historically been more volatile than other assessed property.

(2) Preliminary assessed valuation; subject to change until July 2014.

Sources: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2009-10 through 2013-14; State Department of Taxation, Local Government Finance Revenue Projections - Fiscal Year 2014-2015 (March 15, 2014, revised April 29, 2014).

Property Tax Collections

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

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

Property Tax Levies, Collections and Delinquencies⁽¹⁾

Fiscal Year Ending <u>June 30</u>	Net <u>Levy Roll</u>	Current Tax <u>Collections</u>	% of Net Levy <u>Collected</u>	Delinquent Tax <u>Collections</u>	Total Tax <u>Collections</u>	Total Tax Collections as % of Current Levy ⁽²⁾
2009	\$14,881,233	\$14,284,217	96.0%	\$360,833	\$14,645,050	98.4%
2010	15,707,402	15,060,077	95.9	498,379	15,558,456	99.1
2011	14,933,370	14,329,427	97.3	505,083	14,834,510	99.3
2012	13,867,055	13,523,233	97.5	312,687	13,835,920	99.8
2013	12,858,661	12,560,762	97.7	464,391	13,025,153	101.3
2014 ⁽³⁾	12,720,183	12,426,439	97.7	376,333	12,802,772	100.6

(1) Represents the real property tax roll levies and collections.

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

(3) Does not reflect a full year's collections; collections as of May 20, 2014.

Source: Churchill 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 four installments are delinquent. In the event of nonpayment, the county treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 10% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the county treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the county treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property. State law provides alternative remedies for the collection of taxes in certain instances, including judicial foreclosure (which may take place before the expiration of the two-year redemption period) and the issuance of a tax lien to the county treasurer which may be sold before the expiration of the two-year redemption period (but remains subject to redemption).

Geothermal Abatements. NRS 701A.300 through 701A.450 were passed in the 2009 session of the Nevada Legislature as an incentive to attract energy industry development. The law authorizes the Nevada State Office of Energy to grant partial abatements of local sales and use taxes, property taxes, or both, to qualified new renewable energy facilities. An approved facility receives an abatement of 55% of property taxes for 20 years and a three-year abatement of local sales and use taxes, during which the facility is required to pay sales and use taxes at the rate of 2.25%. No facility may receive an abatement after June 30, 2049.

Essentially, the approved facility pays 45% of real and personal property tax remaining after the 55% abatement for 20 years. The State Office of Energy receives 45% of that payment for its Renewable Energy Fund, and local governments combined (including the District) receive the remaining 55%. The negative effect on the District resulting from the geothermal abatements for fiscal year 2014 was \$239,779.

Largest Taxpayers in the District

The following table represents the ten largest property-owning taxpayers in the District based on fiscal year 2013-14 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.

The State is experiencing a prolonged economic downturn accompanied by declines in residential real estate sales, mortgage lending and related construction activity, among other factors. These trends are likely to have far-reaching effects on the economic activity in the District for an indeterminate period. The near-term and long-term impact of these factors on the northern Nevada economy and the District's operating activities cannot be predicted at this time but may be substantial. It is possible that one or more of the major taxpayers in the District may be experiencing varying degrees of financial difficulty; those or other entities may encounter future difficulties that could negatively impact the timely payment of property taxes.

Ten Largest Taxpayers in the District
Fiscal Year 2013-14

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value⁽¹⁾</u>
Enel Stilwater Plant-Geothermal ⁽²⁾⁽³⁾	Geothermal	\$80,416,698	11.37%
NV Energy (Sierra Pacific Power Co.)	Utility	34,131,527	4.83
Terra-Gen Dixie Valley LLC ⁽³⁾	Geothermal NAS Base	25,428,242	3.60
Northrop Grumman	Contractor	13,455,641	1.90
Southwest Gas Corporation	Utility	10,820,325	1.53
Union Pacific Railroad	Railroad	10,087,432	1.43
Magma Energy US Corp.-Geothermal ⁽²⁾	Geothermal	5,335,792	0.75
Gradient Resources Inc.	Geothermal	5,153,000	0.73
Ormat Technologies, Inc. ⁽²⁾	Geothermal	4,939,127	0.70
Kinder Morgan Pipeline (SFPP LP)	Energy Infrastructure	<u>4,380,695</u>	<u>0.62</u>
Total		<u>\$194,148,479</u>	<u>27.46</u>

(1) Based on the total fiscal year 2013-14 assessed valuation for the County of \$695,624,777.

(2) Enel Stillwater LLC (Stillwater Geo Plant), Enel Stillwater LLC (Salt Wells Plant) and Enel Stillwater Solar PV Facility were combined for purposes of Centrally Assessed totals.

(3) The owners of the existing geothermal plants in the County have filed protests of their 2013-14 assessed valuations.

Source: Nevada Department of Taxation, *Ten Highest Assessed Taxpayers Statewide and All Counties 2013-2014*.

Property Tax Limitations

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

Local Government Property Tax Revenue Limitation. State statutes limit the revenues school districts may receive from ad valorem property taxes for operating purposes. Pursuant to NRS 387.195, each board of county commissioners levies a tax of \$0.75 per \$100 of assessed valuation for school district operating purposes. This limitation does not apply to ad valorem taxes levied to repay the Bonds. School districts are also 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. This rate is generally limited as follows. The assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property.

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

The County is levying a tax override as allowed or required by State statutes.

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

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship.

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

The legislation implementing that amendment provides that the owner of a single-family residence may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if (among other requirements): the residence has an assessed value of not more than \$175,000; the property owner does not own any other real property in the State with an assessed value of more than \$30,000; the residence has been occupied by the owner for at least 6 months; the owner is not in bankruptcy; the owner owes no delinquent property taxes on the residence; the owner has suffered severe economic hardship caused by circumstances beyond his control (such as illness or disability expected to last for at least 12 continuous months); and the total annual income of the owner's household is at or below the federally designated poverty level. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the 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.

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 owner-occupied residential properties (and low-income housing properties) and, for all other properties, an annual percentage equal to the lesser of (a) 8% or (b) the greater of the average annual change in taxable values over the last ten years, as determined by a formula or twice the percentage of increase in the consumer price index for the immediately preceding calendar year. In accordance with such calculations, the increase in ad valorem property tax revenues owed by taxpayers for other properties in fiscal year 2015 is limited to 4.7%. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year.

Generally, reductions in the amount of ad valorem property tax revenues levied in the County are required to be allocated among all of the taxing entities in the County in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. However, abatements caused by tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly. Revenues realized from new or increased ad valorem taxes that are required by any legislative act that was effective after April 6, 2005, generally are *not* exempt from the abatement formulas. The Abatement Act provides for the recapture of previously abated property tax revenues in certain limited situations.

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the Churchill 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 are not 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 Fallon, 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 \$2.8029 in a portion of the unincorporated County to \$3.6400 in Fallon.

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

<u>Fiscal Year Ended June 30</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Average Statewide rate	<u>\$3.2162</u>	<u>\$3.1320</u>	<u>\$3.1171</u>	<u>\$3.1304</u>	<u>\$3.1212</u>
Churchill County School District	\$1.3000	\$1.3000	\$1.3000	\$1.3000	\$1.3000
Churchill County	1.2229	1.2229	1.2229	1.2229	1.2229
City of Fallon	0.8371	0.8371	0.8371	0.8371	0.8371
Churchill County Mosquito Abatement District	0.0800	0.0800	0.0800	0.0800	0.0800
Carson Water Subconservancy District	0.0300	0.0300	0.0300	0.0300	0.0300
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	\$3.6400	\$3.6400	\$3.6400	\$3.6400	\$3.6400

(1) Per \$100 of assessed valuation.

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

Source: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2009-10 through 2013-14.

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 June 30, 2014.

Estimated Overlapping Net General Obligation Indebtedness

<u>Entity</u> ⁽¹⁾	Total General Obligation <u>Indebtedness</u> ⁽²⁾	Presently Self-Supporting General Obligation <u>Indebtedness</u>	Net Direct General Obligation <u>Indebtedness</u>	Percent <u>Applicable</u> ⁽³⁾	Overlapping Net General Obligation <u>Indebtedness</u> ⁽⁴⁾
Churchill County	--	--	--	100%	--
Fallon	\$ 1,645,082	--	\$ 1,645,082	100	\$ 1,645,082
State of Nevada	<u>1,897,530,000</u>	<u>547,160,000</u>	<u>1,350,370,000</u>	0.83	<u>11,227,239</u>
Total	\$1,900,820,082	\$547,160,000	\$1,352,015,082		\$12,872,321

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

(2) Includes medium-term bonds and other obligations.

(3) Based on fiscal year 2013 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.

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

Source: Debt information compiled by the Financial Advisor; percentages calculated using information from Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2012-13; and the State Treasurer's office.

The following table sets forth the total direct and overlapping⁽³⁾ general obligation indebtedness attributable to the District as of February 1, 2013, after taking the issuance of the Bonds into account.

Net Direct & Overlapping General Obligation Indebtedness

Total Direct General Obligation Indebtedness ⁽¹⁾	\$35,218,600
Plus: Overlapping Net General Obligation Indebtedness	<u>12,872,321</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$48,090,921

(1) Does not take into account the issuance of the Bonds. 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⁾	25,322
Net Direct Debt ⁽²⁾	\$35,218,600
Overlapping Debt ⁽²⁾⁽³⁾	12,872,321
Total Direct Debt & Overlapping Debt.....	\$48,090,921
Per Capita Net Direct Debt	\$1,390
Per Capita Net Total Direct Debt & Overlapping Debt	\$1,899
2015 Assessed Valuation ⁽⁴⁾	\$701,513,275
% Net Direct Debt to Assessed Valuation	5.02%
% Net Total Direct Debt & Overlapping Debt to Assessed Valuation	6.86%
2015 Taxable Value ⁽⁴⁾	\$2,020,119,123
% Net Direct Debt to Taxable Value	1.74%
% Net Total Direct Debt & Overlapping Debt to Taxable Value	2.38%

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- (1) Nevada State Demographer projection dated October 1, 2013.
 - (2) Outstanding debt as of June 30, 2014, excludes the issuance of the Bonds. See “DEBT STRUCTURE – Outstanding Debt and Other Obligations.” Also see the table entitled “Net Direct & Overlapping General Obligation Indebtedness” above.
 - (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 General Obligation Debt.”
 - (4) Preliminary assessed valuation, subject to change until July 2014. See “Property Tax Base and Tax Roll Collection” for an explanation of the Assessed Value and Taxable Value.

Source: Nevada State Demographer website and Nevada Department of Taxation, Property Tax Rates for Nevada Local Governments, fiscal year 2013-14.

CHURCHILL 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 State Demographer's office, the estimated population of the County (and therefore the District) was 25,322 (based on State Demographer Projections dated October 1, 2013).

Board of Trustees

The District has a seven-member board of trustees. The Board meets on the second and fourth Thursday of each month. Trustees serve staggered four-year terms. The Board elects a President, a Vice President, a Clerk and an Acting Clerk from its members to serve one-year terms. 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>Expiration of Term</u>
Ron Evans, President	12/2016
Steve Nunn, Vice President	12/2016
Nona McFarlane, Clerk	12/2014
Carmen Schank, Acting Clerk	12/2014
Richard Gent, Member	12/2014
Clay Hendrix, Member	12/2014
Dr. Gregory S. Koenig, Member	12/2016

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 the Director of Business Services are set forth below.

Superintendent of Schools – Dr. Sandra Sheldon. Dr. Sandra Sheldon was appointed Superintendent of the District in June 8, 2013. Before joining the District, Dr. Sheldon served as Superintendent for the Warden School District in Washington State between 2006 and 2013 and Assistant Superintendent of the Ellensburg School District in Washington State between 1999 and 2006. Prior to 1999 she served over 19 years in various educational capacities, including principal, director of special education and teacher. Dr. Sheldon holds an

Ed.D. in Educational Leadership from Washington State University, an M.Ed. in Administration from Eastern Washington University and a B.S in Elementary Education/Special Education from the University of Mary Hardin-Baylor.

Director of Business Services – Phyllys Dowd, CPA. Phyllys Dowd has been the District’s Director of Business Services since October 2012. Prior to that time, Ms. Dowd was the Comptroller for Lyon County School District, Nevada, Chief Accountant for the Public Employees’ Retirement System of Nevada, a Farm Loan Officer for the USDA Farm Service Agency, and the Finance Director for the Kings Community Action Organization. She also has been an accountant in private practice, the controller for a multiple-company farming enterprise. Ms. Dowd holds an Associate of Arts degree in General Education from Cerro Coso Community College, Ridgecrest, and a Bachelor of Science degree in Business Administration and a Masters of Business Administration from California State University, Fresno.

Facilities

The District operates one high school, one middle school, three elementary schools, an early learning center and an adult education program.

Enrollment

A record of enrollment is presented in the following table. A new K-8 charter school opened within the District for school year 2011-12, which resulted in a decreased enrollment in the District operated schools. The same charter school is increasing the number of classrooms and will double in size for the 2014-15 school year. The District and charter school have worked together to identify the number of students that are anticipated to leave the District and that estimate is included in the projected enrollment for the 2014-15 academic year below. The economy has played a large role in the District’s continued declining enrollment. The District has maintained its count date enrollment into the spring semester of 2013. As a result, the District believes its large declining enrollment issues have slowed.

Enrollment History

Academic Year	Enrollment	% Change
2009-10	4,206	(3.4)%
2010-11	4,169	(0.9)
2011-12	3,917	(6.0)
2012-13	3,723	(4.9)
2013-14	3,674	(1.8)
2014-15 ⁽¹⁾	3,568	(2.9)

(1) Estimated.

Source: The District.

Employee Relations and Pension Benefits

Employee Relations. The District has 509 full and part-time employees as of June 1, 2014. The District has reduced 23 positions for the next school year in anticipation of the drop in student enrollment. The District is an equal opportunity/affirmative action employer with three employee bargaining units – administrators, classified, and licensed. All three bargaining units are working under contracts that expire June 30, 2014. All units are currently negotiating new contracts for the 2014-15 fiscal year. The District considers its relations with its employees to be satisfactory.

The District is offering an early retirement program to employees who meet specified criteria. The early retirement program will include the purchase of one year of retirement credit from PERS (defined below) for the eligible applicants. The Board has approved eight applicants that meet its eligibility requirements and they will be retiring when their current contracts expire. The District anticipates that the cost of the program will be approximately \$200,000.

Benefits. Employees that work more than 28 hours per week receive health insurance, dental insurance, vision insurance and life insurance paid by the District. They are able to add family members to the policy at the employee's expense.

Pension Matters. The State's Public Employees' Retirement System ("PERS") covers substantially all public employees of the State, its agencies and its political subdivisions, including the District. PERS, established by the Legislature effective July 1, 1948, is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor for four-year terms.

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as established by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits and death benefits.

Regular members of PERS hired before January 1, 2010, are eligible for retirement benefits at age 65 with five years of service, at age 60 with 10 years of service or at any age with 30 years of service. Police and fire members are eligible for retirement benefits with five years of service at age 65, with 10 years of service at age 55, with 20 years of service at age 50, or at any age with 25 years of service. In its 2009 session, the Legislature made changes to the benefit structure for newly hired members of PERS on or after January 1, 2010, including raising the retirement age from 60 to 62 (with 10 years of service), reducing post-retirement benefit increases, changing the age/years of service calculations and changing the benefit calculations.

PERS has an annual actuarial valuation showing unfunded liability and the contribution rates required to fund PERS on an actuarial reserve basis; however, actual contribution rates are established by the Legislature. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2013. As of June 30, 2011, PERS

reported an unfunded actuarial accrued liability (“UAAL”) of approximately \$11.01 billion, the funded ratio for all members was 70.2%, (actuarial value basis) and the market value of total net assets was approximately \$25.26 billion (resulting in a 68.5% funded ratio). As of June 30, 2012, PERS reported a UAAL of approximately \$11.21 billion, the funded ratio for all members was 71.0% (actuarial value basis), and the market value of total net assets was approximately \$25.90 billion (resulting in a 67.1% funded ratio). As of June 30, 2013, PERS reported a UAAL of approximately \$12.88 billion, the funded ratio for all members was 69.3% (actuarial value basis), and the market value of total net assets was approximately \$28.83 billion (resulting in a 68.7% funded ratio).

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 30 years. The calculation method for the UAAL existing as of June 30, 2013, is amortized using the closed method over 30 years. Effective for fiscal year 2012, the PERS Board adopted changes to the amortization method to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL will be 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 four-year asset smoothing policy for net deferred losses of approximately \$616 million from the 2011 valuation and approximately \$1,499 million in unrecognized investment losses. Unless offset by future investment gains, the recognition of the \$1,499 million market losses is expected to decrease the future funded ratio and increase the future contribution rate.

Effective with fiscal year 2015, the District will be required to apply the GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-amendment of GASB Statement No. 27* (“GASB 68”), to its audited financial statements. Among other requirements, the District will be required to report its proportionate share of the total PERS net pension liability in its financial statements. The District has not yet begun to implement GASB 68, and information as to its estimated share of the PERS net pension liability has not been determined.

Contribution rates to PERS are established in accordance with State statute. The statute allows for biennial increases or decreases of the actuarially determined rate. The Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employers to pay for their proportionate share of the unfunded liability. The District is obligated to contribute all amounts due under PERS. For fiscal years 2010 and 2011, the contribution rate was 21.50% for regular members (up from 20.5% in the previous biennium) and 37.0% for police/fire members (up from 33.5%). For fiscal years 2012 and 2013, the contribution rate increased to 23.75% for regular members and to 39.75% for police/fire members. For fiscal years 2014 and 2015, it will increase to 25.75% for regular members and 40.5% for police/fire members.

The District’s contribution to PERS for the years ended June 30, 2012 and 2013, were \$4,989,574 and \$5,005,319, respectively; those amounts were equal to the required contributions for each year. See Note 9 in the audited financial statements attached hereto as Appendix A for summary information on PERS. In addition, copies of PERS’ most recent

annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

Other Post-Employment Benefits (“OPEB”). The District participates in the State of Nevada Public Employee’s Benefit Program (“PEBP”), a cost-sharing multiple-employer defined benefit plan administered by the State. The benefits provided through this program are established and may be amended by the Board of the Public Employees’ Benefit Program (the “PEBP Board”) and consist of partial subsidies of health, dental, and vision insurance premiums (determined on a sliding scale) for retired persons who have worked five to 20 years for the District and who elect to participate in the program. The District is required by law to pay a percentage of the base amount for each fiscal year for participants. As of November 30, 2008 retirees may no longer enroll in the plan however, retirees already enrolled prior to that date are allowed to remain in the plan. The plan issues a separate financial report which can be obtained by writing to Public Employee’s Benefit Program, 901 South Stewart Street, Suite 1001, Carson City, Nevada, 89701.

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, 2012, 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). The District contributed \$625,980 and \$638,818 for fiscal years 2012 and 2013, respectively (on behalf of 219 participating retirees). See Note 10 in the audited basic financial statements attached hereto as Appendix A for a further discussion of the District’s participation in PEBP.

The District also administers a single-employer defined benefit healthcare plan (the “CCSDEHBP”) which provides postemployment healthcare and life insurance benefits to District retirees. Contribution requirements for plan members and the District are established and may be amended through negotiations between the District and its bargaining associations. Retirees pay 100% of the pay-as-you-go premiums based on a blended rate that blends active participants and retirees. The District’s contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates and is determined by actuarial studies. The most recently determined actuarial subsidy is \$25,827, up from \$25,750 in fiscal year 2012. As of June 30, 2013, five retirees were using the CCSDEHBP plan.

The District’s most recent actuarial valuation is dated as of October 2013. That actuarial valuation determined, that as of June 30, 2013, the District’s annual required contribution (or “ARC”) would be \$816,263 (compared to \$890,214 for fiscal year 2012) and its Annual OPEB Cost (the ARC adjusted for interest cost and other factors) would be \$831,672 (compared to \$901,341 for fiscal year 2012). A history of the District’s annual OPEB cost, the percentage of the annual OPEB cost contributed, and the net OPEB obligation, for both PEBP and CCSDEHBP, is set forth in Note 10 and the Required Supplemental Information in the audited financial statements attached hereto as Appendix A.

The District funds its OPEB obligations on a pay-as-you-go basis and as a result, all of its actuarial accrued liability (“AAL”) is considered unfunded because no trust assets offset the liability. The District’s total unfunded accrued actuarial liability (“UAAL”) for both plans as of June 30, 2011, was \$12,452,098, as of June 30, 2012, was \$12,371,664, and as of June 30, 2013, was \$12,071,239.

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

Compliance with Federal Laws; Federal Budget Sequestration

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

The District is subject to developments at the federal level with respect to the Budget Control Act of 2011, also known as “sequestration” which requires spending cuts. As sequestration reductions occur, budgetary impacts will be assessed and policy decisions will need to be considered by the Board as to whether backfill of federal program money will take place.

Several funding sources of the District have been negatively affected by sequestration. The District receives federal impact aid related to the education of children from the Naval Air Station and the nearby Paiute-Shoshone Tribe of the Fallon Reservation and Colony. The District also receives federal grants that provide services for several disadvantaged groups of children. In addition to the impact aid and grants, the District receives a BAB Subsidy (defined herein). All of these funding sources were reduced as a result of sequestration and the District has reduced expenditures to compensate for the loss of revenue. The District also has been reducing expenditures from the grants in order to carry funding over into fiscal year 2015.

DISTRICT FINANCIAL INFORMATION

Budgeting

On or before 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 on its budget on the third Wednesday 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 current financial resources measurement focus and the modified accrual basis of accounting in which revenues are recognized when they become measurable and available as net current assets. Property taxes, sales and use taxes, governmental service taxes and moneys from the Distributive School Account (described below) are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. The District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

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 debt service expenditures, as well as expenditures related to compensated absences and claims or judgments, which are recorded only when payment is due.

All proprietary funds are accounted for using the current financial resources measurement focus and 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 an annual financial report setting forth the financial condition of the District as of June 30 of each fiscal year. The annual financial report, 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 annual financial report is for the year ended June 30, 2013. 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, 2013, which are attached hereto as Appendix A, are excerpted from the annual financial report 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 receives 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 to 2.60% of taxable sales. The LSST tax rate was increased from 2.25% to 2.60% starting in fiscal year 2010, and currently is scheduled to return to 2.25% after June 30, 2015.

The District received \$4,782,802 (17.2% of General Fund revenues) from the property tax and \$5,492,741 (19.7% of General Fund revenues) from the LSST in fiscal year 2013, and received \$4,877,405 (16.5% of General Fund revenues) from the property tax and \$6,526,125 (22.1% of General Fund revenues) from the LSST in 2012. The District has projected to receive \$5,221,788 from property tax and \$5,261,787 from sales tax for fiscal year 2014. The District has budgeted to receive \$4,990,393 from property tax and \$6,106,829 from sales tax for fiscal year 2015. 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% (currently scheduled to return to 2.25% on July 1, 2015, as described above), on out-of-state sales that cannot be attributed to a particular county.

Each school district's share of State aid is set by the State legislature for the biennium in accordance with a formula set forth in the School Finance Plan. The School Finance Plan was adopted by the Nevada legislature in 1967 to compensate for wide local variations in resources and in cost per pupil. It is designed to provide reasonable equal educational opportunity and can be expressed in a formula partially on a per-pupil basis and partially on a per-program basis. The formula in the School Finance Plan contains four basic calculations: equalized basic support ratios, wealth adjustment factors, transportation allotments, and guaranteed basic support. To protect districts during times of declining enrollment, State law contains a "hold-harmless" provision which provides that the guaranteed level of funding is based on the higher of the current or the previous year's enrollment (unless the decline in enrollment is more than 5%, in which case the funding is based on the higher of the current or the previous two years' enrollment). The 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.

The per-pupil State guaranteed support for the District for fiscal years 2010-2014 was \$6,122, \$5,823, \$6,053, \$6,152 and \$6,538, respectively. The per-pupil State guaranteed support for fiscal year 2015 is \$6,629. The District received \$16,018,288 (54.2% of General Fund revenue) in State DSA funding in fiscal year 2012, and \$15,785,326 (56.7% of General Fund revenue) in State DSA funding in fiscal year 2013. The District has projected State DSA revenue of \$16,163,961 in fiscal year 2014 and budgeted \$15,218,210 in fiscal year 2015.

The School Finance Plan mechanism 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 and from fluctuations in receipts with respect to a portion (\$0.25) of the property tax levy. See "Local Sources" above. This results in approximately 82% of the District's budgeted General Fund revenue being fixed as a State obligation and is, therefore, not generally subject to revenue fluctuations during the course of the school year. Further, of the approximate 18% remaining District General Fund revenue, approximately two-thirds is based on the remaining \$0.50 component of the total \$0.75 property tax levy and since the assessed valuation of property within the District is determined prior to the beginning of the school year, the District knows its property tax base prior to the outset of its operating year. However, the State has experienced substantial budget shortfalls over the past several years and has been unable to fulfill the guarantee; the State Legislature has approved reduced school funding in special and regular sessions of the Legislature in the last several years.

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 2009 to 2013. The information for fiscal years 2009 through 2013 was derived from the District's annual financial report for those years. The table also provides the projected year-end figures for fiscal year 2014 and the Final Budget information for fiscal year 2015. The information in this table should be read together with the District's audited financial statements for the year ended June 30, 2013, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION – Additional Information."

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

Beginning in fiscal year 2011, the District’s General Fund balance is categorized as “Nonspendable” and “Assigned” and “Unassigned.” GASB 54 also allows fund balance to be categorized as “Restricted” and “Committed.” Generally, “Nonspendable” fund balance includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable. “Assigned” fund balance includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the District Board of Trustees or (b) the Director of Fiscal Services. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed. “Unassigned” fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the other four categories.

With the application of GASB 54, the budgetary basis of accounting for the General Fund differs from GAAP. Effective with the fiscal year ending June 30, 2011, the GAAP application of GASB 54 requires amounts reported in special revenue funds that do not meet the definition of GASB 54 for a “Special Revenue Fund” from proceeds of specific revenue sources to be included in the General Fund. As a result, for GAAP purposes, two existing special revenue funds are now required to be reported as part of the General Fund: the Unemployment Insurance Fund and the High School Construction Fund. The beginning fund balance in fiscal year 2011 is \$318,292 higher than the fiscal year 2010 ending fund balance as a result. The District continues to budget those funds separately from the General Fund.

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

Fiscal Year Ending June 30	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Projected	2015 Budgeted
Revenues							
Local Sources	\$12,009,961	\$11,350,592	\$12,176,450	\$12,415,566	\$11,362,198	\$11,632,878	\$12,271,652
State Sources	17,258,093	19,276,780	16,334,265	16,152,928	15,821,416	16,347,335	15,218,210
Federal sources	<u>3,426,335</u>	<u>975,780</u>	<u>1,100,022</u>	<u>962,608</u>	<u>639,096</u>	<u>509,531</u>	<u>529,246</u>
Total revenues	<u>32,694,389</u>	<u>31,603,152</u>	<u>29,610,737</u>	<u>29,531,102</u>	<u>27,822,710</u>	<u>28,489,744</u>	<u>28,019,108</u>
Expenditures							
Instruction:							
Regular instruction	14,206,907	13,766,283	12,756,451	12,907,484	13,238,661	12,663,875	11,968,571
Vocational instruction	874,583	750,778	842,023	948,302	737,606	850,934	846,056
Other instructional	240,283	121,340	228,388	236,541	220,165	177,245	173,701
Co-curricular activities	455,171	480,493	477,283	514,116	594,636	564,240	564,332
Community support	--	--	--	338	--	--	--
Undistributed:							
Support services-student	1,206,880	1,219,585	1,207,441	1,265,073	1,005,941	1,018,432	936,926
Support services-instruction	574,346	602,140	921,413	910,895	999,981	736,238	674,163
Support services-general admin.	545,361	605,482	583,235	667,195	661,567	590,471	607,486
Support services-school admin.	2,192,577	2,267,575	2,289,139	2,284,466	2,209,218	2,322,392	2,250,584
Central services	2,501,889	2,217,795	2,074,320	1,993,036	2,342,069	2,458,590	2,119,986
Operation and maintenance	3,765,618	3,720,597	3,700,977	3,790,891	3,796,449	3,877,313	3,741,628
Student transportation	1,150,150	1,306,352	1,239,860	1,428,935	1,376,041	1,442,029	1,354,886
Facilities acquisition and construction	--	--	--	31,564	5,485	--	--
Total expenditures	<u>27,713,765</u>	<u>27,058,420</u>	<u>26,320,530</u>	<u>26,978,836</u>	<u>27,187,819</u>	<u>26,701,759</u>	<u>25,238,319</u>
Excess of revenues over expenditures	<u>4,980,624</u>	<u>4,544,732</u>	<u>3,290,207</u>	<u>2,552,266</u>	<u>634,891</u>	<u>1,787,985</u>	<u>2,780,789</u>
Other Financing Sources (Uses)							
Proceeds from sale of school property	474	550	149,282	13,887	128,676	2,562	135,000
Transfers in	89,488	120,507	10,807	--	--	153,206	--
Transfers out ⁽¹⁾	<u>(4,079,226)</u>	<u>(3,374,724)</u>	<u>(3,253,680)</u>	<u>(3,539,698)</u>	<u>(3,688,894)</u>	<u>(3,343,206)</u>	<u>(3,041,000)</u>
Total other financing sources (uses)	<u>(3,989,264)</u>	<u>(3,253,667)</u>	<u>(3,093,591)</u>	<u>(3,525,811)</u>	<u>(3,560,218)</u>	<u>(3,187,438)</u>	<u>(2,906,000)</u>
Net change in fund balances	991,360	1,291,065	196,616	(973,545)	(2,925,327)	(1,399,453)	(125,211)
Fund balance as of July 1⁽²⁾⁽³⁾	<u>3,634,379</u>	<u>4,625,739</u>	<u>6,235,096</u>	<u>6,431,712</u>	<u>5,458,167</u>	<u>2,532,840</u>	<u>1,133,387⁽⁵⁾</u>
Fund balance as of June 30	<u>\$4,625,739</u>	<u>\$5,916,804</u>	<u>\$6,431,712</u>	<u>\$5,458,167</u>	<u>\$2,532,840</u>	<u>\$1,133,387</u>	<u>\$1,008,176⁽⁵⁾</u>
Nonspendable in form ⁽⁴⁾	--	--	\$ 169,459	\$ 129,827	\$224,026		
Restricted ⁽⁴⁾	\$ 466,128	\$ 286,175	149,036	133,374	249,048		
Unassigned ⁽⁴⁾	4,159,611	5,630,629	6,113,217	5,194,966	2,059,766		

Footnotes on the following page

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- (1) Comprised primarily of transfers to the Special Education Fund for special education programs.
 - (2) In fiscal year 2011, the beginning fund balance is \$318,292 higher than the ending fund balance for fiscal year 2010 due to the inclusion of the High School Construction Fund and the Unemployment Insurance Fund in the General Fund as required by GASB 54.
 - (3) The beginning fund balance in the 2013 Budget column is the actual fiscal year 2012 ending fund balance rather than the figure originally budgeted.
 - (4) Effective in fiscal year 2011, GASB 54 changed the terminology for reporting fund balance as described in the paragraph preceding this table. The GASB 54 categories are not directly comparable to the prior classifications.
 - (5) The beginning and ending fund balances have been changed from the amounts shown in the 2015 budget in order to conform with the projected 2014 ending fund balance.

Source: Derived from the District's audited Financial Statements for fiscal years 2009 through 2013, the District for the 2014 projected year-end amounts and the District's 2015 Final Budget.

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. Taxes generated by the District's existing bond property tax rate may be used for capital projects if they are not needed for the payment of the bonds and purposes related to bonds, including the required reserves.

The following table provides a history of the financial operations for the District's Debt Service Fund for fiscal years 2009 to 2013. The information for fiscal years 2009 through 2013 was derived from the District's audited Financial Statements for those years. The table also provides the projected year-end figures for fiscal year 2014 and the Final Budget information for fiscal year 2015. The information in this table should be read together with the District's audited financial statements for the year ended June 30, 2013, 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	2009 Audited	2010 Audited	2011 Audited	2012 Audited	2013 Audited	2014 Projected	2015 Budgeted
Revenues							
Property taxes	\$3,806,818	\$3,888,261	\$4,143,512	\$ 3,372,825	\$3,411,685	\$3,478,486	\$3,561,240
Net proceeds of mines	--	142,199	110,132	98,662	95,869	35,889	98,380
Interest on investments	64,282	7,053	11,717	4,436	4,661	9,822	8,000
Interest subsidy ⁽¹⁾	<u>--</u>	<u>--</u>	<u>103,288</u>	<u>126,475</u>	<u>126,475</u>	<u>116,909</u>	<u>123,003</u>
Total Revenues	<u>3,871,100</u>	<u>4,037,513</u>	<u>4,368,649</u>	<u>3,602,398</u>	<u>3,638,690</u>	<u>3,641,106</u>	<u>3,790,623</u>
Expenditures							
Principal	4,403,261	1,065,000	2,630,000	2,780,000	1,460,000	2,120,000	1,155,000
Interest	599,001	608,815	815,876	967,537	950,668	1,176,961	1,525,325
Other (purchased services)	<u>--</u>	<u>6,093</u>	<u>3,620</u>	<u>3,800</u>	<u>5,300</u>	<u>5,825</u>	<u>5,600</u>
Total Expenditures	<u>5,002,262</u>	<u>1,679,908</u>	<u>3,449,496</u>	<u>3,751,337</u>	<u>2,415,968</u>	<u>3,302,786</u>	<u>2,685,925</u>
Excess/(Deficiency) of Revenues Over (Under) Expenditures	<u>(1,131,162)</u>	<u>2,357,605</u>	<u>919,153</u>	<u>(148,939)</u>	<u>1,222,722</u>	<u>338,320</u>	<u>1,104,698</u>
Other Financing Sources/Uses							
Transfers out	--	--	(2,891,856)	(342,074)	--	(1,300,000)	(850,000)
Proceeds from bond sales	5,620,000	--	3,535,000	--	--	--	--
Bond premium	--	--	109,746	--	--	--	--
Payment to bond escrow agent	<u>(5,716,121)</u>	<u>(1,518)</u>	<u>(3,594,923)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>(96,121)</u>	<u>(1,518)</u>	<u>(2,842,033)</u>	<u>(352,074)</u>	<u>--</u>	<u>(1,300,000)</u>	<u>(850,000)</u>
Net change in fund balances	(1,227,283)	2,356,087	(1,922,880)	(314,615)	1,222,722	(961,680)	254,698
Fund balance, July 1	<u>3,584,172</u>	<u>2,356,889</u>	<u>4,712,976</u>	<u>2,790,096</u>	<u>2,299,083</u>	<u>3,521,805</u>	<u>2,560,125</u>
Fund balance, June 30	<u>\$2,356,889</u>	<u>\$4,712,976</u>	<u>\$2,790,096</u>	<u>\$2,299,083</u>	<u>\$3,521,805</u>	<u>\$2,560,125</u>	<u>\$2,814,823</u>

(1) The District's 2010A Bonds were issued as Build America Bonds ("BABs"). The "interest subsidy" represents a credit received by the District in an amount equal to 35% of the interest due on the 2010A Bonds (the "BAB Credit").

Source: Derived from the District's audited Financial Statements for fiscal years 2009 through 2013 and the District's 2014 Final Budget.

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, 2013, 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 2013 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, 2013.

Analysis of Recent Financial Developments

Fiscal Year 2014. The current fiscal year is nearly complete and a projection has been completed to estimate the ending fund balance. Most expenses are known amounts at this point as well as the majority of remaining revenue due to the District. The projection indicates that the District will achieve its budgeted ending fund balance. There are no material changes within the new budget, just reclassification of funds to meet the changing needs of District operations. Once the new budget is approved and submitted to the State, it will be available on the District's website.

Fiscal Year 2015 Budget Factors. The District is anticipating a 2.9% decline in enrollment due to a charter school increasing the number of classrooms available to students. That anticipated drop in enrollment and the past use of fund balance to cover operating expenses has led to major budget reductions for the 2015 budget. The District has eliminated 23 positions that is expected to save approximately \$1.4 million dollars. The State Legislature did increase the per-pupil funding rate and that increase has been allocated to cover increases in employee benefits. The fiscal year 2015 budget has been approved by the Trustee and has been submitted to the State as required.

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 purchases commercial insurance from independent third parties to cover these risks. The District carries property insurance, general liability, automobile coverage (includes buses), and public official errors and omissions coverage. 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 General Obligation Debt	Additional Statutory Debt Capacity
2009	\$725,891,895	\$108,883,784	\$20,671,000	\$88,212,784
2010	790,819,558	118,622,934	19,606,000	99,016,934
2011	813,230,612	121,984,592	23,961,000	98,023,592
2012	733,286,173	109,992,926	28,181,000	81,811,926
2013	694,365,680	104,154,852	37,344,200	66,810,652
2014 ⁽¹⁾	695,624,777	106,056,254	35,218,600	70,837,654

(1) Excludes the issuance of the Bonds.

Source: State Department of Taxation, Property Tax Rates for Nevada Local Governments, fiscal years 2009-13, and the District.

Outstanding Debt and Other Obligations

Outstanding General Obligation Bonds. The following table presents the outstanding general obligation indebtedness of the District as of July 1, 2014; excludes issuance of the Bonds.

Outstanding Debt and Other Obligations

	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
<u>GENERAL OBLIGATIONS BONDS⁽¹⁾</u>				
Improvement Bonds, Series 2009	02/24/09	04/01/29	\$7,000,000	\$6,245,000
Improvement Bonds, Series 2010A (BABS)	07/07/10	05/01/30	7,000,000	6,675,000
Improvement and Refunding Bonds, Series 2010B	07/07/10	05/01/20	3,535,000	1,390,000
Improvement Bonds, Series 2011	08/04/11	05/01/31	7,000,000	6,855,000
School Improvement Bonds, Series 2013	04/11/13	04/01/33	9,520,000	<u>9,520,000</u>
Total				<u>30,685,000</u>
<u>MEDIUM-TERM OBLIGATIONS⁽²⁾</u>				
Medium-Term General Obligation Bonds	5/15/13	4/01/23	1,103,200	1,097,600
QZAB ⁽³⁾	1/28/06	12/28/16	3,436,000	<u>3,436,000</u>
GRAND TOTAL				<u>\$35,218,600</u>

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- (1) 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.
 - (2) General obligations secured by the full faith, and credit and payable from all legally available funds of the District. The ad valorem tax rate available to pay these bonds is limited to the statutory and the constitutional limit as well as to the District's maximum operating levy and any legally available tax overrides.
 - (3) The District makes sinking fund payments annually such that sufficient funds will be on hand to make the total principal payment when due.

Source: The District.

Additional Bonds. The District may issue general obligation bonds (including refunding bonds) by means of authority granted to it by its electorate or the Legislature or, under certain circumstances, without an election as provided in existing statutes. The District reserves the right to issue additional bonds at any time legal requirements are met.

The District currently anticipates issuing additional bonds in 2016 or 2017 (after the proceeds of the Bonds are spent). The amount of that anticipated issue has not yet been determined and is dependent upon the District's capital needs and other factors.

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 compensated absences. See Note 8 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 general obligation bonds repaid by the debt service property tax levy as of June 30, 2014, without taking the issuance of the Bonds into account. This table does not include the debt service payable on the District's medium-term QZAB.

Outstanding Debt Service Requirements - General Obligation Bonds^{(1)(2)*}

Fiscal Year Ended <u>June 30</u>	<u>Principal</u> ⁽³⁾	<u>Interest</u> ⁽³⁾	Anticipated BAB <u>Subsidy</u> ⁽⁴⁾	Total Net of BAB <u>Subsidy</u>
2015	\$1,155,000	\$1,125,327	(\$123,003)	\$2,157,323
2016	1,440,000	1,088,635	(119,016)	2,409,619
2017	1,480,000	1,044,069	(114,356)	2,409,713
2018	1,520,000	999,230	(109,254)	2,409,976
2019	1,555,000	951,391	(103,632)	2,402,760
2020	1,600,000	901,220	(97,723)	2,403,497
2021	1,575,000	846,720	(91,456)	2,330,264
2022	1,635,000	794,558	(84,733)	2,344,824
2023	1,705,000	739,128	(77,558)	2,366,569
2024	1,765,000	677,358	(69,570)	2,372,788
2025	1,835,000	612,123	(61,292)	2,385,831
2026	1,910,000	542,198	(52,726)	2,399,472
2027	1,995,000	466,038	(42,985)	2,418,052
2028	2,085,000	383,038	(32,821)	2,435,216
2029	2,265,000	295,563	(22,234)	2,538,329
2030	1,900,000	201,073	(11,329)	2,089,744
2031	1,425,000	122,455	0	1,547,455
2032	900,000	73,600	0	973,600
2033	<u>940,000</u>	<u>37,600</u>	<u>0</u>	<u>977,600</u>
Total	\$30,685,000	\$11,901,319	(\$1,213,687)	\$41,372,632

(1) Totals may not add due to rounding.

(2) Excludes debt service on the QZAB.

(3) Includes total principal and interest payments due on the District's outstanding bonds (excluding the estimated debt service payment on the Bonds) in each year.

(4) The District's 2010A Bonds were issued as BABs and the District anticipates that it will receive the BAB Credit in an amount equal to 35% of the interest due on the 2010A Bonds in each year. However, as described in "CHURCHILL COUNTY SCHOOL DISTRICT – Compliance with Federal Laws; Federal Budget Sequestration," the amount received will be lower than shown here as long as sequestration remains in effect.

Source: The District and the Financial Advisor.

* Preliminary, subject to change.

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Population and Age Distribution

Population. The table below shows the population growth of the City of Fallon, Churchill County and the State since 1970. Between 2000 and 2010, the City of Fallon’s population increased 14.2%, Churchill County’s population increased 3.7%, and the State increased 35.1%.

Year	<u>Population</u>					
	City of Fallon	Percent Change	Churchill County	Percent Change	Nevada	Percent Change
1970	--	--	10,513	--	488,738	--
1980	4,262	--	13,917	32.4%	800,493	63.8%
1990	6,480	52.0%	17,938	28.9	1,201,833	50.1
2000	7,536	16.3	23,982	33.7	1,998,257	66.3
2010	8,606	14.2	24,877	3.7	2,700,551	35.1
2011	8,609	0.0	25,136	1.0	2,721,794	0.8
2012	8,706	0.0	25,238	0.4	2,750,217	1.0
2013	8,706	0.0	25,322	0.3	2,800,967	1.8

Sources: United States Department of Commerce, Bureau of the Census (1970 – 2010) and Nevada State Demographer’s Office (2011 – 2013 estimates).

Age Distribution. The following table sets forth a projected comparative age distribution profile for the City of Fallon, Churchill County, the State and the nation as of January 1, 2014.

Age Distribution

Age	City of Fallon	Churchill County	Nevada	United States
0-17	27.1%	24.3%	24.1%	23.4%
18-24	9.4	9.3	9.1	10.0
25-34	15.2	12.0	13.9	13.2
35-44	11.5	11.1	13.6	12.7
45-54	12.3	13.4	13.6	13.8
55-64	10.2	13.1	12.1	12.6
65-74	8.0	10.2	8.4	8.1
75 and Older	6.3	6.6	5.2	6.2

Source: © 2014 The Nielsen Company, *SiteReports*.

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	City of Fallon	Churchill County	Nevada	United States
2010	--	\$45,952	\$48,659	\$43,252
2011	--	42,856	45,706	41,368
2012	\$35,529	42,916	45,512	41,253
2013	41,300	43,250	40,617	41,358
2014	45,796	48,477	42,480	43,715

(1) The difference between consecutive years is not an estimate of change from one year to the next; separate combinations of data are used each year to identify the estimated mean of income from which the median is computed.

Source: © The Nielsen Company, *SiteReports*, 2010-2014.

Percent of Households by Effective Buying Income Groups – 2014 Estimates

Effective Buying Income Group	City of Fallon Households	Churchill County Households	Nevada Households	United States Households
Under \$24,999	21.3%	20.3%	26.8%	27.0%
\$25,000 - 49,999	35.3	31.7	32.4	30.2
\$50,000 - 74,999	22.2	21.7	19.1	19.1
\$75,000 - 99,999	12.1	14.9	11.4	11.3
\$100,000 - 124,999	5.1	5.7	4.6	5.1
\$125,000 - 149,999	1.9	2.9	2.4	3.0
\$150,000 or More	2.1	2.8	3.3	4.3

Source: © 2014 The Nielsen Company, *SiteReports*.

The following table sets forth the annual per capita personal income levels for the residents of the County, the State and the nation. Per capita personal income levels in the County have consistently exceeded state and national levels during the period shown.

Per Capita Personal Income

Year ⁽¹⁾	Churchill County	Nevada	United States
2008	\$40,937	\$39,936	\$40,873
2009	39,133	36,839	39,357
2010	41,382	36,692	40,163
2011	43,759	37,396	42,298
2012	47,464	38,221	43,735
2013	n/a	38,920	44,543

(1) All estimates revised for 2008-2011; a new County estimate for 2012 as posted in November 2013; and new 2013 estimates for State and U.S. as posted in March 2014. All figures are subject to periodic revisions.

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

Employment

The Churchill 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
Churchill County, Nevada

Calendar Year	2009	2010	2011	2012	2013	2014 ⁽⁴⁾
TOTAL LABOR FORCE ⁽¹⁾	13,700	13,620	13,610	13,150	12,840	12,620
Unemployment	1,220	1,450	1,450	1,250	1,050	910
Unemployment Rate ⁽²⁾	8.9%	10.6%	11.6%	9.5%	8.2%	7.2%
Total Employment ⁽³⁾	12,480	12,170	12,160	11,900	11,790	11,710

(1) Figures for 2009-2014 were revised April 2014.

(2) The U.S. unemployment rates for the years 2009 through 2013 are 9.3%, 9.6%, 8.9%, 8.1%, and 7.4%, respectively.

(3) Adjusted by census relationships to reflect number of persons by place of residence.

(4) Averaged labor force numbers through April 2014.

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

The following table indicates the number of persons employed, by type of employment, in non-agricultural industrial employment in Churchill County.

Establishment Based Industrial Employment
Churchill County, Nevada

Calendar Year	2008	2009	2010	2011	2012	2013 ⁽¹⁾
Natural Resources and Mining	n/a ⁽²⁾					
Construction	780	600	420	420	490	530
Manufacturing	440	340	270	300	360	390
Trade, Transportation and Utilities	1,830	1,880	1,880	1,870	1,890	1,940
Information	n/a ⁽²⁾					
Financial Activities	310	290	260	240	230	230
Professional and Business Services	950	690	680	650	620	540
Education and Health Services	940	930	920	870	810	900
Leisure and Hospitality	1,060	1,000	970	970	950	960
Other Services	200	200	190	190	220	230
Government	<u>1,910</u>	<u>1,900</u>	<u>1,900</u>	<u>1,900</u>	<u>1,750</u>	<u>1,750</u>
TOTAL ALL INDUSTRIES⁽³⁾	<u>8,530</u>	<u>7,930</u>	<u>7,610</u>	<u>7,580</u>	<u>7,440</u>	<u>7,580</u>

(1) Averaged estimates as of September 30, 2013.

(2) Does not meet confidentiality requirements for disclosure.

(3) Totals may not add due to rounding. Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

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

The table below lists the largest fifteen employers in the County. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the County.

Largest Employers - Churchill County, NevadaAs of 4th Quarter - 2013

Employer	Employees	Industry
Churchill County School District	500 - 599	Public education
Churchill Community Hospital	200 - 299	Hospital
Wal-Mart Supercenter	200 - 299	Retail supercenter
L-3 Vertex Aerospace	200 - 299	Air transport
Churchill County	200 - 299	Local government
U.S. Department of Defense	100 - 199	National security
Chugach Support Services Inc.	100 - 199	Facilities support services
Northrup Grumman Technical	100 - 199	Air transport
New Millennium Building System	100 - 199	Structural metal manufacturer
Highland Manor of Fallon	100 - 199	Nursing care facility
Stockman's Casino	100 - 199	Casino
City of Fallon	100 - 199	Local government
Sikorsky Support Services Inc.	90 - 99	Air transport
Systems Consultants	90 - 99	Data processing
Kennametal Inc., Nevada Division	90 - 99	Metal processing

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

The following table lists the firm employment size breakdown for the County.

Size Class of Industries⁽¹⁾

Churchill County, Nevada
(Non-Government Worksites)

CALENDAR YEAR	4 th Qtr 2013	4 th Qtr 2012	Percent Change 2013/2012	Employment Totals 4 th Qtr 2013
TOTAL NUMBER OF WORKSITES	603	610	(1.1)%	5,889
Less Than 10 Employees	467	477	(2.1)%	1,486
10-19 Employees	80	78	2.6	1,040
20-49 Employees	38	37	2.7	1,193
50-99 Employees	10	10	0.0	748
100-249 Employees	6	6	0.0	847
250-499 Employees	2	2	0.0	575
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⁾	Churchill County Total ⁽²⁾	Percent Change	State Total ⁽²⁾	Percent Change
2008	\$294,410,639	--	\$48,196,848,945	--
2009	321,713,562	9.3%	42,086,614,338	(12.7)%
2010	251,257,089	(21.9)	37,772,066,777	(10.3)
2011	249,111,757	(0.9)	39,935,016,227	5.7
2012	320,188,210	28.5	42,954,750,131	7.6
2013	387,569,985	21.0	45,203,408,413	5.2
Jul 12–Feb 13	\$223,462,470	--	\$29,409,121,819	--
Jul 13–Feb 14	156,057,769 ⁽³⁾	(30.2)%	30,701,818,284	4.4%

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

(2) Subject to revision.

(3) In Fiscal Year 2013, there were two major construction projects that received tax abatements: a milk processing plant with an estimated cost of \$75M and a geothermal plant with an estimated cost of \$325M. These projects have been over a two year time period.

Source: State of Nevada, Department of Taxation.

Construction

The following table sets forth a history of the number of all building permits issued in the unincorporated County and their valuations. Construction valuation is a value placed on a project in order to determine permit and fees, and has no relationship to assessed valuation.

Building Permit Issuance in Unincorporated Churchill County, Nevada

Year	Residential		Commercial	
	Permits	Valuation	Permits	Valuation
2009	141	\$3,929,739	17	\$1,303,712
2010	6	313,248	16	1,078,868
2011	7	728,931	31	1,247,300
2012	10	1,318,420	15	1,424,778
2013	8	1,484,764	35	22,706,248
2014 ⁽¹⁾	5	1,043,395	15	6,122,504

(1) Permits issued through May 20, 2013.

Source: Churchill County Building Department.

Agriculture

Since the late 1800's, agriculture has been a reliable economy for Churchill County residents. According to the USDA 2012 Census of Agriculture (executed every 5 years), the County supported 672 farms and ranches covering 197,232 acres. The 2012 total market value of the County's agricultural products sold was approximately \$89.9 million, 13% of the State's overall market value sold. A diversity of crops grown includes corn, alfalfa, grass hay, wheat, teff hay, flowers and vegetables. Access to public grazing lands supports beef cattle ranching – the 2012 Census reported cattle and calves inventory at 38,814, including 10,858 dairy cows. The County's first vineyard was established in 2001 with ten varieties of fine wine grapes in the high desert Lahontan Valley area. Fine wine grapes consume one tenth of the water consumed by hay crops. Churchill Vineyards, Nevada's second licensed winery, created its first vintage of premium estate wines in 2004.

In 2012, Dairy Farmers of American ("DFA") began constructing a state-of-the-art dairy ingredient manufacturing facility on a 31.5-acre parcel in Fallon, NV. DFA reports that the plant will be equipped to process 2 million pounds of raw milk daily and is capable of producing 250,000 pounds of dried dairy ingredients daily for domestic and global customers. In addition to new growth in the local dairy industry, increased employment opportunities are expected in the community and in agriculture support industries.

Transportation

The City of Fallon is approximately 60 miles east of Reno and is situated at the Nevada junction of U.S. Highway 50 and U.S. Highway 95. U.S. Highway 50 runs east-west to Reno and California and east to Salt Lake City, and U.S. Highway 95 runs north-south through northern Nevada and Idaho and south to Las Vegas and Arizona. Shipments to 90 percent of the region within nine western states can be made on a next-day basis.

The Union Pacific Railroad provides spurline freight service to the center of the City of Fallon. Burlington Northern Santa Fe has also been authorized to operate over the tracks in Northern Nevada. Fallon Municipal Airport provides charter and general aviation services to the area. Commercial air services are available in Reno.

Development Activity

The Churchill Economic Development Authority (CEDA) is a non-profit association of public and private entities organized to provide economic development leadership and programs to sustain and enhance the economic vitality of the City of Fallon and Churchill County. CEDA is dedicated to sustaining a strong economic base and building an environment that preserves, attract, and promotes business growth in the Lahontan Valley. CEDA's primary function is to provide information to companies considering locating or expanding in the County. The Small Business Development Center at the University of Nevada, Reno has an extension office located at CEDA.

The State has several unique business incentives, including competitive wage rates, an expanding labor force, low cost and readily available electrical power, low cost outbound freight transportation to other prominent southwestern markets, and a graduated schedule for payment of sales and use tax on new capital equipment, that also promote growth in the County.

Geothermal Activity

Northern Nevada contains one of the largest geothermal fields in North America. The Nevada Department of Taxation reports that geothermal producers in the State generated \$162.5 million in gross proceeds in 2012 compared to \$152.9 million in 2011, and \$145.3 million in 2010. Successful geothermal projects provide additional economic resources, such as job creation, rents and royalties, net proceeds of mine taxes and property taxes. Since geothermal water is a natural resource, it is taxed in a similar fashion as metals or minerals.

Currently, six geothermal electrical generation plants operate in Churchill County: TerraGen Dixie Valley Plant, Enel's Stillwater Plant, Enel's Salt Wells Plant, Soda Lake I & II Magma, Desert Peak Ormat, and Brady Power Plant. Construction on the new Patua Geothermal Power Plant site began in 2011 and was completed during the current fiscal year. The Patua geothermal prospect is being developed by Gradient Resources and is approximately 10 miles east of the Town of Fernley. Five currently operating geothermal power plants are located within 30 miles of the Patua project.

Federal Activities

The Naval Air Station at Fallon ("NAS Fallon") is located approximately seven mile southeast of the community of Fallon. The base was built during World War II and has become one of the premier training sites for Navy and Marine Corps pilots and ground crews. In 1995, a new hangar, ramp and academic building were built to accommodate the Navy Fighter Weapons School (TOPGUN) and Carrier Airborne Early Warning Weapons School (Top Dome). In 1996, a Seabee construction unit and reserve adversary strike fighter squadron (VFC-13) also relocated to NAS Fallon. Including the bombing and electronic warfare ranges, the base covers over 200,000 acres.

According to a 2008 NAS Fallon study on economic impact, the base generated \$573 million in total economic benefit to the regional economy (Churchill, Lyon and Washoe Counties). Churchill County benefits from personal spending by air station employees and visitors, as well as from local Navy contract expenditures. The 2008 study states that approximately \$500 million was generated regionally in industrial output and approximately \$64 million in direct payroll expenditures for military and civilian personnel. In 2008, there were 1,301 government personnel (902 military and 399 civilian) employed in primary activities at NAS Fallon. Another 2,765 additional jobs were related to NAS Fallon operations, payroll and other spending.

The possible impact of federal sequestration on the NAS Fallon is unknown at this time.

TAX MATTERS

Federal Tax Matters

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

The Tax Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (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 will covenant and represent in the Bond Resolution that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under such federal income tax laws in effect when the Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the District to comply with these requirements could cause the interest on the Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the District and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

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

With respect to Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on April 1 and October 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable

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

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

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

FINANCIAL INSTITUTION INTEREST DEDUCTION

The Tax Code generally provides that a financial institution may not deduct that portion of its interest expense which is allocable to tax-exempt interest. The interest expense which is allocable to tax-exempt interest is an amount which bears the same ratio to the institution's interest expense as the institution's average adjusted basis of tax-exempt obligations acquired after August 7, 1986 bears to the average adjusted basis of all assets of the institution. Tax-exempt obligations may be treated as if issued prior to August 7, 1986 (and therefore are not subject to this rule), if they are "qualified tax-exempt obligations" as defined in the Tax Code and are designated for this purpose by the District.

The District will designate the Bonds for this purpose in a tax certificate delivered at the time of the closing for the Bonds; however, under provisions of the Tax Code dealing with financial institution preference items, certain financial institutions, including banks, are denied 20% of their otherwise allowable deduction for interest expense with respect to obligations incurred or continued to purchase or carry the Bonds. In general, interest expense with respect to obligations incurred or continued to purchase or carry the Bonds will be in an amount which bears the same ratio as the institution's average adjusted basis in the Bonds bears to the average adjusted basis of all assets of the institution.

Amendments to the Tax Code could be enacted in the future and there is no assurance that any such future amendments which may be made to the Tax Code will not adversely affect the ability of banks or other financial institutions to deduct any portion of its interest expense allocable to tax-exempt interest.

LEGAL MATTERS

Litigation

There are suits pending in courts within the State to which the District is a party. In the opinion of the District's counsel, however, there is no litigation or controversy of any nature now pending, or to the knowledge of the District's 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 counsel is of the opinion that current litigation facing the District will not materially affect the District's ability to perform its obligations to the owners of the Bonds.

Approval of Certain Legal Proceedings

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

this Official Statement. Certain matters will be passed upon for the District by its general counsel.

Police Power

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

Sovereign Immunity

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

INDEPENDENT AUDITORS

The audited basic financial statements of the District as of and for the year ended June 30, 2013, attached hereto as Appendix A, have been audited by Kafoury, Armstrong & Co., certified public accountants, Fallon, Nevada, to the extent and for the period stated in their report appearing herein.

The audited financial statements of the District, including the auditor's report thereon, are public documents and pursuant to State law no consent from the auditors is required to be obtained prior to inclusion of the audited financial statements in this Official Statement. Accordingly, the District has not requested consent from its auditors. Kafoury, Armstrong & Co., the District's independent auditor 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. Kafoury, Armstrong & Co., also has not performed any procedures relating to this Official Statement.

RATING

Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P") has assigned the Bonds the rating of "AAA," as shown on the cover page of this Official Statement, based on the guarantee by the State PSF. S&P also has assigned the Bonds an underlying rating of "A+" (negative outlook) as shown on the cover page of this Official Statement. An explanation of the significance of any rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

Such ratings reflect only the views of the rating agency and there is no assurance that any rating, once received, will continue for any given period of time or that any rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except for its responsibilities under the

Disclosure Certificate, the District has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

FINANCIAL ADVISOR

JNA Consulting Group, LLC, 1400 Wyoming Street, Suite 3, Boulder City, Nevada 89005, 702-294-5100 is serving as Financial Advisor to the District in connection with the Bonds. The Financial Advisor has not audited, authenticated, or otherwise verified the information set forth in this Official Statement, or any other related information set forth in this Official Statement, or any other information available to the District, with respect to the accuracy and completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Financial Advisor respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

UNDERWRITING

The District sold the Bonds at public sale to BOSC, Inc. at a purchase price of \$9,730,393.85 (which is equal to the principal amount of the Bonds, plus original issue premium of \$550,020.10, less underwriting discount of \$134,626.25).

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.

CHURCHILL COUNTY SCHOOL DISTRICT,
NEVADA

By: /s/ Phylllys Dowd
Director of Business Services

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS OF CHURCHILL COUNTY
SCHOOL DISTRICT, NEVADA FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

CHURCHILL COUNTY SCHOOL DISTRICT FALLON, NEVADA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2013



PREPARED BY CCSD BUSINESS OFFICE

Phyllis Dowd, CPA

Director of Business Services

690 South Maine Street

Fallon, Nevada 89406

www.churchill.k12.nv.us

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**CHURCHILL COUNTY SCHOOL DISTRICT
JUNE 30, 2013**

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INTRODUCTORY SECTION

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CHURCHILL COUNTY SCHOOL DISTRICT

690 SOUTH MAINE STREET
FALLON, NEVADA 89406
PHONE: (775) 423-5184
FAX: (775) 423-2959
www.churchill.k12.nv.us

DR. SANDRA SHELDON
SUPERINTENDENT

Excellence in Education

December 20, 2013

TO THE CITIZENS AND THE HONORABLE BOARD OF TRUSTEES OF THE CHURCHILL COUNTY SCHOOL DISTRICT:

We are pleased to submit the Comprehensive Annual Financial Report of Churchill County School District for the fiscal year ended June 30, 2013.

Nevada Revised Statutes (NRS) 354.624 requires the District to issue an annual report on its financial position and activities and that this report be audited by an independent certified public accounting firm. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the District; and that all disclosures necessary to enable the reader to gain an understanding of the District's financial activity have been included.

This report contains a comprehensive analysis of the District's financial position and activities for the fiscal year. This report is presented in four sections:

- Introductory Section, which contains this transmittal letter, listing of District Officials and an Organizational Chart;
- Financial Section, which consists of the independent auditor's report, the Management Discussion and Analysis, the basic financial statements, including the notes to the financial statements, and more detailed combining and individual fund statements and schedules;
- Statistical Section, which contains financial, demographic, and general information, generally presented for multiple years; and
- Compliance Section, which contains the independent auditor's report on compliance with laws and regulations and internal control and also contains the Schedule of Expenditures of Federal Awards.

This Comprehensive Annual Financial Report presents all funds of Churchill County School District, the primary government.

REPORT PRESENTATION

We are presenting Management's Discussion and Analysis as an introduction to the financial information. It immediately follows the auditor's opinion. This section provides an overview and analysis of the District's significant transactions to aid readers in understanding their financial impact and relationship to the financial statements and schedules provided. This section is presented to provide more meaningful information to our readers and to demonstrate accountability for our financial actions.

BUSINESS OFFICE
PHONE: (775) 428-7230
FAX: (775) 423-0583

REPORTING ENTITY

The District was organized as a result of legislation enacted in 1956. This District provides a full range of elementary, secondary and adult educational services including local, state and federal programs. As with all school districts in Nevada, its boundaries are conterminous with the County. During fiscal year 2012-13, the District operated one special education and early learning center (pre-K and K), three elementary schools (grades 1 to 5), one middle school (grades 6 to 8), one high school (grades 9 to 12) and an adult high school program. The District employed approximately 549 full and part-time employees and served 3,723 (pre-K to 12) students during the year. The District's enrollment has been declining since the 2005-06 school year. Total enrollment decreased by 5.0% from the prior year of 3,917.

The governing board of the District consists of seven members elected by the public for four-year terms. The Board of Trustees believes that our mission is to develop a School District where everyone is always learning. The Board of Trustees is ultimately accountable for the fiscal matters of the District. The Superintendent of Schools is responsible to the Board of Trustees for the general efficiency of the school system, including personnel, finance, administration and instruction, student services, and all other phases of District operations. In addition, the Superintendent develops policy for constructive relations between schools and the community, and assures programs are responsive to current and future student needs, and compatible with community expectations.

This report includes all funds of the primary government unit, the District. The District does not have any component units or legally separate entities. Control by or dependence on the District was determined on the basis of budget adoption, outstanding debt secured by revenues or general obligations of the District, or by obligation of the District to finance any deficits that occur. Based on these criteria, there are no other organizations or entities included in the financial statements.

LOCAL ECONOMIC CONDITION AND OUTLOOK

The District is located in the north central part of the State of Nevada in the boundaries designated as Churchill County. The County itself ranks sixth in size with an area of approximately 4,900 square miles. The City of Fallon is the only incorporated city within the County and is the county seat.

Churchill County's economy includes various types of businesses along with two major industries, agriculture and military. Churchill County farmers grow alfalfa, corn, oats, grain, grapes, and other crops while the ranchers raise cattle, pigs, sheep and more. Naval Air Station (NAS) Fallon is also located within the County and is the largest employer. NAS Fallon (and its sub-contractors) employs approximately 2,500 people including both military and non-military personnel.

The population of Churchill County at the end of the 2013 fiscal year was projected at 24,455, which reflects an 8.0% decrease over the 2004 population of 26,585. Over the last year, the County population increased slightly according to projections. The annual labor force of the County is estimated at 12,805 at the end of June 2013, while the unemployment rate was 8.1% compared to 9.5% last year.

Other indicators of the economy in the County are reflected in taxable retail sales which is the source of revenue received through the Local School Support Tax or sales tax. Taxable sales increased 2.1% from fiscal year 2012.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

In developing and evaluating the District's accounting system, consideration was given to the adequacy of internal accounting controls. Such controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the evaluation of such costs and benefits requires estimates and judgments by management. We believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

In addition, the accounting system must provide sufficient information to ensure compliance with statutory budgetary controls and applicable laws, and regulations relating to federal, state, and local financial assistance. The budget is prepared on the modified accrual basis in accordance with statutory requirements. Annual operating budgets are required for all funds except agency funds.

Budgetary controls over expenditures are specified by statute at the function level. The budget is integrated into the accounting system to provide adequate budget to actual comparisons throughout the year. Compliance with the budget and other statutory issues are discussed in the notes to the financial statements.

As part of the District's single audit, tests were made of the government's internal control structure and of its compliance with applicable laws and regulations, including those related to federal financial assistance programs. The related auditor's reports are included in the compliance section of this report.

CASH MANAGEMENT

The District is authorized by statute to invest in bonds or other obligations of the United States Treasury, its agencies and instrumentalities, bonds of the State of Nevada, obligations of other local governments of the State of Nevada, certificates of deposits and bankers acceptances, and obligations of other state and local governments if they are rate "A" or better by one of the nationally recognized bond credit agencies and other investments allowed by state statutes.

The District internally pools its funds and invests its excess cash with the State of Nevada Local Government Investment Pool and First Independent Bank. Both investments options provide liquidity, security and comparatively moderate rates of return. With few exceptions, all interest is allocated monthly to the Building and Sites Capital Project Fund. Trust funds and the Rollover Bond Fund record interest on their own investments. See details of cash and investments in Note 4 of the financial statements.

RISK MANAGEMENT

The District believes it has an obligation to protect itself against accidental losses, which could adversely affect its assets or prevent it from fulfilling its responsibilities to the public; and to provide this protection at the most economical cost possible. The District's risk management program addresses this obligation by using all available risk management resources and techniques including risk identification and analysis, purchase of commercial insurance, risk reduction, and risk avoidance. The District maintains adequate insurance coverage for all traditional areas of risk or concern of risk.

The District has joined together with similar public agencies (cities, counties, county-owned hospitals and special districts) throughout the State of Nevada to create an insurance pool under the Nevada Interlocal Cooperation Act for property, liability and related insurance. The Nevada Public Agency Insurance Pool is a public entity risk pool currently operating as a common risk management and insurance program for its members.

OTHER INFORMATION

Nevada Revised Statutes (NRS 354.624) require an annual audit of the affairs, transactions and financial records of the District by independent auditors. The firm of Kafoury, Armstrong & Co. was selected by the District to perform an audit that addressed statutory requirements and the requirements of federal OMB Circular A-133 and the 1996 Single Audit Act Amendments. The auditor's report on the financial statements is included in the financial section of this report. Their reports on internal controls and compliance with applicable laws and regulations are included in the compliance section.

Those who wish to obtain a true understanding of the financial condition and results of operations of the Churchill County School District are encouraged to review this report, including the detailed notes to the financial statements, which are an integral part of the statements.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the dedicated services of the Business Office and District staff. Thanks also to the dedicated professional staff from Kafoury, Armstrong & Co., Certified Public Accountants, for their contribution and support throughout the process.

Respectfully submitted,



Phyllys Dowd, CPA
Director of Business Services

**PRINCIPAL OFFICERS
OF THE CHURCHILL COUNTY SCHOOL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2013**

BOARD OF TRUSTEES

<u>Trustee</u>	<u>Position</u>	<u>Term Expires</u>
Ron Evans	President	12/31/2016
Steve Nunn	Vice-President	12/31/2016
Nona McFarlane	Clerk	12/31/2014
Carmen Schank	Acting Clerk	12/31/2016
Richard Gent	Member	12/31/2014
Clay Hendrix	Member	12/31/2014
Greg Koenig	Member	12/31/2016

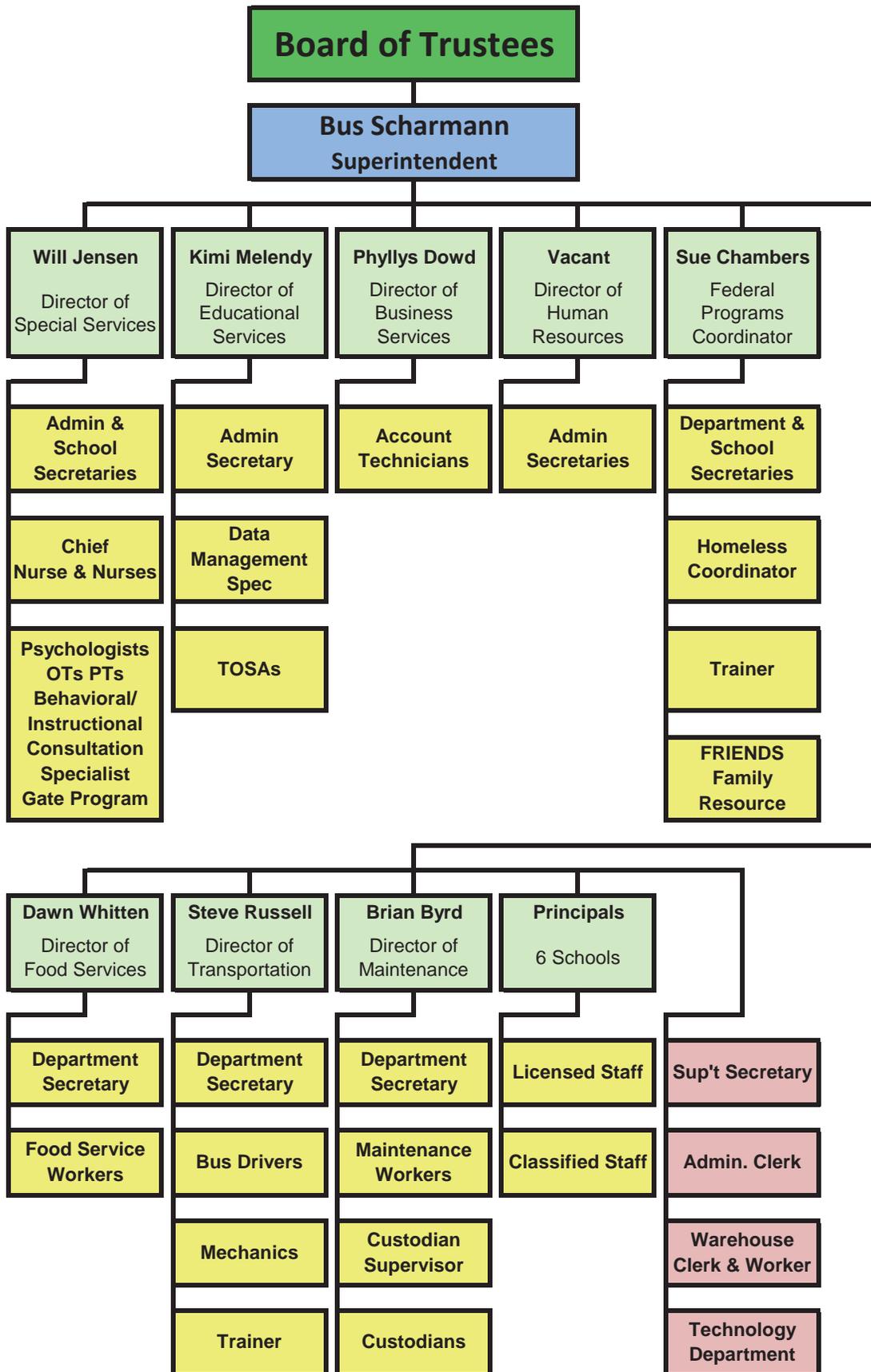
SUPERINTENDENT

Harry "Bus" Scharmman

DIRECTOR OF BUSINESS SERVICES

Phyllis Dowd, CPA

Churchill County School District 2012-13 Organizational Chart



FINANCIAL SECTION

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Trustees
of the Churchill County School District
Fallon, 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 Churchill County School District, Churchill County, Nevada, (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis on pages M-1 through M-9, the budgetary comparison information on pages 27 through 37, the reconciliation of the General Fund (budgetary basis) to the General Fund (GAAP basis) on page 38, the notes to the required supplementary information on page 39, and the schedule of funding progress – other postemployment benefit plans on page 40 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 management's discussion and analysis and the schedule of funding progress – other postemployment benefit plans 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. The budgetary comparison information, the reconciliation of the General Fund (budgetary basis) to the General Fund (GAAP basis) and the notes to the required supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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 introductory section, combining and individual nonmajor fund financial statements and schedules, and the statistical section 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

The 2013 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 related 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 information is fairly stated in all material respects in relation to the financial statements taken as a whole. We also have previously audited, in accordance with auditing standards generally accepted in the United States, the District's basic financial statements for the year ended June 30, 2012, which are not presented with the accompanying financial statements. In our report dated October 24, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2012 accompanying supplementary information, such as the combining and individual nonmajor fund financial statements is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2012, taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2013, on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "K. J. Armstrong & Co." The signature is written in a cursive style.

Fallon, Nevada
December 20, 2013

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**CHURCHILL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Churchill County School District's discussion and analysis are intended to serve as an introduction to the District's basic financial statements and are designed to, assist the reader in focusing on significant financial issues, provide an overview of the District's financial activities, identify changes in the District's financial position and its ability to address challenges in the next and subsequent years, identify any material deviations from the financial plan (approved budget), and identify individual fund issues or concerns.

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

FINANCIAL HIGHLIGHTS

- ❖ The comprehensive annual financial report is prepared in conformance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Churchill County School District's financial statements are presented on a government-wide basis. They include short-term focus as well as long-term perspective; individual fund data for major funds; capital assets reporting including depreciation; and additional information and analysis required by GASB No. 34.
- ❖ The auditor's report offers an unqualified opinion on the financial statements, the highest level of assurance that can be attained.
- ❖ Government-wide net position decreased by \$1,951,283 to \$29.4 million.
- ❖ Government-wide unrestricted net position decreased by \$3,337,937 to \$1.3 million.
- ❖ The District's government-wide total revenues, not including inter-fund transfers or proceeds from long-term debt, decreased by \$3,793,271 to \$39.4 million. The most significant revenues are State aid at \$15.8 million, local school support taxes (sales tax) at \$5.5 million, and property tax including net proceeds of mines (operating and debt service) at \$8.4 million.
- ❖ The District's government-wide total expenses, not including inter-fund transfers or principal payments on long-term debt, decreased by \$1,667,937 thousand to \$41.4 million. The most significant expenses were in regular instruction at \$14.7 million, special education instruction at \$5.0 million, and operation and maintenance at \$4.1 million.
- ❖ Net capital assets increased to \$43,767,643. Additions totaled \$9.5 million while the depreciation expense totaled \$2.0 million. Major ongoing construction and renovation projects included the Old High School at \$5.5 million, the four elementary schools at \$2.3 million, the middle school at \$326,000 and the high school at \$1.3 million. See additional details in Note 6.
- ❖ The District's general obligation bonds payable increased by \$8,809,495. This is the net result of principal payments of \$1,813,705, a new school improvement bond issue of \$9,520,000 and a refunding issue of \$1,103,200. See further explanation in Notes 8.
- ❖ The District's governmental funds have ending fund balances totaling \$22,893,473, a decrease of \$1,542,534 over the prior fiscal year. The general fund balance is \$2,532,840 which is 9.3% of the total expenditures of \$27.2 million.

**CHURCHILL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL OVERVIEW

The basic financial statements of Churchill County School District are comprised of government-wide financial statements, major fund financial statements, and notes to the financial statements. Additionally, supplementary information to the financial statements is contained in this report.

Government-Wide Financial Statements

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

The *statement of net position* presents information on all 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

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. The District has no functions in the business-type category, which results in the entire statement representing governmental activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District's funds can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements described above. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. To provide a better understanding of the relationship between the fund statements and the government-wide statements, both the governmental 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 13 individual governmental funds of which five are considered to be major: General Fund, Special Education Fund, Federal Projects Fund, Debt Service Fund and Rollover Bond Fund. These funds are disclosed separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. Of the remaining eight non-major governmental funds two are combined with the General Fund in accordance with Governmental Accounting Standards Board's statement 54 (Unemployment Insurance and High School Construction Funds) and the remaining six into a single aggregated presentation as "other governmental funds". Individual fund data for each of these non-major

**CHURCHILL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

funds is reported in combining and individual fund statements and schedules in the supplementary information section of this report.

Fiduciary funds account for resources held for other governments or individuals outside of the District. As their resources do not support District activities, they are not included in the government-wide statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

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

FINANCIAL STATEMENT ANALYSIS

Governmental-Wide Financial Statement Analysis

In order to enhance analysis, comparative information is provided for assets, liabilities, net position, revenues and expenses.

CHURCHILL COUNTY SCHOOL DISTRICT NET POSITION

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2013</u>	<u>Percent Change</u>
Assets:			
Current and other assets	\$ 33,542,734	\$ 31,653,342	-5.6%
Capital assets, net of depreciation	<u>36,411,934</u>	<u>43,767,643</u>	20.2%
Total Assets	<u>69,954,668</u>	<u>75,420,985</u>	7.8%
Liabilities:			
Current liabilities	9,851,315	10,142,858	3.0%
Noncurrent liabilities	<u>28,769,650</u>	<u>35,895,707</u>	24.8%
Total Liabilities	<u>38,620,965</u>	<u>46,038,565</u>	19.2%
Net position:			
Net investment in capital assets	16,148,873	18,119,252	12.2%
Restricted	10,573,681	9,989,956	-5.5%
Unrestricted	<u>4,611,149</u>	<u>1,273,212</u>	-72.4%
Total Net Position	<u>\$ 31,333,703</u>	<u>\$ 29,382,420</u>	-6.2%

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

**CHURCHILL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Net Position: The District's assets exceeded liabilities by \$29.4 million at June 30, 2013. The largest portion of net position reflects its investment in capital assets (e.g., land, buildings, and equipment) less depreciation and any outstanding related debt used to acquire those assets. The District uses these capital assets to provide services to students; therefore, they are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents sources that are subject to external restrictions (statutory, bond covenants, or grant agency) on how they may be used. At June 30, 2013, the District had unrestricted net position of \$1,273,212.

Governmental activities decreased the District's net position by \$1,951,283. The decrease was the result of planned use of fund balance to meet current operational needs of the District. Key elements of the increases are noted later in this discussion.

General Revenues: General revenues, which represent 81.1% of total revenue, are mainly comprised of various taxes, state aid, and federal aid. Such revenues decreased \$1.7 million from the prior year. The District experienced decreases in most categories with a significant decrease in local school support taxes (sales tax).

Program Revenues: Program revenues are revenues directly related to service activities of a function and include charges for services, grants and contributions. Program revenues represent 18.9% of the total revenues. Charges for services decreased by \$69,198, operating grants and contributions decreased \$1.4 million while capital grants and contributions decreased by \$658,909.

**CHURCHILL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

CHURCHILL COUNTY SCHOOL DISTRICT CHANGE IN NET POSITION

	Fiscal Year 2012	Fiscal Year 2013
Revenues:		
Program revenues:		
Charges for services	\$ 369,194	\$ 299,996
Operating grants and contributions	8,273,571	6,881,986
Capital grants and contributions	913,474	254,565
General revenues:		
Property taxes	8,420,524	8,387,849
Local school support taxes	6,526,125	5,492,741
Government service taxes	1,119,915	1,097,833
Other taxes and fees	34,385	35,056
Unrestricted investment earnings	89,890	103,656
Other local sources	274,315	358,909
Gain on sale of capital assets	14,834	107,779
State aid not restricted to specific purpose	16,202,928	15,821,416
Federal aid not restricted to specific purpose	984,576	588,674
Total Revenues	43,223,731	39,430,460
Expenses:		
Instruction:		
Regular programs	15,463,212	14,687,043
Special programs	6,800,653	4,993,351
Vocational programs	1,063,448	854,043
Adult programs	154,851	162,476
Other instructional programs	1,177,737	624,504
Co-curricular programs	556,891	510,710
Support Services:		
Students	1,702,519	2,575,165
Instructional	1,091,881	1,560,670
General administration	670,829	647,641
School administration	2,310,123	2,221,979
Central support	2,162,667	2,590,222
Operation and maintenance	4,123,855	4,075,657
Student transportation	1,509,432	1,785,073
Nutrition services	1,429,505	1,321,516
Community service	189,826	168,676
Facilities acquisition and construction	588,459	1,494,851
Interest and fiscal charges	1,102,457	1,108,166
Depreciation, unallocated	951,335	-
Total Expenses	43,049,680	41,381,743
Increase (Decrease) in Net Position	\$ 174,051	\$(1,951,283)

**CHURCHILL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

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

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

As of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$22,893,473 a decrease of \$1.5 million from the prior year. Of this total, \$2.1 million, or 9.0%, constitutes *unassigned fund balance*, which is available for spending at the District's discretion within the general fund. The District has approximately \$20.8 million, or 91.0%, in *restricted, committed, assigned or non-spendable fund balance* which is either not available for expenditures or must be used for specified purposes.

In 1993, the State Legislature enacted legislation that required the special education program (previously accounted for in the general fund) to be accounted for in a separate special revenue fund. Because of its size and relationship to the general fund, it is included in the analysis below.

GENERAL AND SPECIAL EDUCATION FUNDS

EXPENDITURES BY TYPE

	Fiscal Year 2012	Fiscal Year 2013	Percent Change
Salaries	\$ 19,046,994	\$ 19,424,244	2.0%
Benefits	8,964,562	9,176,387	2.4%
Purchased Services	2,250,794	2,190,496	-2.7%
Supplies	1,762,646	1,654,170	-6.2%
Property	262,825	82,778	-68.5%
Other	56,853	37,722	-33.6%
 Total	 \$ 32,344,674	 \$ 32,565,797	 0.7%

- ❖ Salaries and benefits comprise 87.8% of total expenditures for the general and special education funds. School Districts by their nature are labor intensive.
- ❖ Benefits include contributions on behalf of employees for retirement (Public Employees' Retirement System), health insurance, vision insurance, dental insurance, life insurance, Medicare, social security and worker's compensation.
- ❖ Purchased services, supplies, property and other expenses comprise 12.2% of total expenditures. Details regarding variances on a fund level are available in separate fund schedules.

The **General Fund** is the primary operating fund of the District. At the end of the current fiscal year, unassigned fund balance was \$2.1 million compared to \$5.2 million in the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total expenditures. The total fund balance at June 30, 2013 was \$2.5 million, which is \$2.9 million less than

**CHURCHILL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

the fund balance for the prior year. Unassigned fund balance represents 7.6% of total fund expenditures while total fund balance represents 9.3% of the same amount. The unassigned fund balance represents 1.1 months of expenditures.

The unassigned fund balance of the General Fund decreased \$3.1 million. Key factors in this change are as follows:

- ❖ The decrease in fund balance was the result of planned use of fund balance to meet current operational needs of the District.
- ❖ The high school construction fund balance was previously included as unassigned, but is now listed as committed as that fund balance is only to be used within the construction program at Churchill County High School.
- ❖ Total revenues of \$27,822,710 reflect a decrease of \$1.7 million from the prior year.
- ❖ Total expenditures of \$27,187,819 reflect an increase over the prior year of \$208,983 or 0.8%. Salary expense increased by only 2.0% as a result of the increases due to movements on the salary schedules. Employee benefit expense increased from the previous year by 2.4%, primarily due to the effect of an increase in dental insurance premiums, a change in recording eligible employees in the Public Employees Retirement System (PERS) and an increase in the cost of the early retirement incentives charged to the general fund.
- ❖ The excess of revenues over expenditures amounted to \$634,891 while transfers to other funds totaled \$3,688,894. Transfers out included \$3,318,000 to the Special Education Fund, \$187,894 to the Hot Lunch and Milk Fund, \$150,000 to the Class Size Reduction Fund, and \$33,000 to the Adult Education Fund.

The **Special Education Fund** accounts for resources (state-aid and transfers from the General Fund) used to provide special education to eligible students. At the end of this current year, this fund had a fund balance of \$48,413 compared to a fund balance of \$113,695 in the prior year. Total revenue (other than transfers from the General Fund) of \$1,994,696 is a 2.2% decrease over the previous year. Total expenditures of \$5,377,978 increased from the prior year by \$12,140 or 0.2%, primarily caused by an increase in the cost of wages and benefits.

GENERAL FUND BUDGETARY HIGHLIGHTS

Prior to the beginning of the fiscal year, the District adopts its original budget during the first part of June. During the year, the Business Office is authorized to transfer appropriations between accounts and funds, subject to the subsequent approval by the Board of Trustees. The District may augment the budget by a majority vote of the Board if anticipated resources actually available during the year exceed those estimated.

In the budgetary basis statements for the General Fund, total sources in the original budget amounted to \$32,515,476 and \$32,708,740 for the final budget. The increase in the budgeted amount was attributed to greater than anticipated beginning fund balance from the previous fiscal year. The increases in revenue allows for various expenditure categories and functions to be adjusted as the following table above shows. The budget augmentations were prepared and approved by the Board of Trustees.

**CHURCHILL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

GENERAL FUND BUDGET ADJUSTMENTS

	2013 BUDGET		
	ORIGINAL	FINAL	CHANGE
REVENUES			
Local sources	\$ 12,906,965	\$ 12,532,195	\$ (374,770)
State sources	14,235,236	14,245,824	10,588
Federal sources	891,000	624,433	(266,567)
TOTAL REVENUES	28,033,201	27,402,452	(630,749)
OTHER FINANCING SOURCES			
Sale of property	5,000	12,925	7,925
FUND BALANCE, July 1	4,477,275	5,293,363	816,088
TOTAL SOURCES	32,515,476	32,708,740	193,264
EXPENDITURES			
Regular program	13,379,621	13,301,610	(78,011)
Vocational program	801,353	759,260	(42,093)
Other instructional programs	258,696	232,790	(25,906)
Community service programs	1,000	-	(1,000)
Co-curricular programs	599,555	596,630	(2,925)
Student support	1,179,595	1,049,720	(129,875)
Instructional support	1,028,166	1,028,790	624
General administration	659,891	648,340	(11,551)
School administration	2,117,931	2,228,350	110,419
Central services	2,210,752	2,387,190	176,438
Operation and maintenance	4,002,236	3,928,760	(73,476)
Student transportation	1,397,704	1,477,520	79,816
Site improvements	-	2,625	2,625
TOTAL EXPENDITURES	27,636,500	27,641,585	5,085
OTHER FINANCING USES			
Transfers out	3,700,683	3,738,894	38,211
Contingency	72,833	72,830	(3)
FUND BALANCE, June 30	1,105,460	1,255,431	149,971
TOTAL APPLICATIONS	\$ 32,515,476	\$ 32,708,740	\$ 193,264

**CHURCHILL COUNTY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

CAPITAL ASSETS AND DEBT ADMINISTRATION

- ❖ **Capital Assets:** The District's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$43.8 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and equipment. The increase (after depreciation) in the District's investment in capital assets for the current fiscal year was 20.2%.

Additional information on the District's capital assets can be found in Note 6 of this report.

CHURCHILL COUNTY SCHOOL DISTRICT CAPITAL ASSETS

(net of depreciation)

	Fiscal Year 2012	Fiscal Year 2013	Change
Land	\$ 2,750,808	\$ 2,749,566	\$ (1,242)
Construction in progress	4,029,498	3,007,113	(1,022,385)
Buildings and improvements	26,322,193	34,586,663	8,264,470
Land improvements	1,319,560	1,167,544	(152,016)
Equipment	1,989,875	2,256,757	266,882
Total	<u>\$ 36,411,934</u>	<u>\$ 43,767,643</u>	<u>\$ 7,355,709</u>

CHURCHILL COUNTY SCHOOL DISTRICT OUTSTANDING DEBT

	Fiscal Year 2012	Fiscal Year 2013	Change
General obligation bonds	\$ 26,517,206	\$ 35,326,701	\$ 8,809,495
Installment purchase agreement	1,054,722	-	(1,054,722)
Deferred charges	(409,072)	(391,488)	17,584
Compensated absences	1,174,785	1,052,147	(122,638)
Total	<u>\$ 28,337,641</u>	<u>\$ 35,987,360</u>	<u>\$ 7,649,719</u>

The District's outstanding debt increased during the current fiscal year due to a new \$9,520,000 bond issue for school improvements. The installment purchase agreement was refinanced by general obligation bonds as well. State statute (NRS 387.400) limits the amount of general obligation debt a school district may issue to 15% of its total assessed valuation. The current limitation for the Churchill County School District is significantly in excess of the District's outstanding general obligation debt. Additional information on the District's long-term debt can be found in Note 8 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the financial activity and condition of the Churchill County School District for all having an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Director of Business Services, Churchill County School District, Business Office, 690 S Maine Street, Fallon, Nevada 89406.

**CHURCHILL COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2013**

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets:	
Cash and investments	\$ 23,243,742
Receivables:	
Property taxes	1,300,065
Interest	1,017
Other	74,289
Due from other governments	5,678,770
Prepaid expenses	76,057
Inventories	227,622
	30,601,562
Noncurrent Assets:	
Other postemployment benefits asset	660,292
Deferred charges	391,488
Capital assets, not being depreciated	5,756,679
Capital assets, being depreciated	71,331,919
Less: Accumulated depreciation	(33,320,955)
	44,819,423
	75,420,985
LIABILITIES	
Current Liabilities:	
Accounts payable	2,491,196
Accrued liabilities	4,838,246
Interest payable	233,178
Unearned revenue	2,537
Current portion of long-term liabilities	2,577,701
	10,142,858
Noncurrent Liabilities:	
Other postemployment benefits obligation	2,094,560
General obligation bonds payable	35,326,701
Accrued compensated absences	1,052,147
Less: Current portion of long-term obligations	(2,577,701)
	35,895,707
	46,038,565
NET POSITION	
Net investment in capital assets	18,119,252
Restricted for:	
Debt service	3,680,972
Capital projects	6,185,997
Net Proceeds per NRS 387.1235	122,987
Unrestricted	1,273,212
	29,382,420
Total Net Position	\$ 29,382,420

See accompanying notes.

**CHURCHILL COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSES) REVENUES AND CHANGES IN NET POSITION	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS		CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:					
Instruction:					
Regular programs	\$ 14,687,043	\$ 40,654	\$ 1,292,821	\$ -	\$ (13,353,568)
Special programs	4,837,946	-	3,551,090	-	(1,286,856)
Gifted and talented	155,405	-	-	-	(155,405)
Vocational programs	854,043	-	133,910	-	(720,133)
Adult programs	162,476	-	133,540	-	(28,936)
Other instructional programs	624,504	-	-	-	(624,504)
Co-curricular programs	130,662	-	-	-	(130,662)
Athletics	380,048	25,165	-	-	(354,883)
Total Instruction	21,832,127	65,819	5,111,361	-	(16,654,947)
Support services:					
Students	2,575,165	-	231,011	-	(2,344,154)
Instruction	1,560,670	-	119,007	254,565	(1,187,098)
General administration	647,641	-	-	-	(647,641)
School administration	2,221,979	-	-	-	(2,221,979)
Central support	2,590,222	-	349,721	-	(2,240,501)
Operation and maintenance	4,075,657	-	-	-	(4,075,657)
Student transportation	1,785,073	-	-	-	(1,785,073)
Operation of noninstructional services:					
Food services operations	1,321,516	234,177	904,657	-	(182,682)
Community services operations	168,676	-	166,229	-	(2,447)
Facilities acquisition & construction services:					
Debt Service	1,494,851	-	-	-	(1,494,851)
Debt Service	1,108,166	-	-	-	(1,108,166)
Total Support	19,549,616	234,177	1,770,625	254,565	(17,290,249)
Total School District	\$ 41,381,743	\$ 299,996	\$ 6,881,986	\$ 254,565	(33,945,196)
General Revenues:					
					4,839,120
					3,548,729
					5,492,741
					804,105
					293,728
					21,776
					13,280
					103,656
					358,909
					107,779
					15,821,416
					588,674
					31,993,913
					(1,951,283)
					31,333,703
					\$ 29,382,420

See accompanying notes.

**CHURCHILL COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013**

	<u>GENERAL FUND</u>	<u>SPECIAL EDUCATION FUND</u>	<u>FEDERAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>ROLLOVER BOND FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS							
Cash and investments	\$ 615,849	\$ 673,878	\$ 2	\$ 3,006,371	\$ 15,610,986	\$ 3,336,656	\$ 23,243,742
Receivables:							
Property taxes	749,986	-	-	550,079	-	-	1,300,065
Other	70,829	-	-	-	-	3,460	74,289
Interest	-	-	-	298	221	498	1,017
Due from other funds	621,153	-	-	-	-	-	621,153
Due from other governments	4,290,447	182,635	625,128	124,224	-	456,336	5,678,770
Prepaid expenses	76,057	-	-	-	-	-	76,057
Inventories	147,969	-	-	-	-	79,653	227,622
Total Assets	<u>\$ 6,572,290</u>	<u>\$ 856,513</u>	<u>\$ 625,130</u>	<u>\$ 3,680,972</u>	<u>\$ 15,611,207</u>	<u>\$ 3,876,603</u>	<u>\$ 31,222,715</u>
LIABILITIES							
Accounts payable	\$ 337,673	\$ 42,950	\$ 52,176	\$ -	\$ 2,044,992	\$ 13,405	\$ 2,491,196
Accrued liabilities	3,484,834	765,150	233,076	-	-	355,186	4,838,246
Due to other funds	-	-	339,878	-	-	281,275	621,153
Deferred revenue	216,943	-	-	159,167	-	2,537	378,647
Total Liabilities	<u>4,039,450</u>	<u>808,100</u>	<u>625,130</u>	<u>159,167</u>	<u>2,044,992</u>	<u>652,403</u>	<u>8,329,242</u>
FUND BALANCES							
Nonspendable	224,026	-	-	-	-	79,653	303,679
Restricted:							
Net proceeds per NRS 387.1235	122,987	-	-	-	-	-	122,987
Debt service	-	-	-	3,521,805	-	-	3,521,805
Capital projects	-	-	-	-	13,566,215	3,065,078	16,631,293
Committed:							
High School Construction Program	126,061	-	-	-	-	-	126,061
Assigned:							
Special programs	-	48,413	-	-	-	-	48,413
Nutrition services	-	-	-	-	-	47,491	47,491
Class Size Reduction	-	-	-	-	-	15,594	15,594
Adult programs	-	-	-	-	-	16,384	16,384
Unassigned	2,059,766	-	-	-	-	-	2,059,766
Total Fund Balances	<u>2,532,840</u>	<u>48,413</u>	<u>-</u>	<u>3,521,805</u>	<u>13,566,215</u>	<u>3,224,200</u>	<u>22,893,473</u>
Total Liabilities and Fund Balances	<u>\$ 6,572,290</u>	<u>\$ 856,513</u>	<u>\$ 625,130</u>	<u>\$ 3,680,972</u>	<u>\$ 15,611,207</u>	<u>\$ 3,876,603</u>	<u>\$ 31,222,715</u>

See accompanying notes.

**CHURCHILL COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total Fund Balances - Governmental Funds		\$ 22,893,473
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of the related depreciation, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		43,767,643
Certain liabilities are not reported in the governmental funds because they are not due and payable in the current period:		
Governmental bonds payable:		
Bonds payable	(35,326,701)	
Deferred charges	<u>391,488</u>	
		(34,935,213)
Compensated absences		(1,052,147)
Other postemployment benefits asset		660,292
Other postemployment benefits liability		(2,094,560)
Interest payable		(233,178)
Deferred revenue represents amounts not available to fund current expenditures and therefore is not reported as revenue in the governmental funds.		<u>376,110</u>
Total Net Position - Governmental Activities		<u>\$ 29,382,420</u>

See accompanying notes.

**CHURCHILL COUNTY SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>GENERAL FUND</u>	<u>SPECIAL EDUCATION FUND</u>	<u>FEDERAL PROJECTS FUND</u>	<u>DEBT SERVICE FUND</u>	<u>ROLLOVER BOND FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES							
Local sources	\$ 11,362,198	\$ -	\$ -	\$ 3,512,215	\$ 49,542	\$ 689,221	\$ 15,613,176
State sources	15,821,416	1,929,215	-	-	-	1,888,443	19,639,074
Federal sources	639,096	65,481	2,241,408	126,475	-	900,500	3,972,960
Total Revenues	<u>27,822,710</u>	<u>1,994,696</u>	<u>2,241,408</u>	<u>3,638,690</u>	<u>49,542</u>	<u>3,478,164</u>	<u>39,225,210</u>
EXPENDITURES							
Current:							
Regular	13,238,661	-	12,258	-	-	1,191,551	14,442,470
Special	-	3,889,096	949,992	-	-	129,064	4,968,152
Gifted and talented	-	155,405	-	-	-	-	155,405
Vocational	737,606	-	49,590	-	-	78,312	865,508
Adult education	-	-	-	-	-	161,660	161,660
Other instructional	220,165	544	908,763	-	-	37,389	1,166,861
Co-curricular	143,162	-	-	-	-	-	143,162
Athletics	451,474	-	-	-	-	-	451,474
Community service	-	-	47,783	-	-	132,533	180,316
Undistributed:							
Support services - students	1,005,941	1,122,429	3,653	-	-	80,028	2,212,051
Support services - instruction	999,981	418	102,099	-	-	96,889	1,199,387
Support services - general administration	661,567	-	-	-	-	-	661,567
Support services - school administration	2,209,218	-	-	-	-	-	2,209,218
Central services	2,342,069	-	167,270	-	706,590	4,980	3,220,909
Nutrition services	-	-	-	-	-	1,325,535	1,325,535
Operation and maintenance of plant services	3,796,449	-	-	-	495	295,460	4,092,404
Student transportation	1,376,041	210,086	-	-	-	-	1,586,127
Capital outlay:							
Facility acquisition and construction services	5,485	-	-	-	8,543,225	21,900	8,570,610
Debt service:							
Principal	-	-	-	1,460,000	-	1,408,387	2,868,387
Interest	-	-	-	950,668	-	51,960	1,002,628
Other	-	-	-	5,300	252,042	38,968	296,310
Total Expenditures	<u>27,187,819</u>	<u>5,377,978</u>	<u>2,241,408</u>	<u>2,415,968</u>	<u>9,502,352</u>	<u>5,054,616</u>	<u>51,780,141</u>
Excess (Deficiency of Revenues over Expenditures	<u>634,891</u>	<u>(3,383,282)</u>	<u>-</u>	<u>1,222,722</u>	<u>(9,452,810)</u>	<u>(1,576,452)</u>	<u>(12,554,931)</u>
OTHER FINANCING SOURCES (USES)							
Bonds issued	-	-	-	-	9,520,000	1,103,200	10,623,200
Premium on bonds	-	-	-	-	253,521	-	253,521
Proceeds from sale of school property	128,676	-	-	-	-	7,000	135,676
Transfers in	-	3,318,000	-	-	-	370,894	3,688,894
Transfers out	(3,688,894)	-	-	-	-	-	(3,688,894)
Total Other Financing Sources (Uses)	<u>(3,560,218)</u>	<u>3,318,000</u>	<u>-</u>	<u>-</u>	<u>9,773,521</u>	<u>1,481,094</u>	<u>11,012,397</u>
Net Change in Fund Balance	<u>(2,925,327)</u>	<u>(65,282)</u>	<u>-</u>	<u>1,222,722</u>	<u>320,711</u>	<u>(95,358)</u>	<u>(1,542,534)</u>
FUND BALANCE, July 1	<u>5,458,167</u>	<u>113,695</u>	<u>-</u>	<u>2,299,083</u>	<u>13,245,504</u>	<u>3,319,558</u>	<u>24,436,007</u>
FUND BALANCE, June 30	<u>\$ 2,532,840</u>	<u>\$ 48,413</u>	<u>\$ -</u>	<u>\$ 3,521,805</u>	<u>\$ 13,566,215</u>	<u>\$ 3,224,200</u>	<u>\$ 22,893,473</u>

See accompanying notes.

CHURCHILL COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net Change in Fund Balances - Governmental Funds **\$ (1,542,534)**

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

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

Expenditures for capital assets	9,401,521
Less: Current year depreciation	(2,017,897)

In the statement of activities, the gain on the disposal of capital assets is reported. In the governmental funds, the gain is not reported. Thus the change in net position differs from the change in fund balances by the cost of the assets sold less the balances in accumulated depreciation. (27,915)

The issuance of long-term debt provides current financial resources to governmental funds. Issuing debt increases long-term liabilities in the statement of net position. (10,623,200)

Repayment of debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities. 2,868,427

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due and thus require current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues regardless of when it is due. (45,205)

Because some property taxes will not be collected in time to pay for obligations in the current period, they are not considered available revenues in the governmental funds and are instead reported as deferred revenues. These revenues are accounted for as revenue in the statement of activities. 97,493

Generally expenditures recognized in the fund financial statements are limited to only those that use current financial resources but expenses are recognized in the statement of activities when incurred:

Amortization of deferred charges	(54,720)
Deferred charges incurred	37,136
Other post-employment benefits	(167,027)
Compensated absences	122,638

Change in Net Position - Governmental Activities **\$ (1,951,283)**

See accompanying notes.

**CHURCHILL COUNTY SCHOOL DISTRICT
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2013**

	PRIVATE- PURPOSE TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and investments	\$ 216,731	\$ 515,498
LIABILITIES		
Due to student and faculty groups	-	515,498
NET POSITION		
Restricted for scholarships	\$ 216,731	\$ -

See accompanying notes.

**CHURCHILL COUNTY SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013**

	<u>PRIVATE- PURPOSE TRUST FUNDS</u>
ADDITIONS	
Investment earnings:	
Interest and dividends	\$ 1,848
Net increase in fair value of investments	<u>5,089</u>
Change in Net Position	6,937
NET POSITION, July 1	<u>209,794</u>
NET POSITION, June 30	<u><u>\$ 216,731</u></u>

See accompanying notes.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – Summary of Significant Accounting Policies:

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

Reporting Entity:

The District, organized as the result of legislation enacted in 1956, is the basic level of government having oversight responsibility and control over all activities related to the public school education in Churchill County, Nevada. The governing board consists of seven members elected by the voters in the district for four year terms and has authority to adopt and administer budgets. The District receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities. However, the District is not included in any other governmental “reporting entity”, since Trustees are elected by the public, it is a legally separate government and it is fiscally independent of any other governmental entity. In addition, the District is not financially accountable for any other entity.

Basic Financial Statement – Government-wide Statements:

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

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

In the government-wide statement of net position, the 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 government-wide statement of activities reports both the gross and net cost of each of the District’s functions. The functions are also supported by the general government revenues (ad valorem taxes, school support taxes, distributive school funds, government services tax and interest income not legally restricted for specific programs, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues. Program revenues include operating and capital grants and contributions and investment earnings legally restricted to support a specific program. Program revenue must be directly associated with the function. Operating grants include operating-specific and discretionary grants. The net costs (by function) are normally covered by general revenue.

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. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are intended and the means by which spending activities are controlled. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

The emphasis in the fund financial statements is on the major funds in the governmental type activity category. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth criteria for the determination of major funds. District management may electively add funds as major funds when it is determined the funds have specific community or management focus. Major individual governmental funds are reported as separate columns in the fund financial statements.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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

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

The District uses the following major governmental funds:

Governmental Funds:

- **General Fund** – The General Fund is the general operating fund of the District and accounts for all revenue and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.
- **Special Education Fund** – The Special Education Fund accounts for transactions of the District relating to educational services provided to children with special needs supported by state, local, and federal sources.
- **Federal Projects Fund** – The Federal Projects fund accounts for federal grant transactions of the District not specifically allocated to other funds.
- **Debt Service Fund** – The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt and other debt of governmental activities.
- **Rollover Bond Fund** – The Rollover Bond Fund accounts for transactions of the District paid for by rollover bond proceeds.

Additionally, the District reports the following fund type:

Fiduciary Funds:

- **Private Purpose Trust Funds** – Private Purpose Trust Funds account for resources legally held in trust for use for scholarships.
- **Agency Funds** – Agency Funds account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or students.

Basis of Accounting/Measurement Focus:

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. When revenues are due but will not be collected within sixty days after year-end, the receivable is recorded and an offsetting deferred revenue account is established. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

expenditures, as well as expenditures for compensated absences and claims and judgments, are recorded only when payment is due.

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

TYPE OF REVENUE	ACCRUED WHEN MEASURABLE AND AVAILABLE	RECOGNIZED WHEN RECEIVED	ACCRUED WHEN EARNED
Ad Valorem Taxes	X		
Local School Support Tax	X		
Governmental Services Tax	X		
Distributive School Fund	X		
Interest			X
Grants-in-Aid	X		
Miscellaneous Revenue		X	

Fiduciary Funds:

The accounting records for the Private Purpose Trust Funds are maintained on the economic resources measurement focus and the accrual basis of accounting. Agency funds do not have a measurement focus but use the accrual basis of accounting.

Property Taxes:

All real property in Churchill 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 assessed at 35% 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. In 2005, the Nevada State Legislature passed Assembly Bill 489 which provides for a partial abatement of the property tax levied on qualified property. For qualified property, the abatement will limit the increase of property taxes based on the previous year's assessed value.

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 Clerk/Treasurer of Churchill County in which the District is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two-year waiting period, if taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner and such persons as described by statute by paying all back taxes and accumulated penalties, interest, and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually and the tax is computed using percentages of taxable values established by the Department of Taxation and tax rates described above.

Budgets and Budgetary Accounting:

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

1. Prior to April 15, the Superintendent submits to the Board of Trustees and to both the Nevada Department of Taxation and the Department of Education a tentative budget for the fiscal year commencing the following July 1. The tentative budget includes proposed expenditures and the means of financing them.
2. Prior to the third Wednesday in May, a minimum of seven days' notice of public hearing on the final budget is published in a local newspaper. Public hearings are conducted prior to the adoption of the budget to obtain taxpayer comments.
3. On or before June 8, the budget is legally adopted by a majority vote of the Board of Trustees.
4. On or before January 1, the Board of Trustees adopts an amended final budget reflecting any adjustments necessary as a result of the complete count of students.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

5. NRS 354.598005 provides that the Board of Trustees may augment the budget at any time by a majority vote of the Board providing the Board publishes notice of intention to act in a newspaper of general circulation in the county at least three days before the date set for adoption of the resolution.
6. The legal level of budgetary control is at the program function level for the General, Special Revenue, Debt Service, and Capital Projects Funds.
7. The Budget Officer and/or the Board of Trustees may transfer appropriations within and between funds if amounts do not exceed the original budget. Augmentations in excess of the original budgetary amounts may be made only with prior approval of the Board of Trustees, following a scheduled and noticed public hearing.
8. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
9. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all funds except for the Private Purpose Trust Fund and agency funds, which do not require budgets and the General Fund, the Unemployment Fund, and the High School Construction Fund which are reported on a budgetary basis.

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

In accordance with state statute, actual expenditures may not exceed budgetary appropriations of the various programs of the individual funds, except for bond repayments, short-term financing repayment and any other long-term contracts expressly authorized by law.

Cash and Investments:

Cash balances from all funds are combined and, to the extent practicable, invested as permitted by law. The District also voluntarily participates in the State of Nevada Local Government Investment Pool (LGIP) and Churchill County's external investment pool. In accordance with Nevada Revised Statute 355.175 (3), the Board adopted a policy that all interest earned on these investments is to be recognized in the Building and Sites Fund, except for amounts credited to various other funds in accordance with law, contract, District policy, or as the result of conditions related to grant awards.

Investments are recorded at fair value based on quoted market prices, net of accrued interest as provided by the pool sponsors.

Pursuant to Nevada Revised Statutes (NRS) 355.170 and 355.175, the District's money may only be invested 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 (10) years from the date of purchase.
- Negotiable certificates of deposit issued by commercial banks, insured credit unions, or insured savings and loan associations.
- Certain securities issued by local governments in the State of Nevada.
- Certain bankers' acceptances, commercial paper issued by a corporation organized and operating in the United States.
- Certain obligations of state and local governments.
- State of Nevada Local Government Investment Pool.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

- Certain “AAA” rated mutual funds that invest in federal securities.
- Other securities expressly provided by other statutes, including repurchase agreements.

Inventories:

District inventories are maintained on a consumption basis of accounting, where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Inventory in the General Fund consists principally of general office printing, paper, and maintenance supplies. Inventory in the Hot Lunch and Milk Fund consists of food and commodities. Inventories are stated at cost on a first-in, first-out basis, except for commodities, which are stated at fair value.

Capital Assets:

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Construction period interest is not capitalized as a part of the building costs.

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

	<u>YEARS</u>
Buildings	50
Buildings/land improvements	7-30
Vehicles/buses	5-10
Machinery and equipment	8-20

Allowance for Uncollectible Receivables:

An allowance for uncollectible taxes receivable has not been established since Nevada law provides for the sale of property where a lien exists for the payment of property taxes.

Accrued Liabilities:

Accrued liabilities consist principally of teacher, administrator, and other District employee salaries and benefits relating to the school program year ended June 30, 2013, but not yet paid.

Net Proceeds of Mines:

Net Proceeds of mines are paid on an annual basis. Payments of net proceeds received on estimated business from January 1, 2013 through December 31, 2013 are reflected in the financial statements.

Additional amounts due, based on actual business for the January 1, 2013 through December 31, 2013, in comparison to estimated payments, are determined subsequent to the 2013 calendar year. Credits for overpayments, based on actual business for the period January 1, 2013 through December 31, 2013 in comparison to estimated payments, are applied to future tax payments in accordance with NRS 362.130. The overall financial impact to the District of future additional amounts due or future credits is not determinable at June 30, 2013 and are not reflected in these financial statements.

Expenditures:

Expenditure data is characterized by major program classifications pursuant to the provisions of the U.S. Department of Education *Financial Accounting for Local and State School Systems* published by the National Center for Education Statistics and adopted by the Nevada Department of Education. Below is a brief description of these program classifications:

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Regular programs are activities designed to provide elementary and secondary students with learning experiences to prepare them for activities as citizens, family members, and non-vocational workers.

Special programs are activities designed primarily to deal with students having special needs. The special programs include services for the mentally challenged, physically handicapped, emotionally disturbed, culturally different, learning disabled, bilingual, and special programs for other types of students at all levels.

Gifted and talented programs are activities designed for students who exhibit above average general and/or specific abilities, high levels of task commitment, and high levels of creativity. These activities provide a wide variety of educational opportunities and services that are not ordinarily provided through regular instructional programs.

Vocational programs are learning experiences to provide individuals with the opportunity to develop the necessary knowledge, skills, and attitudes needed for occupational employment.

Adult programs are learning experiences designed to develop knowledge and skills to meet intermediate and long-range educational objectives for adults, who having completed or interrupted formal schooling, have accepted adult roles and responsibilities.

Other instructional programs are activities that provide elementary and secondary students with learning experiences in the areas of school-sponsored activities, athletics, and summer school.

Co-curricular programs are activities that add to a student's educational experience but are not related to educational activities.

Athletics programs are activities that provide students with athletic opportunities.

Support services are charges that are not readily assignable to a specific program. Student and instructional staff support as well as the overall general, administrative, and business costs are classified as undistributed expenditures. Also included in this line item are costs of operating, maintaining, and constructing the physical facilities of the District and providing transportation for students.

Compensated Absences:

Teachers and certain hourly employees do not receive vacation leave. For other District employees, vacation leave is earned at rates dependent on length of employment and can be accumulated to a specific maximum days/hours. Employees are allowed to accumulate sick days for future use, not to exceed the contracted number of days worked per year. The District pays limited accumulated sick leave benefits to certain employees upon retirement. In governmental funds, the current portion (for retirements know as of year-end) is recorded as a payroll expenditure. The estimated long-term liability for compensated absences is accounted for in the government-wide financial statements.

Long-Term Obligations:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt expenditures.

Fund Balances:

In the fund financial statements, the classifications of fund balance represent amounts that are not subject to appropriation or are legally segregated for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change. The following classifications have been implemented by the District:

- a. *Nonspendable* fund balance: These items are legally or contractually required to be maintained intact and are not in a spendable form, such as inventories and prepaids.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

b. *Restricted* fund balance: These amounts are constrained to being used for specific purposes by external parties, constitutional provisions or enabling legislation, such as debt service.

c. *Committed* fund balance: These amounts can only be used for specific purposes as set forth by the Board of Trustees. The Board must make a motion that receives a vote of approval, prior to the end of the reporting period, in order to establish an ending fund balance commitment for any specific purpose. Formal board action is also required to modify or rescind an established commitment.

d. *Assigned* fund balance. Assignments are neither restrictions nor commitments and represent the District's intent to use funds for a specific purpose. These assignments, however, are not legally binding and are meant to reflect intended future use of the District's ending fund balance. The Superintendent and the Director of Business Services have the responsibility of assigning amounts of ending fund balance.

e. *Unassigned* fund balance: The residual classification for the General Fund that is available to spend.

When an expenditure is incurred, and both restricted and unrestricted resources are available, the portion of the fund balance that was restricted for those purposes shall be reduced first. If no restricted resources exist, then the unrestricted fund balance shall be reduced. Furthermore, when an expenditure is incurred for purposes which amounts of committed, assigned, or unassigned are considered to have been spent, and any of these unrestricted fund balance classifications could be used, they are considered to be spent in the above order.

Net Position:

In the government-wide statements, Net Position on the Statement of Net Position includes the following:

Net Investment in Capital Assets

This is the component of net position that reports the difference between capital assets net of accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position

The component of net position that reports the constraints placed on the use of net position by external parties and/or enabling legislation. Currently, the District has restricted net position related to its Debt Service Fund, Capital Projects Fund, and net proceeds of mines.

Unrestricted

The component of net position that is not reported in Net Investment in Capital Assets and Restricted Net Position.

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

The District conformed to all significant statutory constraints on its financial administration during the year, with the following possible exceptions:

The following are apparent violations of NRS 354.626:

- Total expenditures of the athletics function of the General Fund exceeded appropriations by \$13,954.
- Total expenditures of the special programs function of the Special Education Fund exceeded appropriations by \$11,276.
- Total expenditures of the other instructional programs function of the Special Education Fund exceeded appropriations by \$544.
- Total expenditures of the regular programs function of the Federal Projects Fund exceeded appropriations by \$12,258.
- Total expenditures of the special programs function of the States Projects Fund exceeded appropriations by \$10,853.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

- Total expenditures of the undistributed function of the States Projects Fund exceeded appropriations by \$49,730.
- Total expenditures of the adult education programs function of the Adult Education Fund exceeded appropriations by \$2,910.
- Total expenditures of the undistributed function of the Unemployment Insurance Fund exceeded appropriations by \$6,673.

NRS 354.598005(9) requires each school district to adopt an amendment to its final budget on or before January 1st of each school year. Churchill County School District apparently violated this statute by not amending their final budget for fiscal year 2012-13 until June 2013.

At June 30, 2013, the major Federal Projects Special Revenue Fund and the Nonmajor Special Revenue Funds, the State Projects Fund, and the Hot Lunch and Milk Fund, owed the General Fund \$339,878, \$275,706, and \$5,569, respectively. These balances are the result of carrying out grant activity on a reimbursement basis. Therefore, expenditures had been incurred that were not yet reimbursed and required a temporary loan from the General Fund. No Board approval for these temporary loans was received prior to June 30, 2013. The lack of this approval appears to be a violation of NRS 354.6118 as clarified by NAC 354.290 regarding temporary loans.

NOTE 3 – “Nevada Plan” for Financing

The “Nevada Plan” is the current means used to finance elementary and secondary education in Nevada’s public schools. The process is one in which the state provides a guaranteed amount of funding to a local school district. The guarantee is made up of state support paid through the Distributive School Fund and sources collected locally through a 2.25 cent local school support tax and 75 cents of ad valorem tax. Local school districts receive quarterly apportionments based on a count of children enrolled within the district on the last day of the first school month of the year. Each local school district is guaranteed a specific amount per pupil, which is developed through a special formula that considers the demographic and geographic characteristics of the District. Transportation is included in the amount per pupil at the rate of 85 percent of actual historical cost to the District with an increase for inflation based on the Consumer Price Index. A wealth adjustment is made to the support per pupil based on the local school district’s ability to generate revenues that are outside of the guaranteed level.

Special education is funded on a unit basis at a legislative approved amount per unit. A unit is an organized instructional unit which includes full-time services of certificated personnel providing a program of instruction in accordance with minimum standards prescribed by the State Board of Education.

Districts are protected from significant decreases in enrollment through “hold harmless” statutory provisions which guarantees a district payment based on the largest student enrollment count from the current and the previous year.

NOTE 4 – Cash and Investments:

The following schedule summarizes cash and investments for the District at June 30, 2013:

Cash and Investment Balances Held by:

Governmental Funds:	
Unrestricted	\$ 23,243,742
Fiduciary Funds	<u>732,229</u>
Total Cash and Investments	<u><u>\$ 23,975,971</u></u>

Balances at Fair Value Classified by:

First Independent Bank of Nevada checking	\$ 261,755
First Independent Bank of Nevada savings	10,077,522
First Independent Bank of Nevada certificate of deposit	200,000
Bank of America checking	4,933,701
U.S. Bank checking	2,119
State of Nevada Local Government Investment Pool	8,424,747
Mutual Funds	<u>76,127</u>
Total Cash and Investments	<u><u>\$ 23,975,971</u></u>

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

As of June 30, 2013, the District had the following investments and maturities:

Investments	Fair Value	Investment Maturity (in years) Less than 1
State of Nevada Local Government Investment Pool	\$ 8,424,747	\$ 8,424,747*

*As of June 30, 2013, the average weighted maturity was 97 days.

Nevada Revised Statutes 355.170 sets forth acceptable investments for Nevada local governments. The District has not adopted a formal investment policy that would further limit its exposure to certain risks as set forth below:

Interest Rate Risk. Interest rate risk is the risk of possible reduction in the value of a security, especially a bond, resulting from a risk in interest rates. As noted above, the District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statute.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation and is a function of the credit quality ratings of its investments. The State of Nevada Local Government Investment Pool is unrated and, as noted above, the District does not have a formal investment policy that specifies minimum acceptable credit ratings beyond what is specified in statute.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned. The District’s bank deposits are covered by FDIC insurance and collateralized by the Office of the State Treasurer/Nevada Collateral Pool.

The District is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the State of Nevada Board of Finance. The District’s investment in the pool is equal to its original investment plus monthly allocation of interest income and realized and unrealized gains and losses, which is the same as the value of pool shares. The District’s investment in the pool is reported at fair value.

NOTE 5 – Interfund Receivable, Payables, and Transfers:

Interfund receivable and payable balances at June 30, 2013 are as follows:

	Due to: Major Governmental Fund: <u>General Fund</u>
Due from: Major governmental funds:	
Federal Projects Fund	\$ 339,878
Other Governmental Funds	<u>281,275</u>
Total Due from Other Funds	<u>\$ 621,153</u>

The General Fund receivable is mostly comprised of temporary advances to the grant funds and the Hot Lunch and Milk Fund because most of their grants receive funds on the reimbursement basis.

Interfund transfers are shown as other financing sources or uses as appropriate in all governmental funds.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Transfers between funds during the year ended June 30, 2013 are as follows:

	Transfers in:		
	Major Governmental Fund	Other Governmental Funds	Total Transfers Out
Transfers out:			
Governmental activities:			
Major governmental fund:			
General Fund	\$ 3,318,000	\$ 370,894	\$ 3,688,894

The General Fund transferred funds to the Special Education Fund and Other Governmental Funds (Hot Lunch and Milk Fund, Class Size Reduction Fund, and Adult Education Fund) to subsidize these programs.

NOTE 6 – Capital Assets:

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 2,750,808	\$ -	\$ (1,242)	\$ 2,749,566
Construction in progress	4,029,498	3,007,111	(4,029,496)	3,007,113
Total Capital Assets, Not Being Depreciated:	6,780,306	3,007,111	(4,030,738)	5,756,679
Capital assets being depreciated:				
Buildings and improvements	51,068,331	9,501,246	(1,670)	60,567,907
Land improvements	3,427,375	9,106	(28,384)	3,408,097
Equipment	6,463,029	755,115	(486,625)	6,731,519
Software	465,957	158,439	-	624,396
Total Capital Assets, Being Depreciated:	61,424,692	10,423,906	(516,679)	71,331,919
Less accumulated depreciation for:				
Buildings and improvements	(24,746,138)	(1,235,830)	724	(25,981,244)
Land improvements	(2,107,815)	(155,026)	22,288	(2,240,553)
Equipment	(4,681,054)	(496,886)	466,994	(4,710,946)
Software	(258,057)	(130,155)	-	(388,212)
Total accumulated depreciation	(31,793,064)	(2,017,897)	490,006	(33,320,955)
Total Capital Assets, Being Depreciated, Net:	29,631,628	8,406,009	(26,673)	38,010,964
Governmental Activities Capital Assets, Net	\$ 36,411,934	\$ 11,413,120	\$ (4,057,411)	\$ 43,767,643

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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

Instruction:		
Regular	\$	191,798
Special		8,848
Vocational		18,057
Other		3,319
Co-curricular		1,805
Adult		336
Support services:		
Student support		64,192
Instructional staff support		106,584
School administration		1,086
Operation and maintenance		9,030
Student transportation		104,991
Central support		101,094
Nutrition services		3,679
Facilities and construction		1,403,078
		\$ 2,017,897

NOTE 7 – Major Contracts and Other Commitments Outstanding:

Contractor	Contract Amount	Portion Completed	Uncompleted Contract Balance at June 30, 2013	Description
United Construction	\$ 3,081,906	\$ 917,589	\$ 2,164,317	High School Renovation
Van Woert Bigotti Architects	332,500	307,748	24,752	High School Renovation
Geney/Gassiet, Inc.	520,392	28,229	492,163	Middle School Gym
Tate Snyder Kimsey Architects	133,800	118,366	15,434	Middle School Gym
Geney/Gassiet, Inc.	909,999	205,762	704,237	EC Best Remodel
Van Woert Bigotti Architects	110,000	101,958	8,042	EC Best Remodel
A & K Earth Movers	814,000	174,422	639,578	Numa Site Improvements
K7 Construction	864,900	316,558	548,342	Lahontan Remodel
K7 Construction	1,153,660	339,521	814,139	Northside Renovation
Tate Snyder Kimsey Architects	114,800	97,737	17,063	Northside Renovation
	\$ 8,035,957	\$ 2,607,890	\$ 5,428,067	

The above contracts will be funded with restricted net position of the Rollover Bond Fund.

NOTE 8 – Long-Term Obligations:

The District issued general obligation bonds and installment obligations to provide proceeds for major capital acquisitions or improvements. These obligations are direct obligations and pledge the full faith and credit of the District. Bonds are often sold at a premium or discount. These, along with the respective issue costs are reported in the fund statements in the year incurred but deferred and amortized over the life of the debt in the statement of net position and statement of activities. Similarly, any gain or loss derived from current or qualifying advance refundings is amortized in the government-wide financial statements.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

General obligation debt currently outstanding is as follows:

Series/Payee	Date Issued	Date of Maturity	Interest Rate	Amount Issued	Balance June 30, 2013
<u>General Obligation Bonds</u>					
2013 School Improvement	4/13	2033	2% to 4%	\$ 9,520,000	\$ 9,520,000
2013 Medium Term	5/13	2023	.56% to 2.64%	1,103,200	1,103,200
2011 School Improvement	07/11	2031	2.5% to 4.1%	7,000,000	7,000,000
2010 Improvement and Refunding Issue	07/10	2020	3.052% to 6.05%	3,535,000	1,590,000
2010 School Improvement Issue	07/10	2030	4% to 3.625%	7,000,000	7,000,000
2009 Refunding Issue	05/09	2014	3.82%	5,620,000	1,140,000
2006 Medium-Term Qualified Zone Academy Bond	12/06	2017	0%	3,436,000	1,418,501
2009 Rollover Bond Issue	02/09	2029	2.65%	7,000,000	6,555,000
Total					<u>\$ 35,326,701</u>

Annual debt service requirements to maturity for general obligation debt are as follows:

Year Ending June 30	Principal	Interest	Total Requirements
2014	\$ 2,482,701	\$ 1,197,149	\$ 3,679,850
2015	1,522,150	1,148,304	2,670,454
2016	1,814,549	1,111,592	2,926,141
2017	1,808,101	1,067,000	2,875,101
2018	1,608,500	1,022,085	2,630,585
2019 – 2023	9,070,700	4,298,244	13,368,944
2024 - 2028	9,590,000	2,680,753	12,270,753
2029 - 2033	7,430,000	730,290	8,160,290
Total	<u>\$ 35,326,701</u>	<u>\$ 13,255,417</u>	<u>\$ 48,582,118</u>

Changes in Long-term Obligations:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due Within One Year
General obligation bonds	\$ 26,517,206	\$ 10,623,200	\$ (1,813,705)	35,326,701	\$ 2,482,701
Installment purchase agreement	1,054,722	-	(1,054,722)	-	-
Deferred charges	(409,072)	(37,136)	54,720	(391,488)	-
	27,162,856	10,586,064	(2,813,707)	34,935,213	2,482,701
Compensated absences	1,174,785	-	(122,638)	1,052,147	95,000
Total	<u>\$ 28,337,641</u>	<u>\$ 10,586,064</u>	<u>\$ (2,936,345)</u>	<u>\$ 35,987,360</u>	<u>\$ 2,577,701</u>

In April 2013, the District entered into general obligation (limited tax) school improvement bonds in the amount of \$9,520,000. The proceeds are required to be expended for constructing, improving, and equipping school facilities in the District.

In May 2013, the District issued medium term bonds in the amount of \$1,103,200 to refinance the 2007 installment purchase agreement.

In accordance with the terms of the General Obligation (Limited Tax) Medium-Term Qualified Zone Academy Bond annual payments are made to an escrow account with a trust bank. Such amounts are invested and together with the

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

principal deposited are being accumulated to retire the bond on December 28, 2016. The entire bond is considered defeased by the amount held in the escrow account.

Total interest paid on general long-term debt for the year ended June 30, 2013 was \$1,047,794.

The General Fund is typically used to liquidate compensated absences and the Debt Service Fund is used to retire debt.

In accordance with Nevada Revised Statutes 387.400, the District was within the legal debt limit at June 30, 2013.

NOTE 9 – Pension Plan:

Plan Description: Churchill County School District (District) contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, 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. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775)687-4200.

Funding Policy: Plan members are funded under the following method: Under the employer pay contribution plan, the School District is required to contribute all amounts due under the plan. The contribution requirements of plan members and the District are established and may be amended by Chapter 286 of Nevada Statutes. The District’s contribution rates and amounts contributed equal to the required contributions for the last three years are as follows:

<u>Fiscal Year</u>	<u>Contribution Rate Regular Member</u>	<u>Total Contribution</u>
2012-13	23.75%	\$5,846,864
2011-12	23.75%	\$5,524,875
2010-11	21.50%	\$4,589,314

NOTE 10 – Post Employment Health Care Plans:

Plan Descriptions: The District administers a single-employer defined benefit healthcare plan, Churchill County School District Employee Health Benefits Plan (CCSDEHBP). Additionally, the District contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees’ Benefits Plan (PEBP). Each plan provides medical, vision, dental, prescription, and life insurance benefits to eligible District retirees and beneficiaries.

Benefit provisions for the CCSDEHBP are established pursuant to NRS 287.023 and amended through negotiations between the District and the respective associations. NRS 288.150 assigns the authority to establish benefit provisions to the Board of Trustees. The plan provides healthcare insurance for eligible retirees and their beneficiaries through the District’s group health insurance plan, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby benefitting from an implicit subsidy. Retirees are required to pay 100% of their premiums under the plan. As of June 30, 2013, nine retirees were using this plan. The CCSDEHBP does not issue a publicly available financial report.

Benefit provisions for the PEBP are administered by the State of Nevada. NRS 287.043 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. District employees who met the eligibility requirements effective September 1, 2008 for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 sunsetted the option to join PEBP for District employees who retired after November 29, 2008. Local governments are required to pay the same portion of the cost of coverage for their retirees joining PEBP that the State of Nevada pays for state retirees participating in the plan. As of June 30, 2013, 219 school district retirees were utilizing this benefit.

Funding Policy: For CCSDEHBP, contribution requirements of the plan members and the District are established and may be amended through negotiations between the District and the associations. Retirees pay 100% of the pay-as-you-go premiums based on a blended rate that blends active participants and retirees. The District’s contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates and is determined in actuarial studies contracted for by the District. The implicit subsidy as determined by the actuary is \$25,827. The District did not prefund any future benefits.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

For the PEBP, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired district employees. The contribution requirements of plan members and the District may be amended by the PEBP board. Premium rates determined by PEBP are the same for all participating members. Plan members receiving benefits have their monthly contribution deducted from their pension checks based on the health plan chosen by the retiree, as reduced by the amount of the subsidy; therefore, their contributions are not available. For the plan year ended June 30, 2013, retirees qualified for a subsidy of \$118 at five years of service and \$650 at twenty years of service, with incremental increases for years of service in between. As a participating employer, the District is billed for the subsidy on a monthly basis and is legally required to provide for it. For fiscal year 2012, the District contributed \$625,980 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The District's annual other postemployment benefit (OPEB) cost (expense) for the plans is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligations (assets), by plan, for fiscal years 2012-13, 2011-12, and 2010-11 were as follows:

	Fiscal Year End	Annual OPEB Cost (Entry Age Normal Cost Method)	Employer Contributions	Percentage of Annual OPEB Contributed	Net OPEB Obligation (Asset)
CCSDEHBP	June 30, 2013	\$ 192,459	\$ 25,827	13%	\$ 2,094,560
CCSDEHBP	June 30, 2012	365,916	25,750	7%	1,927,928
CCSDEHBP	June 30, 2011	343,114	11,249	3%	1,587,762
PEBP	June 30, 2013	639,213	638,818	100%	(660,292)
PEBP	June 30, 2012	535,425	625,980	117%	(660,687)
PEBP	June 30, 2011	544,421	814,174	150%	(570,182)
Combined Totals	June 30, 2013	831,672	664,645		
Combined Totals	June 30, 2012	901,341	651,730		
Combined Totals	June 30, 2011	887,535	825,423		

The net OPEB obligation (NOPEBO) as of June 30, 2013, was calculated as follows:

	CCSDEHBP	PEBP	Total
Annual Required Contribution (ARC)	\$ 191,960	\$ 624,303	\$ 816,263
Interest on net OPEB obligation	77,117	(26,427)	50,690
Adjustment to annual required contribution	(76,618)	41,337	(35,281)
Annual OPEB Cost	192,459	639,213	831,672
Less: Contributions made	25,827	638,818	664,645
Increase in net OPEB obligation	166,632	395	167,027
Net OPEB obligation (asset) – beginning of the year	1,927,928	(660,687)	1,267,241
Net OPEB obligation (asset) – end of the year	\$ 2,094,560	\$ (660,292)	\$ 1,434,268

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Funded Status and Funding Progress: The funded status of the plans as of the most recent actuarial valuation (June 2013) was as follows:

	<u>CCSDEHBP</u>	<u>PEBP</u>	<u>Total</u>
Accrued actuarial liability (a)	\$ 1,694,018	\$ 10,377,221	\$ 12,071,239
Actuarial value of plan assets (b)	-	-	-
Unfunded Actuarial Accrued Liability (a) – (b)	<u>\$ 1,694,018</u>	<u>\$ 10,377,221</u>	<u>\$ 12,071,239</u>
Funded Ratio (b) / (a)	<u>0%</u>	<u>0%</u>	<u>0%</u>
Covered payroll (c)	<u>\$ 19,608,535</u>	<u>N/A</u>	
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll ((a) – (b)) / (c)	<u>9%</u>	<u>N/A</u>	

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets.

Significant methods and assumptions used in the June 30, 2013 actuarial valuation were as follows:

	<u>CCSDEHBP</u>	<u>PEBP</u>
Actuarial valuation date	June 30, 2013	June 30, 2013
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level Percentage of Payroll	Level Dollar Basis
Amortization period (open)	30 years open	26 years closed
Asset valuation method	Market Value	Market Value
Actuarial Assumptions:		
Projected general inflation rate	3%	3%
Investment rate of return	4%	4%
Projected salary increase	4%	4%
Medical Healthcare inflation rate*	9%	9%

* Decreasing .5% in 2014 and then .5% each year until ultimate trend rate of 5% is reached in 2021.

CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

NOTE 11 – Risk Management:

The District, like all governmental entities, is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have been minimal in the past three years.

NOTE 12 – Contingencies:

At June 30, 2013, the Churchill County School District was named in certain outstanding litigation. The financial impact of these actions is not determinable at June 30, 2013, but in the opinion of management and legal counsel, any resulting uninsured liability will not materially affect the financial position or results of operations of the District.

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(Page 1 of 4)**

	2013					2012
	BUDGET		ACTUAL	VARIANCE		ACTUAL
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL	
REVENUES						
Local sources:						
Ad valorem taxes	\$ 4,986,046	\$ 4,715,786	\$ 4,782,802	\$ (270,260)	\$ 67,016	\$ 4,877,405
Local school support taxes	6,980,149	6,980,149	5,492,741	-	(1,487,408)	6,526,125
Franchise taxes	20,000	20,000	21,776	-	1,776	19,148
Governmental services taxes	819,670	732,530	804,105	(87,140)	71,575	820,129
Donations	83,000	65,000	79,567	(18,000)	14,567	138,745
Boat registration	2,500	1,700	13,280	(800)	11,580	15,237
Other	15,600	17,030	167,927	1,430	150,897	18,777
Total Local Sources	<u>12,906,965</u>	<u>12,532,195</u>	<u>11,362,198</u>	<u>(374,770)</u>	<u>(1,169,997)</u>	<u>12,415,566</u>
State sources:						
Distributive school fund	14,235,236	14,245,824	15,785,326	10,588	1,539,502	16,018,288
Geothermal revenue	-	-	36,090	-	36,090	134,640
Total State Sources	<u>14,235,236</u>	<u>14,245,824</u>	<u>15,821,416</u>	<u>10,588</u>	<u>1,575,592</u>	<u>16,152,928</u>
Federal sources:						
Public Law 103-382:						
Impact Aid	800,000	582,608	466,155	(217,392)	(116,453)	669,870
Impact aid, reallocated	-	-	116,453	-	116,453	128,021
ROTC	60,000	35,775	50,422	(24,225)	14,647	61,591
E-rate funds	31,000	6,050	6,066	(24,950)	16	103,126
Total Federal Sources	<u>891,000</u>	<u>624,433</u>	<u>639,096</u>	<u>(266,567)</u>	<u>14,663</u>	<u>962,608</u>
Total Revenues	<u>28,033,201</u>	<u>27,402,452</u>	<u>27,822,710</u>	<u>(630,749)</u>	<u>420,258</u>	<u>29,531,102</u>
EXPENDITURES						
Regular programs:						
Instruction:						
Salaries	9,062,227	8,943,140	9,155,783	119,087	(212,643)	8,743,768
Benefits	3,891,129	3,898,900	3,674,630	(7,771)	224,270	3,725,683
Purchased services	87,569	77,910	61,816	9,659	16,094	71,463
Supplies	297,749	350,390	325,931	(52,641)	24,459	365,987
Property	40,000	30,450	19,904	9,550	10,546	-
Other	947	820	443	127	377	583
Total Regular Programs	<u>13,379,621</u>	<u>13,301,610</u>	<u>13,238,507</u>	<u>78,011</u>	<u>63,103</u>	<u>12,907,484</u>
Support services - students:						
Benefits	-	-	154	-	(154)	-
Total Regular Programs	<u>13,379,621</u>	<u>13,301,610</u>	<u>13,238,661</u>	<u>78,011</u>	<u>62,949</u>	<u>12,907,484</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(Page 2 of 4)**

	2013					2012
	BUDGET		ACTUAL	VARIANCE		ACTUAL
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL	
Vocational programs:						
Instruction:						
Salaries	\$ 552,675	\$ 521,520	\$ 511,129	\$ 31,155	\$ 10,391	\$ 548,086
Benefits	216,533	208,820	202,108	7,713	6,712	238,313
Purchased services	6,185	7,510	7,087	(1,325)	423	18,140
Supplies	25,960	21,410	14,655	4,550	6,755	26,186
Total Vocational Programs	801,353	759,260	734,979	42,093	24,281	830,725
Other instructional programs:						
Instruction:						
Salaries	136,737	115,200	108,350	21,537	6,850	122,115
Benefits	52,409	50,380	48,801	2,029	1,579	58,007
Purchased services	23,100	4,510	4,256	18,590	254	4,130
Supplies	45,600	61,810	58,758	(16,210)	3,052	52,039
Other	850	890	-	(40)	890	250
Total Other Instructional Programs	258,696	232,790	220,165	25,906	12,625	236,541
Community service:						
Community services operations						
Purchased services	1,000	-	-	1,000	-	338
Co-curricular activities:						
Instruction:						
Salaries	78,995	61,580	55,860	17,415	5,720	75,565
Benefits	3,229	3,310	1,701	(81)	1,609	4,468
Purchased services	34,500	47,810	43,737	(13,310)	4,073	53,355
Supplies	12,752	25,530	23,023	(12,778)	2,507	15,416
Other	1,397	1,450	1,294	(53)	156	2,874
Total Co-Curricular Activities	130,873	139,680	125,615	(8,807)	14,065	151,678
Student transportation:						
Purchased services	24,607	19,430	17,547	5,177	1,883	26,610
Total Co-Curricular Activities	155,480	159,110	143,162	(3,630)	15,948	178,288

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(Page 3 of 4)**

	2013					2012
	BUDGET		ACTUAL	VARIANCE		ACTUAL
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL	
Athletics:						
Instruction:						
Salaries	\$ 318,268	\$ 312,090	\$ 305,906	\$ 6,178	\$ 6,184	\$ 236,007
Benefits	52,517	55,970	56,225	(3,453)	(255)	33,549
Purchased services	5,400	6,980	6,423	(1,580)	557	-
Supplies	2,590	290	23	2,300	267	-
Other	300	300	275	-	25	-
	<u>379,075</u>	<u>375,630</u>	<u>368,852</u>	<u>3,445</u>	<u>6,778</u>	<u>269,556</u>
Student transportation:						
Purchased services	65,000	61,890	82,622	3,110	(20,732)	66,272
Total Athletics	<u>444,075</u>	<u>437,520</u>	<u>451,474</u>	<u>6,555</u>	<u>(13,954)</u>	<u>335,828</u>
Undistributed expenditures:						
Support services - students:						
Salaries	805,609	724,160	692,202	81,449	31,958	853,539
Benefits	338,537	301,920	293,959	36,617	7,961	373,460
Purchased services	20,860	7,400	6,163	13,460	1,237	17,940
Supplies	14,390	16,130	13,517	(1,740)	2,613	20,134
Other	199	110	100	89	10	-
	<u>1,179,595</u>	<u>1,049,720</u>	<u>1,005,941</u>	<u>129,875</u>	<u>43,779</u>	<u>1,265,073</u>
Support services - instruction:						
Salaries	421,778	422,360	418,805	(582)	3,555	366,502
Benefits	173,851	177,730	177,464	(3,879)	266	155,459
Purchased services	391,268	391,900	373,199	(632)	18,701	342,265
Supplies	34,884	30,530	24,976	4,354	5,554	28,520
Property	5,635	6,020	5,348	(385)	672	18,060
Other	750	250	189	500	61	89
	<u>1,028,166</u>	<u>1,028,790</u>	<u>999,981</u>	<u>(624)</u>	<u>28,809</u>	<u>910,895</u>
Support services - general administration:						
Salaries	242,308	261,730	262,935	(19,422)	(1,205)	240,134
Benefits	117,863	94,430	90,855	23,433	3,575	87,886
Purchased services	262,720	258,900	281,155	3,820	(22,255)	309,134
Supplies	16,350	12,560	8,336	3,790	4,224	10,808
Other	20,650	20,720	18,286	(70)	2,434	19,233
	<u>659,891</u>	<u>648,340</u>	<u>661,567</u>	<u>11,551</u>	<u>(13,227)</u>	<u>667,195</u>
Support services - school administration:						
Salaries	1,426,482	1,491,360	1,487,516	(64,878)	3,844	1,555,342
Benefits	591,876	616,750	612,796	(24,874)	3,954	625,152
Purchased services	73,417	75,150	75,549	(1,733)	(399)	76,348
Supplies	23,258	43,320	31,670	(20,062)	11,650	24,429
Other	2,898	1,770	1,687	1,128	83	3,195
	<u>2,117,931</u>	<u>2,228,350</u>	<u>2,209,218</u>	<u>(110,419)</u>	<u>19,132</u>	<u>2,284,466</u>
Central services:						
Salaries	621,544	684,710	695,101	(63,166)	(10,391)	634,648
Benefits	1,200,399	1,347,770	1,317,776	(147,371)	29,994	913,330
Purchased services	259,009	250,650	232,427	8,359	18,223	204,711
Supplies	59,570	12,270	25,075	47,300	(12,805)	35,647
Property	30,000	73,150	36,041	(43,150)	37,109	125,101
Other	40,230	18,640	13,977	21,590	4,663	28,925
	<u>2,210,752</u>	<u>2,387,190</u>	<u>2,320,397</u>	<u>(176,438)</u>	<u>66,793</u>	<u>1,942,362</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(Page 4 of 4)**

	2013					2012
	BUDGET		ACTUAL	VARIANCE		ACTUAL
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL	
O & M plant service:						
Salaries	\$ 1,682,816	\$ 1,607,740	\$ 1,590,183	\$ 75,076	\$ 17,557	\$ 1,573,009
Benefits	725,362	784,430	787,261	(59,068)	(2,831)	761,877
Purchased services	638,500	593,570	554,955	44,930	38,615	561,832
Supplies	951,458	923,040	847,500	28,418	75,540	893,561
Property	-	17,640	16,000	(17,640)	1,640	-
Other	4,100	2,340	550	1,760	1,790	612
	<u>4,002,236</u>	<u>3,928,760</u>	<u>3,796,449</u>	<u>73,476</u>	<u>132,311</u>	<u>3,790,891</u>
Student transportation:						
Salaries	721,049	760,400	762,451	(39,351)	(2,051)	737,055
Benefits	333,165	375,970	379,758	(42,805)	(3,788)	337,600
Purchased services	66,840	47,370	1,829	19,470	45,541	12,908
Supplies	275,350	292,480	231,338	(17,130)	61,142	252,430
Property	-	-	-	-	-	88,100
Other	1,300	1,300	665	-	635	842
	<u>1,397,704</u>	<u>1,477,520</u>	<u>1,376,041</u>	<u>(79,816)</u>	<u>101,479</u>	<u>1,428,935</u>
Facilities Acquisition & Construction Services:						
Property	-	2,625	5,485	(2,625)	(2,860)	31,564
Total Undistributed Expenditures	<u>12,596,275</u>	<u>12,751,295</u>	<u>12,375,079</u>	<u>(155,020)</u>	<u>376,216</u>	<u>12,321,381</u>
Total Expenditures	<u>27,636,500</u>	<u>27,641,585</u>	<u>27,163,520</u>	<u>(5,085)</u>	<u>478,065</u>	<u>26,810,585</u>
Excess of Revenues Over Expenditures	<u>396,701</u>	<u>(239,133)</u>	<u>659,190</u>	<u>(635,834)</u>	<u>898,323</u>	<u>2,720,517</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of school property	5,000	12,925	13,176	7,925	251	13,887
Contingency	(72,833)	(72,830)	-	3	72,830	-
Transfers out	(3,700,683)	(3,738,894)	(3,738,894)	(38,211)	-	(3,539,698)
Total Other Financing Sources (Uses)	<u>(3,768,516)</u>	<u>(3,798,799)</u>	<u>(3,725,718)</u>	<u>(30,283)</u>	<u>73,081</u>	<u>(3,525,811)</u>
Net Change in Fund Balance	(3,371,815)	(4,037,932)	(3,066,528)	(666,117)	971,404	(805,294)
FUND BALANCE, July 1	<u>4,477,275</u>	<u>5,293,363</u>	<u>5,293,363</u>	<u>816,088</u>	<u>-</u>	<u>6,098,657</u>
FUND BALANCE, June 30	<u>\$ 1,105,460</u>	<u>\$ 1,255,431</u>	<u>\$ 2,226,835</u>	<u>\$ 149,971</u>	<u>\$ 971,404</u>	<u>\$ 5,293,363</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR SPECIAL REVENUE FUND - SPECIAL EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(Page 1 of 2)**

	2013					2012
	BUDGET		ACTUAL	VARIANCE		ACTUAL
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL	
REVENUES						
Local sources:						
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 421
State sources:						
Distributive school fund	1,829,328	1,869,096	1,869,096	39,768	-	1,869,096
Medicaid reimbursement	150,000	50,000	60,119	(100,000)	10,119	86,315
Total State Sources	1,979,328	1,919,096	1,929,215	(60,232)	10,119	1,955,411
Federal sources:						
Impact aid	60,000	65,475	50,830	5,475	(14,645)	54,774
Impact aid, reallocated	-	-	14,651	-	14,651	28,785
Total Federal Sources	60,000	65,475	65,481	5,475	6	83,559
Total Revenues	2,039,328	1,984,571	1,994,696	(54,757)	10,125	2,039,391
EXPENDITURES						
Special programs:						
Instruction:						
Salaries	2,699,414	2,683,540	2,688,287	15,874	(4,747)	2,634,058
Benefits	1,157,162	1,171,420	1,183,962	(14,258)	(12,542)	1,128,257
Purchased services	3,350	1,630	313	1,720	1,317	1,905
Supplies	34,217	20,970	16,278	13,247	4,692	7,524
Other	150	260	256	(110)	4	-
	3,894,293	3,877,820	3,889,096	16,473	(11,276)	3,771,744
Support services - students:						
Salaries	347,316	-	-	347,316	-	286,263
Benefits	137,848	-	-	137,848	-	192,876
Purchased services	198,060	-	-	198,060	-	324,720
Supplies	6,650	-	-	6,650	-	3,374
Other	250	-	-	250	-	-
	690,124	-	-	690,124	-	807,233
Support services - instruction:						
Salaries	6,351	-	-	6,351	-	7,800
Benefits	2,692	-	-	2,692	-	2,588
Purchased services	2,500	-	-	2,500	-	1,606
	11,543	-	-	11,543	-	11,994
Support services - general administration:						
Purchased services	2,000	-	-	2,000	-	-
Student transportation:						
Salaries	243,608	-	-	243,608	-	153,947
Benefits	111,737	-	-	111,737	-	98,554
Purchased services	3,896	-	-	3,896	-	-
Supplies	17,957	-	-	17,957	-	9,309
	377,198	-	-	377,198	-	261,810
Total Special Programs	4,975,158	3,877,820	3,889,096	1,097,338	(11,276)	4,852,781

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR SPECIAL REVENUE FUND - SPECIAL EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(Page 2 of 2)**

	2013					2012
	BUDGET		ACTUAL	VARIANCE		ACTUAL
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL	
Gifted and Talented:						
Instruction:						
Salaries	\$ -	\$ 108,280	\$ 107,276	\$ (108,280)	\$ 1,004	\$ 103,620
Benefits	-	45,140	45,273	(45,140)	(133)	44,404
Purchased services	-	1,000	569	(1,000)	431	615
Supplies	-	4,290	2,287	(4,290)	2,003	7,743
Other	-	150	-	(150)	150	150
Total Gifted and Talented	-	158,860	155,405	(158,860)	3,455	156,532
Other instructional programs:						
Instruction:						
Supplies	-	-	544	-	(544)	6,015
Undistributed:						
Support services - students:						
Salaries	169,516	494,070	468,144	(324,554)	25,926	175,536
Benefits	68,710	205,180	207,127	(136,470)	(1,947)	132,425
Purchased services	30,800	456,750	440,269	(425,950)	16,481	39,075
Supplies	8,410	10,880	6,889	(2,470)	3,991	3,374
Property	473	500	-	(27)	500	-
Other	-	-	-	-	-	100
	277,909	1,167,380	1,122,429	(889,471)	44,951	350,510
Support services - instruction:						
Salaries	-	-	317	-	(317)	-
Benefits	-	-	8	-	(8)	-
Purchased services	-	-	93	-	(93)	-
	-	-	418	-	(418)	-
Student transportation:						
Salaries	-	114,850	113,999	(114,850)	851	-
Benefits	-	75,100	74,857	(75,100)	243	-
Purchased services	-	3,560	3,907	(3,560)	(347)	-
Supplies	-	12,390	17,323	(12,390)	(4,933)	-
	-	205,900	210,086	(205,900)	(4,186)	-
Total Undistributed Expenditures	277,909	1,373,280	1,332,933	(1,095,371)	40,347	350,510
Total Expenditures	5,253,067	5,409,960	5,377,978	(156,893)	31,982	5,365,838
Deficiency of Revenues Over Expenditures	(3,213,739)	(3,425,389)	(3,383,282)	(211,650)	42,107	(3,326,447)
OTHER FINANCING SOURCES (USES)						
Transfers in	3,213,739	3,318,000	3,318,000	104,261	-	3,241,419
Net Change in Fund Balance	-	(107,389)	(65,282)	(107,389)	42,107	(85,028)
FUND BALANCE, July 1	-	113,695	113,695	113,695	-	198,723
FUND BALANCE, June 30	\$ -	\$ 6,306	\$ 48,413	\$ 6,306	\$ 42,107	\$ 113,695

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR SPECIAL REVENUE FUND - FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(Page 1 of 5)**

	2013			VARIANCE		2012
	BUDGET		ACTUAL	ORIGINAL	FINAL	ACTUAL
	ORIGINAL	FINAL		TO FINAL	TO ACTUAL	
REVENUES						
Federal sources:						
Indian education program			\$ 46,016			\$ 52,888
Restricted State Agency:						
IASA Title I Part A			628,808			710,492
IASA Title I Part C			23,017			23,195
Carl D. Perkins Title I basic grant			41,717			46,286
Carl D. Perkins Title I competitive reserve			12,000			-
IASA Title III, Part A			44,563			38,349
Safe and drug-free schools and communities			-			327
Child abuse & neglect, Title XX			34,528			32,722
IASA Title IV-B, after-school learning			-			87,274
IDEA Part B, special education			686,803			1,288,066
Title I-A - ARRA			11,619			412
Education for the homeless children and youth			223,246			49,122
McKinney-Vento homeless stimulus grant - ARRA			-			54
Title II Part D enhancing education through technology			-			286
School improvement - ARRA			254,565			462,556
Title VI-B Family Resource Center			15,000			14,264
Chafee foster care independence			-			1,708
IDEA Part B, district initiative			138,683			91,578
IDEA Part B, early childhood			58,637			56,073
Title II Blend PL 110-107 Recruiting			-			153,360
Title I - School Improvement			22,206			25,382
Education Jobs Fund - ARRA			-			589,815
Energy Efficiency and Renewable Energy - ARRA			-			440,676
Total Revenues	\$ 2,603,125	2,626,416	2,241,408	\$ 23,291	(385,008)	4,164,885
EXPENDITURES						
Regular programs:						
Instruction:						
Salaries	6,884	-	630	6,884	(630)	341,367
Benefits	-	-	9	-	(9)	148,422
Supplies	36	-	11,619	36	(11,619)	60,371
	6,920	-	12,258	6,920	(12,258)	550,160
Support services - students:						
Salaries	400	-	-	400	-	-
Benefits	7,680	-	-	7,680	-	-
	8,080	-	-	8,080	-	-
Support services -general administration:						
Benefits	-	-	-	-	-	24
Total Regular Programs	15,000	-	12,258	15,000	(12,258)	550,184

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR SPECIAL REVENUE FUND - FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

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	2013			VARIANCE		2012
	BUDGET		ACTUAL	ORIGINAL	FINAL	ACTUAL
	ORIGINAL	FINAL		TO FINAL	TO ACTUAL	
Special programs:						
Instruction:						
Salaries	\$ 498,131	\$ 555,792	\$ 466,480	\$ (57,661)	\$ 89,312	\$ 621,121
Benefits	206,036	286,092	252,204	(80,056)	33,888	315,171
Purchased services	6,710	-	476	6,710	(476)	2,572
Supplies	68,762	118,258	109,566	(49,496)	8,692	103,760
Property	5,000	-	-	5,000	-	-
Other	3,000	-	1,552	3,000	(1,552)	190
	<u>787,639</u>	<u>960,142</u>	<u>830,278</u>	<u>(172,503)</u>	<u>129,864</u>	<u>1,042,814</u>
Support services - students:						
Salaries	-	-	-	-	-	522
Benefits	-	-	-	-	-	23
Purchased services	47,000	19,000	13,755	28,000	5,245	223,094
Supplies	1,300	200	181	1,100	19	1,356
	<u>48,300</u>	<u>19,200</u>	<u>13,936</u>	<u>29,100</u>	<u>5,264</u>	<u>224,995</u>
Support services - instruction:						
Salaries	47,275	49,050	45,706	(1,775)	3,344	82,192
Benefits	18,912	4,328	3,312	14,584	1,016	28,250
Purchased services	27,684	42,146	48,841	(14,462)	(6,695)	83,876
Supplies	8,162	1,155	308	7,007	847	22,913
Other	13,300	250	375	13,050	(125)	265
	<u>115,333</u>	<u>96,929</u>	<u>98,542</u>	<u>18,404</u>	<u>(1,613)</u>	<u>217,496</u>
Student transportation:						
Salaries	-	5,521	5,521	(5,521)	-	5,060
Benefits	-	1,715	1,715	(1,715)	-	1,197
Purchased services	3,000	-	-	3,000	-	1,689
	<u>3,000</u>	<u>7,236</u>	<u>7,236</u>	<u>(4,236)</u>	<u>-</u>	<u>7,946</u>
Total Special Programs	<u>954,272</u>	<u>1,083,507</u>	<u>949,992</u>	<u>(129,235)</u>	<u>133,515</u>	<u>1,493,251</u>
Vocational programs:						
Instruction:						
Salaries	300	-	-	300	-	700
Purchased services	-	-	11,950	-	(11,950)	6,090
Supplies	10,699	26,440	27,840	(15,741)	(1,400)	17,226
Property	15,201	7,774	7,274	7,427	500	10,242
	<u>26,200</u>	<u>34,214</u>	<u>47,064</u>	<u>(8,014)</u>	<u>(12,850)</u>	<u>34,258</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR SPECIAL REVENUE FUND - FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

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	2013			VARIANCE		2012
	BUDGET		ACTUAL	ORIGINAL	FINAL	ACTUAL
	ORIGINAL	FINAL		TO FINAL	TO ACTUAL	
Support services - students:						
Purchased services	\$ 3,002	\$ -	\$ -	\$ 3,002	\$ -	\$ -
Support services - instruction:						
Salaries	600	1,728	1,847	(1,128)	(119)	-
Benefits	11,772	288	99	11,484	189	-
Purchased services	-	17,477	-	(17,477)	17,477	7,199
Supplies	-	-	580	-	(580)	-
	<u>12,372</u>	<u>19,493</u>	<u>2,526</u>	<u>(7,121)</u>	<u>16,967</u>	<u>7,199</u>
Student transportation:						
Purchased services	4,100	-	-	4,100	-	2,046
Total Vocational Programs	<u>45,674</u>	<u>53,707</u>	<u>49,590</u>	<u>(8,033)</u>	<u>4,117</u>	<u>43,503</u>
Other Instructional Programs						
Instruction:						
Salaries	17,899	243,480	250,658	(225,581)	(7,178)	276,134
Benefits	1,704	115,398	97,948	(113,694)	17,450	96,060
Purchased services	-	-	-	-	-	76,147
Supplies	50,820	60,019	51,407	(9,199)	8,612	40,151
Other	75	-	-	75	-	1,250
	<u>70,498</u>	<u>418,897</u>	<u>400,013</u>	<u>(348,399)</u>	<u>18,884</u>	<u>489,742</u>
Support services - students:						
Salaries	315,975	171,281	138,097	144,694	33,184	57,798
Benefits	127,572	73,743	67,691	53,829	6,052	34,526
Purchased services	3,100	4,686	6,092	(1,586)	(1,406)	1,272
Supplies	3,983	20,328	16,128	(16,345)	4,200	30,108
Property	2,000	-	-	2,000	-	-
Other	-	2,200	4,595	(2,200)	(2,395)	3,215
	<u>452,630</u>	<u>272,238</u>	<u>232,603</u>	<u>180,392</u>	<u>39,635</u>	<u>126,919</u>
Support services - instruction:						
Salaries	89,468	64,233	56,575	25,235	7,658	69,658
Benefits	37,554	23,805	22,268	13,749	1,537	21,847
Purchased services	237,410	154,242	41,008	83,168	113,234	93,498
Supplies	5,967	58,089	23,873	(52,122)	34,216	13,178
Property	451,200	136,000	122,398	315,200	13,602	364,673
Other	625	75	75	550	-	75
	<u>822,224</u>	<u>436,444</u>	<u>266,197</u>	<u>385,780</u>	<u>170,247</u>	<u>562,929</u>
Support services - general administration:						
Supplies	13,175	-	-	13,175	-	1,534
Support services - central:						
Salaries	-	-	-	-	-	720
Benefits	-	-	-	-	-	60
Purchased services	1,500	2,136	-	(636)	2,136	719
Supplies	-	3,567	473	(3,567)	3,094	2,049
	<u>1,500</u>	<u>5,703</u>	<u>473</u>	<u>(4,203)</u>	<u>5,230</u>	<u>3,548</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR SPECIAL REVENUE FUND - FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

(Page 4 of 5)

	2013					2012
	BUDGET		ACTUAL	VARIANCE		ACTUAL
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL	
Support services - student transportation:						
Purchased services	\$ 1,700	\$ 900	\$ 180	\$ 800	\$ 720	\$ 482
Support services - community:						
Salaries	-	-	1,000	-	(1,000)	-
Benefits	-	-	53	-	(53)	209
Purchased services	3,340	4,000	3,000	(660)	1,000	31,419
Supplies	-	8,788	5,244	(8,788)	3,544	6,503
	3,340	12,788	9,297	(9,448)	3,491	38,131
Total Other Instructional Programs	1,365,067	1,146,970	908,763	218,097	238,207	1,223,285
Community Support:						
Community services operations:						
Salaries	31,486	31,611	30,492	(125)	1,119	30,780
Benefits	13,272	15,731	15,676	(2,459)	55	13,212
Purchased services	2,900	369	-	2,531	369	-
Supplies	111	83	1,615	28	(1,532)	1,824
Other	-	-	-	-	-	1,708
Total Community Support	47,769	47,794	47,783	(25)	11	47,524
Co-curricular and Extra-curricular Activities:						
Instruction:						
Salaries	-	-	-	-	-	23,956
Benefits	-	-	-	-	-	11,863
Total Co-curricular and Extra-curricular Activities:	-	-	-	-	-	35,819
Undistributed expenditures:						
Support services - students:						
Salaries	-	-	-	-	-	13,140
Purchased services	-	-	3,653	-	(3,653)	-
	-	-	3,653	-	(3,653)	13,140
Support services - instruction:						
Salaries	50,691	50,577	33,294	114	17,283	34,067
Benefits	7,888	8,141	6,321	(253)	1,820	7,200
Purchased services	26,550	79,900	60,751	(53,350)	19,149	12,622
Supplies	-	2,566	1,733	(2,566)	833	-
Other	2,000	2,000	-	-	2,000	-
	87,129	143,184	102,099	(56,055)	41,085	53,889
Central services:						
Salaries	43,143	80,411	58,538	(37,268)	21,873	96,413
Benefits	22,029	42,929	38,436	(20,900)	4,493	54,049
Purchased services	15,419	15,419	-	-	15,419	33,936
Supplies	6,081	2,654	1,626	3,427	1,028	2,029
Other	1,542	1,542	68,670	-	(67,128)	2,894
	88,214	142,955	167,270	(54,741)	(24,315)	189,321
O & M plant service:						
Salaries	-	-	-	-	-	49,478
Benefits	-	-	-	-	-	24,814
	-	-	-	-	-	74,292

CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MAJOR SPECIAL REVENUE FUND - FEDERAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
 (Page 5 of 5)

	2013					2012
	BUDGET		ACTUAL	VARIANCE		ACTUAL
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL	
Community support:						
Salaries	\$ -	\$ 5,000	\$ -	\$ (5,000)	\$ 5,000	\$ -
Benefits	-	3,299	-	(3,299)	3,299	-
	-	8,299	-	(8,299)	8,299	-
Building improvements:						
Property	-	-	-	-	-	440,677
Total Undistributed Expenditures	175,343	294,438	273,022	(119,095)	21,416	771,319
Total Expenditures	2,603,125	2,626,416	2,241,408	(23,291)	385,008	4,164,885
Net Change in Fund Balance	-	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**CHURCHILL COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS) TO THE
GENERAL FUND (GAAP BASIS)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013**

	GENERAL FUND (BUDGETARY BASIS)	UNEMPLOYMENT INSURANCE FUND	HIGH SCHOOL CONSTRUCTION FUND	ELIMINATIONS	GENERAL FUND AS REPORTED ON STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (GAAP BASIS)
REVENUES					
Local sources	\$ 11,362,198	\$ -	\$ -	\$ -	\$ 11,362,198
State sources	15,821,416	-	-	-	15,821,416
Federal sources	639,096	-	-	-	639,096
Total Revenues	<u>27,822,710</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,822,710</u>
EXPENDITURES					
Regular	13,238,661	-	-	-	13,238,661
Vocational	734,979	-	2,627	-	737,606
Other instructional	220,165	-	-	-	220,165
Co-curricular	143,162	-	-	-	143,162
Athletics	451,474	-	-	-	451,474
Undistributed:					
Support services - students	1,005,941	-	-	-	1,005,941
Support services - instruction	999,981	-	-	-	999,981
Support services - general administration	661,567	-	-	-	661,567
Support services - school administration	2,209,218	-	-	-	2,209,218
Central services	2,320,397	21,672	-	-	2,342,069
Operation and maintenance of plant services	3,796,449	-	-	-	3,796,449
Student transportation	1,376,041	-	-	-	1,376,041
Facilities acquisition & construction	5,485	-	-	-	5,485
Total Expenditures	<u>27,163,520</u>	<u>21,672</u>	<u>2,627</u>	<u>-</u>	<u>27,187,819</u>
Excess (Deficiency) of Revenues over Expenditures	<u>659,190</u>	<u>(21,672)</u>	<u>(2,627)</u>	<u>-</u>	<u>634,891</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of school property	13,176	-	115,500	-	128,676
Transfers in	-	50,000	-	(50,000)	-
Transfers out	(3,738,894)	-	-	50,000	(3,688,894)
Total Other Financing Sources (Uses)	<u>(3,725,718)</u>	<u>50,000</u>	<u>115,500</u>	<u>-</u>	<u>(3,560,218)</u>
Net Change in Fund Balance	<u>(3,066,528)</u>	<u>28,328</u>	<u>112,873</u>	<u>-</u>	<u>(2,925,327)</u>
FUND BALANCE, July 1	<u>5,293,363</u>	<u>93,878</u>	<u>70,926</u>	<u>-</u>	<u>5,458,167</u>
FUND BALANCE, June 30	<u>\$ 2,226,835</u>	<u>\$ 122,206</u>	<u>\$ 183,799</u>	<u>\$ -</u>	<u>\$ 2,532,840</u>

See accompanying notes to required supplementary information.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013**

The accompanying Reconciliation of the General Fund (Budgetary Basis) to the General Fund (GAAP Basis) presents balances combined for external reporting purposes.

Budget to actual comparisons are presented for all funds of the District, except for Agency Funds, as required by Nevada Revised Statutes. Such budget comparisons are required to be presented using the budget as adopted, and approved by the State of Nevada Department of Taxation. However, guidance provided in governmental accounting standards specify that two of these internally reported funds of Churchill County School District, not meeting the definition of special revenue funds, do not qualify to be separately presented for external reporting purposes.

These internally reported funds of the District (Unemployment Insurance Fund and the High School Construction Fund) are combined with the General Fund for external reporting purposes.

**CHURCHILL COUNTY SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFIT PLANS
JUNE 30, 2013**

	ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (AAL) - ENTRY AGE NORMAL COST (b)	UNFUNDED AAL (UAAL) (b - a)	FUNDED RATIO (a / b)	COVERED PAYROLL (c)	UAAL AS A PERCENTAGE OF COVERED PAYROLL ([b - a] / c)
CCSDEHBP	June 30, 2013	\$ -	\$ 1,694,018	\$ 1,694,018	0%	\$ 19,608,535	9%
PEBP	June 30, 2013	-	10,377,221	10,377,221	0%	-	N/A
CCSDEHBP	June 30, 2011	-	2,757,728	2,757,728	0%	20,466,842	13%
PEBP	June 30, 2011	-	9,694,370	9,694,370	0%	-	N/A
CCSDEHBP	June 30, 2009	-	4,608,727	4,608,727	0%	22,106,650	21%
PEBP	June 30, 2009	-	17,534,689	17,534,689	0%	-	N/A

The principal reasons for the differences between the 2011 report and the 2013 report are as follows:

- (a) For CCSDEHBP, (1) updates to employee and premium data since the prior valuation was prepared, (2) the elimination of any implicit subsidy for future retirees relating to medical coverage after age 65, following the introduction of the Medicare Advantage plan, (3) a decrease in the percentage of future District plan retirees who were assumed to elect to cover their spouse, to 20% from 40%, based on a review of recent plan experience; (4) projection of future improvements in retiree mortality, i.e., longer life expectancies; and (5) an update in the trend assumption for future increases in medical premiums.
- (b) For PEBP, (1) updates in members covered and in the amount of their monthly subsidy from the District, (2) projection of future improvements in retiree mortality, i.e., longer life expectancies and (3) an update in the trend assumption for future increases in PEBP subsidies.

**CHURCHILL COUNTY SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013**

(WITH COMPARATIVE TOTAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR CAPITAL PROJECTS FUND	TOTALS	
			2013	2012
ASSETS				
Cash and investments	\$ 293,420	\$ 3,043,236	\$ 3,336,656	\$ 3,486,511
Receivables:				
Other	3,460	-	3,460	-
Interest	-	498	498	-
Due from other governments	430,192	26,144	456,336	282,990
Inventories	79,653	-	79,653	78,919
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 806,725</u>	<u>\$ 3,069,878</u>	<u>\$ 3,876,603</u>	<u>\$ 3,848,420</u>
LIABILITIES				
Accounts payable	\$ 8,605	\$ 4,800	\$ 13,405	\$ 36,977
Accrued liabilities	355,186	-	355,186	349,255
Due to other funds	281,275	-	281,275	112,635
Due to other governments	-	-	-	2,309
Deferred revenue	2,537	-	2,537	27,686
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>647,603</u>	<u>4,800</u>	<u>652,403</u>	<u>528,862</u>
FUND BALANCES				
Nonspendable	79,653	-	79,653	78,919
Restricted for:				
Capital projects	-	3,065,078	3,065,078	3,316,510
Assigned	79,469	-	79,469	58,535
Unassigned	-	-	-	(134,406)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>159,122</u>	<u>3,065,078</u>	<u>3,224,200</u>	<u>3,319,558</u>
Total Liabilities and Fund Balances	<u>\$ 806,725</u>	<u>\$ 3,069,878</u>	<u>\$ 3,876,603</u>	<u>\$ 3,848,420</u>

CHURCHILL COUNTY SCHOOL DISTRICT
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	NONMAJOR SPECIAL REVENUE FUNDS	NONMAJOR CAPITAL PROJECTS FUND	TOTALS	
			2013	2012
REVENUES				
Local sources	\$ 234,563	\$ 454,658	\$ 689,221	\$ 784,921
State sources	1,888,443	-	1,888,443	2,030,757
Federal sources	900,500	-	900,500	948,881
Total Revenues	<u>3,023,506</u>	<u>454,658</u>	<u>3,478,164</u>	<u>3,764,559</u>
EXPENDITURES				
Regular programs	1,191,551	-	1,191,551	1,640,313
Special programs	129,064	-	129,064	235,870
Vocational programs	78,312	-	78,312	53,964
Adult education programs	161,660	-	161,660	152,957
Other instructional programs	37,389	-	37,389	40,704
Community service	132,533	-	132,533	140,194
Undistributed:				
Support services - students	80,028	-	80,028	52,792
Support services - instruction	96,889	-	96,889	81,899
Central services	4,980	-	4,980	3,425
Nutrition services	1,325,535	-	1,325,535	1,419,524
Operations and maintenance of plant services	385	295,075	295,460	257,686
Student transportation	-	-	-	36,115
Facility acquisition and construction services	-	21,900	21,900	95,548
Debt service	-	1,499,315	1,499,315	392,304
Total Expenditures	<u>3,238,326</u>	<u>1,816,290</u>	<u>5,054,616</u>	<u>4,603,295</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(214,820)</u>	<u>(1,361,632)</u>	<u>(1,576,452)</u>	<u>(838,736)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	7,000	7,000	-
Bonds issued	-	1,103,200	1,103,200	-
Transfers in	370,894	-	370,894	298,279
Total Other Financing Sources (Uses)	<u>370,894</u>	<u>1,110,200</u>	<u>1,481,094</u>	<u>298,279</u>
Net Changes in Fund Balances	156,074	(251,432)	(95,358)	(540,457)
FUND BALANCE, July 1	<u>3,048</u>	<u>3,316,510</u>	<u>3,319,558</u>	<u>3,860,015</u>
FUND BALANCE, June 30	<u>\$ 159,122</u>	<u>\$ 3,065,078</u>	<u>\$ 3,224,200</u>	<u>\$ 3,319,558</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
RECONCILIATION OF THE GENERAL FUND (BUDGETARY BASIS) TO THE
GENERAL FUND (GAAP BASIS)
COMBINING BALANCE SHEET
JUNE 30, 2013**

	GENERAL FUND (BUDGETARY BASIS)	UNEMPLOYMENT INSURANCE FUND	HIGH SCHOOL CONSTRUCTION FUND	ELIMINATIONS	GENERAL FUND AS REPORTED ON GOVERNMENTAL BALANCE SHEET (GAAP BASIS)
ASSETS					
Cash and investments	\$ 360,941	\$ 127,347	\$ 127,561	\$ -	\$ 615,849
Receivables:					
Property taxes	749,986	-	-	-	749,986
Other	70,829	-	-	-	70,829
Due from other funds	621,153	-	-	-	621,153
Due from other governments	4,290,447	-	-	-	4,290,447
Prepaid expenses	76,057	-	-	-	76,057
Inventories	90,231	-	57,738	-	147,969
	<u>6,259,644</u>	<u>127,347</u>	<u>185,299</u>	<u>-</u>	<u>6,572,290</u>
Total Assets	<u>\$ 6,259,644</u>	<u>\$ 127,347</u>	<u>\$ 185,299</u>	<u>\$ -</u>	<u>\$ 6,572,290</u>
LIABILITIES					
Accounts payable	\$ 331,032	\$ 5,141	\$ 1,500	\$ -	\$ 337,673
Accrued liabilities	3,484,834	-	-	-	3,484,834
Deferred revenue	216,943	-	-	-	216,943
	<u>4,032,809</u>	<u>5,141</u>	<u>1,500</u>	<u>-</u>	<u>4,039,450</u>
Total Liabilities	<u>4,032,809</u>	<u>5,141</u>	<u>1,500</u>	<u>-</u>	<u>4,039,450</u>
FUND BALANCES					
Nonspendable	166,288	-	57,738	-	224,026
Restricted for:					
NRS 387.1235	122,987	-	-	-	122,987
Committed:					
High School construction program	-	-	126,061	-	126,061
Unassigned	1,937,560	122,206	-	-	2,059,766
	<u>2,226,835</u>	<u>122,206</u>	<u>183,799</u>	<u>-</u>	<u>2,532,840</u>
Total Fund Balances	<u>2,226,835</u>	<u>122,206</u>	<u>183,799</u>	<u>-</u>	<u>2,532,840</u>
Total Liabilities and Fund Balances	<u>\$ 6,259,644</u>	<u>\$ 127,347</u>	<u>\$ 185,299</u>	<u>\$ -</u>	<u>\$ 6,572,290</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEET (BUDGETARY BASIS)
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and investments	\$ 360,941	\$ 6,440,591
Receivables:		
Property taxes	749,986	160,625
Other	70,829	2,017
Due from other funds	621,153	689,143
Due from other governments	4,290,447	2,006,017
Prepaid expenses	76,057	200
Inventory	<u>90,231</u>	<u>129,627</u>
 Total Assets	 <u>\$ 6,259,644</u>	 <u>\$ 9,428,220</u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 331,032	\$ 525,143
Accrued liabilities	3,484,834	3,449,089
Deferred revenue	<u>216,943</u>	<u>160,625</u>
 Total Liabilities	 <u>4,032,809</u>	 <u>4,134,857</u>
 Fund Balance:		
Nonspendable	166,288	129,827
Restricted:		
Net proceeds of mines per NRS 387.1235	122,987	133,374
Unassigned	<u>1,937,560</u>	<u>5,030,162</u>
 Total Fund Balance	 <u>2,226,835</u>	 <u>5,293,363</u>
 Total Liabilities and Fund Balance	 <u>\$ 6,259,644</u>	 <u>\$ 9,428,220</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
MAJOR SPECIAL REVENUE FUND - SPECIAL EDUCATION FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2013 AND 2012**

	2013	2012
ASSETS		
Cash and investments	\$ 673,878	\$ 873,046
Due from other governments	182,635	46,225
Total Assets	\$ 856,513	\$ 919,271
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 42,950	\$ 61,571
Accrued liabilities	765,150	744,005
Total Liabilities	808,100	805,576
Fund Balance:		
Assigned	48,413	113,695
Total Liabilities and Fund Balance	\$ 856,513	\$ 919,271

**CHURCHILL COUNTY SCHOOL DISTRICT
MAJOR SPECIAL REVENUE FUND - FEDERAL PROJECTS FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2013 AND 2012**

	2013	2012
ASSETS		
Cash and investments	\$ 2	\$ 88,383
Receivables	-	10
Due from other governments	625,128	965,103
Total Assets	\$ 625,130	\$ 1,053,496
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 52,176	\$ 51,692
Accrued liabilities	233,076	354,422
Due to other funds	339,878	576,508
Due to other governments	-	1,187
Deferred revenue	-	69,687
Total Liabilities	625,130	1,053,496
Fund Balance	-	-
Total Liabilities and Fund Balance	\$ 625,130	\$ 1,053,496

**CHURCHILL COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	STATE PROJECTS FUND	HOT LUNCH AND MILK FUND	CLASS SIZE REDUCTION FUND	ADULT EDUCATION FUND	TOTALS	
					2013	2012
ASSETS						
Cash and investments	\$ 2,537	\$ -	\$ 250,733	\$ 40,150	\$ 293,420	\$ 178,480
Receivables, other	3,460	-	-	-	3,460	-
Due from other governments	299,334	130,858	-	-	430,192	253,514
Inventories	-	79,653	-	-	79,653	78,919
Total Assets	<u>\$ 305,331</u>	<u>\$ 210,511</u>	<u>\$ 250,733</u>	<u>\$ 40,150</u>	<u>\$ 806,725</u>	<u>\$ 510,913</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 8,033	\$ 117	\$ -	\$ 455	\$ 8,605	\$ 15,980
Accrued liabilities	19,055	77,681	235,139	23,311	355,186	349,255
Due to other funds	275,706	5,569	-	-	281,275	112,635
Due to other governments	-	-	-	-	-	2,309
Deferred revenue	2,537	-	-	-	2,537	27,686
Total Liabilities	<u>305,331</u>	<u>83,367</u>	<u>235,139</u>	<u>23,766</u>	<u>647,603</u>	<u>507,865</u>
Fund Balance:						
Nonspendable	-	79,653	-	-	79,653	78,919
Assigned	-	47,491	15,594	16,384	79,469	58,535
Unassigned	-	-	-	-	-	(134,406)
Total Fund Balance	<u>-</u>	<u>127,144</u>	<u>15,594</u>	<u>16,384</u>	<u>159,122</u>	<u>3,048</u>
Total Liabilities and Fund Balance	<u>\$ 305,331</u>	<u>\$ 210,511</u>	<u>\$ 250,733</u>	<u>\$ 40,150</u>	<u>\$ 806,725</u>	<u>\$ 510,913</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)**

	STATE PROJECTS FUND	HOT LUNCH AND MILK FUND	CLASS SIZE REDUCTION FUND	ADULT EDUCATION FUND	TOTALS	
					2013	2012
REVENUES						
Local sources	\$ 385	\$ 234,178	\$ -	\$ -	\$ 234,563	\$ 343,627
State sources	598,777	4,157	1,151,969	133,540	1,888,443	2,030,757
Federal sources	-	900,500	-	-	900,500	948,881
Total Revenues	599,162	1,138,835	1,151,969	133,540	3,023,506	3,323,265
EXPENDITURES						
Regular programs	39,582	-	1,151,969	-	1,191,551	1,640,313
Special programs	129,064	-	-	-	129,064	235,870
Vocational programs	78,312	-	-	-	78,312	53,964
Adult education programs	-	-	-	161,660	161,660	152,957
Other instructional programs	37,389	-	-	-	37,389	40,704
Community service	132,533	-	-	-	132,533	140,194
Undistributed expenditures:						
Support services - students	80,028	-	-	-	80,028	52,792
Support services - instruction	96,889	-	-	-	96,889	81,899
Central services	4,980	-	-	-	4,980	3,425
Nutrition services	-	1,325,535	-	-	1,325,535	1,419,524
Operation and maintenance	385	-	-	-	385	244
Student transportation	-	-	-	-	-	36,115
Total Expenditures	599,162	1,325,535	1,151,969	161,660	3,238,326	3,858,001
Excess (Deficiency) of Revenues Over Expenditures	-	(186,700)	-	(28,120)	(214,820)	(534,736)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	187,894	150,000	33,000	370,894	298,279
Net Changes in Fund Balances	-	1,194	150,000	4,880	156,074	(236,457)
FUND BALANCE, July 1	-	125,950	(134,406)	11,504	3,048	239,505
FUND BALANCE, June 30	\$ -	\$ 127,144	\$ 15,594	\$ 16,384	\$ 159,122	\$ 3,048

**CHURCHILL COUNTY SCHOOL DISTRICT
UNEMPLOYMENT INSURANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	<u>2013</u>			<u>2012</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Undistributed expenditures:				
Central services:				
Benefits	<u>15,000</u>	<u>21,673</u>	<u>(6,673)</u>	<u>50,673</u>
Deficiency of Revenues Under Expenditures	<u>(15,000)</u>	<u>(21,673)</u>	<u>(6,673)</u>	<u>(50,673)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	35,000	28,327	(6,673)	(50,673)
FUND BALANCE, July 1	<u>93,879</u>	<u>93,879</u>	<u>-</u>	<u>144,552</u>
FUND BALANCE, June 30	<u>\$ 128,879</u>	<u>\$ 122,206</u>	<u>\$ (6,673)</u>	<u>\$ 93,879</u>

CHURCHILL COUNTY SCHOOL DISTRICT
STATE PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(Page 1 of 3)

	2013			2012
	BUDGET	ACTUAL	VARIANCE	
REVENUES				
Local sources:				
Donations	\$ 27,705	\$ 385	\$ (27,320)	\$ 41,715
State sources:				
State administered grants:				
CTE - consolidated competition	40,280	40,146	(134)	19,291
Nationally certified school library media specialists	-	1,371	1,371	-
CTE state formula funds	40,047	40,047	-	36,188
Differential response	90,854	90,854	-	90,846
Early childhood education	103,582	103,582	-	103,180
Educational technology	37,420	37,388	(32)	39,580
Executive budget	25,890	25,847	(43)	27,894
Nationally certified school counselors and school psychologists	-	26,993	26,993	-
SAPTA	18,000	18,933	933	17,768
LEA school library book purchasing program	2,752	2,752	-	1,904
Licensed Ed Incentive Grant	62,753	62,311	(442)	238,833
Adult high school education program	-	2,829	2,829	-
Special elementary counseling services	50,000	50,000	-	50,000
Western regional professional development	61,842	95,430	33,588	81,899
Other grants	-	294	294	20,587
	<u>533,420</u>	<u>598,777</u>	<u>65,357</u>	<u>727,970</u>
Total Revenues	<u>561,125</u>	<u>599,162</u>	<u>38,037</u>	<u>769,685</u>
EXPENDITURES				
Regular programs:				
Instruction:				
Salaries	11,296	-	11,296	84,854
Benefits	36,827	36,828	(1)	21,299
Purchased services	335	-	335	-
Supplies	2,752	2,754	(2)	16,742
	<u>51,210</u>	<u>39,582</u>	<u>11,628</u>	<u>122,895</u>
Support services - students:				
Salaries	640	-	640	-
Benefits	204	-	204	-
Purchased services	1,950	-	1,950	1,205
Supplies	411	-	411	233
	<u>3,205</u>	<u>-</u>	<u>3,205</u>	<u>1,438</u>
Student transportation:				
Purchased services	360	-	360	145
Total Regular Programs	<u>54,775</u>	<u>39,582</u>	<u>15,193</u>	<u>124,478</u>
Special programs:				
Instruction:				
Salaries	80,736	83,659	(2,923)	180,608
Benefits	35,275	41,109	(5,834)	53,618
Supplies	2,200	-	2,200	1,644
	<u>118,211</u>	<u>124,768</u>	<u>(6,557)</u>	<u>235,870</u>
Support services - students:				
Salaries	-	4,296	(4,296)	-
Total Special Programs	<u>118,211</u>	<u>129,064</u>	<u>(10,853)</u>	<u>235,870</u>

CHURCHILL COUNTY SCHOOL DISTRICT
STATE PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(Page 2 of 3)

	2013			2012
	BUDGET	ACTUAL	VARIANCE	
Vocational programs:				
Instruction:				
Purchased Services	\$ 1,750	\$ 3,300	\$ (1,550)	\$ -
Supplies	60,447	58,967	1,480	44,020
	<u>62,197</u>	<u>62,267</u>	<u>(70)</u>	<u>44,020</u>
Support services - instructional:				
Salaries	3,472	1,988	1,484	90
Benefits	-	174	(174)	8
Purchased Services	3,774	2,650	1,124	1,444
	<u>7,246</u>	<u>4,812</u>	<u>2,434</u>	<u>1,542</u>
Student transportation:				
Purchased services	9,014	11,233	(2,219)	8,402
Total Vocational Programs	<u>78,457</u>	<u>78,312</u>	<u>145</u>	<u>53,964</u>
Other instructional programs:				
Support services - students:				
Supplies	37,420	37,389	31	39,580
Support services - instructional:				
Supplies	-	-	-	974
Other	-	-	-	150
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,124</u>
Total Other Instructional Programs	<u>37,420</u>	<u>37,389</u>	<u>31</u>	<u>40,704</u>
Community service:				
Central services:				
Salaries	13,724	13,704	20	1,000
Benefits	1,239	1,222	17	592
Purchased services	5,400	67	5,333	18,802
Supplies	3,237	2,844	393	2,482
Other	-	100	(100)	-
	<u>23,600</u>	<u>17,937</u>	<u>5,663</u>	<u>22,876</u>
Community service:				
Salaries	82,167	82,012	155	83,419
Benefits	30,699	30,643	56	31,432
Purchased services	200	94	106	323
Supplies	1,569	1,847	(278)	140
	<u>114,635</u>	<u>114,596</u>	<u>39</u>	<u>115,314</u>
Support services - instruction:				
Purchased services	-	-	-	2,004
Total Community Service	<u>138,235</u>	<u>132,533</u>	<u>5,702</u>	<u>140,194</u>

CHURCHILL COUNTY SCHOOL DISTRICT
STATE PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)
(Page 3 of 3)

	2013			2012
	BUDGET	ACTUAL	VARIANCE	
Undistributed expenditures:				
Support services - students:				
Salaries	\$ 50,000	\$ 79,822	\$ (29,822)	\$ 50,000
Purchased services	-	-	-	1,277
Supplies	205	206	(1)	1,515
	<u>50,205</u>	<u>80,028</u>	<u>(29,823)</u>	<u>52,792</u>
Support services - instruction:				
Salaries	58,267	71,465	(13,198)	59,938
Benefits	21,575	25,335	(3,760)	21,961
Supplies	-	89	(89)	-
	<u>79,842</u>	<u>96,889</u>	<u>(17,047)</u>	<u>81,899</u>
Central Services:				
Salaries	1,255	342	913	1,882
Benefits	551	175	376	760
Purchased services	599	944	(345)	688
Supplies	40	53	(13)	38
Other	60	3,466	(3,406)	57
	<u>2,505</u>	<u>4,980</u>	<u>(2,475)</u>	<u>3,425</u>
Operation and Maintenance:				
Purchased services	-	-	-	244
Supplies	-	385	(385)	-
	<u>-</u>	<u>385</u>	<u>(385)</u>	<u>244</u>
Student transportation				
Supplies	-	-	-	36,115
Total Undistributed Expenditures	<u>132,552</u>	<u>182,282</u>	<u>(49,730)</u>	<u>174,475</u>
Total Expenditures	<u>559,650</u>	<u>599,162</u>	<u>(39,512)</u>	<u>769,685</u>
Net Change in Fund Balance	1,475	-	(1,475)	-
FUND BALANCE, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, June 30	<u>\$ 1,475</u>	<u>\$ -</u>	<u>\$ (1,475)</u>	<u>\$ -</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
HOT LUNCH AND MILK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	2013			2012
	BUDGET	ACTUAL	VARIANCE	
REVENUES				
Local sources:				
Food service revenue	\$ 220,650	\$ 220,478	\$ (172)	\$ 287,622
Other	12,350	13,700	1,350	14,290
Total Local Sources	233,000	234,178	1,178	301,912
State sources:				
State matching	5,000	4,157	(843)	4,816
Federal sources:				
School food programs	895,450	900,500	5,050	948,881
Total Revenues	1,133,450	1,138,835	5,385	1,255,609
EXPENDITURES				
Undistributed:				
Nutrition services:				
Salaries	406,000	406,972	(972)	407,322
Benefits	238,000	247,432	(9,432)	246,411
Purchased services	20,000	13,575	6,425	15,399
Supplies	720,000	655,505	64,495	747,446
Property	10,000	-	10,000	-
Other	2,500	2,051	449	2,946
Total Undistributed Expenditures	1,396,500	1,325,535	70,965	1,419,524
Deficiency of Revenues Under Expenditures	(263,050)	(186,700)	76,350	(163,915)
OTHER FINANCING SOURCES (USES)				
Transfer in	187,894	187,894	-	100,000
Net Change in Fund Balance	(75,156)	1,194	76,350	(63,915)
FUND BALANCE, July 1	125,950	125,950	-	189,865
FUND BALANCE, June 30	\$ 50,794	\$ 127,144	\$ 76,350	\$ 125,950

**CHURCHILL COUNTY SCHOOL DISTRICT
HIGH SCHOOL CONSTRUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	2013			2012
	BUDGET	ACTUAL	VARIANCE	
REVENUES				
Local sources:				
Other	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Vocational programs:				
Instruction:				
Purchased services	79,500	2,535	76,965	117,427
Supplies	250	92	158	150
Total Vocational Expenditures	79,750	2,627	77,123	117,577
Deficiency of Revenues Under Expenditures	(79,750)	(2,627)	77,123	(117,577)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	121,413	115,500	(5,913)	-
Net Change in Fund Balance	41,663	112,873	71,210	(117,577)
FUND BALANCE, July 1	70,926	70,926	-	188,503
FUND BALANCE, June 30	<u>\$ 112,589</u>	<u>\$ 183,799</u>	<u>\$ 71,210</u>	<u>\$ 70,926</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
CLASS SIZE REDUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	2012			2012
	BUDGET	ACTUAL	VARIANCE	
REVENUES				
State sources:				
Distributive school fund	\$ 1,151,970	\$ 1,151,969	\$ (1)	\$ 1,188,448
EXPENDITURES				
Regular programs:				
Instruction:				
Salaries	1,072,550	826,593	245,957	1,006,344
Benefits	79,420	325,376	(245,956)	509,491
Total Regular Programs Expenditures	<u>1,151,970</u>	<u>1,151,969</u>	<u>1</u>	<u>1,515,835</u>
Deficiency of Revenues Under Expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>(327,387)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>160,000</u>
Net Change in Fund Balance	150,000	150,000	-	(167,387)
FUND BALANCE, July 1	<u>(134,406)</u>	<u>(134,406)</u>	<u>-</u>	<u>32,981</u>
FUND BALANCE, June 30	<u>\$ 15,594</u>	<u>\$ 15,594</u>	<u>\$ -</u>	<u>\$ (134,406)</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
ADULT EDUCATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	2013			2012
	BUDGET	ACTUAL	VARIANCE	
REVENUES				
State sources:				
Distributive school fund	\$ 133,541	\$ 133,540	\$ (1)	\$ 109,523
EXPENDITURES				
Adult education programs:				
Instruction:				
Salaries	102,500	101,644	856	100,624
Benefits	42,200	42,539	(339)	41,577
Purchased services	6,000	5,736	264	5,946
Supplies	7,900	6,013	1,887	4,810
Other	150	5,728	(5,578)	-
Total Expenditures	158,750	161,660	(2,910)	152,957
Excess (Deficiency) of Revenues Over Expenditures	(25,209)	(28,120)	(2,911)	(43,434)
OTHER FINANCING SOURCES (USES)				
Transfers in	33,000	33,000	-	38,279
Net Change in Fund Balance	7,791	4,880	(2,911)	(5,155)
FUND BALANCE, July 1	11,504	11,504	-	16,659
FUND BALANCE, June 30	\$ 19,295	\$ 16,384	\$ (2,911)	\$ 11,504

**CHURCHILL COUNTY SCHOOL DISTRICT
DEBT SERVICE FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2013 AND 2012**

	2013	2012
ASSETS		
Cash and investments	\$ 3,006,371	\$ 2,476,112
Due from other governments	124,224	140,045
Receivables:		
Property taxes	550,079	118,002
Interest	298	-
Total Assets	\$ 3,680,972	\$ 2,734,159
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ -	\$ 317,084
Deferred revenue	159,167	117,992
Total Liabilities	159,167	435,076
Fund Balance:		
Restricted for:		
Debt service	3,521,805	2,299,083
Total Liabilities and Fund Balance	\$ 3,680,972	\$ 2,734,159

CHURCHILL COUNTY SCHOOL DISTRICT
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013					2012
	BUDGET		ACTUAL	VARIANCE		ACTUAL
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL	
REVENUES						
Local sources:						
Ad valorem taxes	\$ 3,656,434	\$ 3,451,733	\$ 3,411,685	\$ (204,701)	\$ (40,048)	\$ 3,372,825
Net mine proceeds	-	10,020	95,869	10,020	85,849	98,662
Earnings on investments	5,000	4,700	4,661	(300)	(39)	4,436
	<u>3,661,434</u>	<u>3,466,453</u>	<u>3,512,215</u>	<u>(194,981)</u>	<u>45,762</u>	<u>3,475,923</u>
Federal sources:						
Subsidy interest	120,000	126,475	126,475	(6,475)	-	126,475
Total Revenues	<u>3,781,434</u>	<u>3,592,928</u>	<u>3,638,690</u>	<u>(201,456)</u>	<u>45,762</u>	<u>3,602,398</u>
EXPENDITURES						
Debt Service:						
Combined bonds:						
Principal	1,500,000	1,460,000	1,460,000	40,000	-	2,780,000
Interest	1,000,000	950,668	950,668	49,332	-	967,537
Other	10,000	5,300	5,300	4,700	-	3,800
Total Expenditures	<u>2,510,000</u>	<u>2,415,968</u>	<u>2,415,968</u>	<u>94,032</u>	<u>-</u>	<u>3,751,337</u>
Excess (Deficiency) of Revenues Over Expenditures	1,271,434	1,176,960	1,222,722	(107,424)	45,762	(148,939)
OTHER FINANCING SOURCES (USES)						
Transfers out	(2,122,182)	-	-	2,122,182	-	(342,074)
Net Change in Fund Balance	(850,748)	1,176,960	1,222,722	2,014,758	45,762	(491,013)
FUND BALANCE, July 1	<u>2,600,748</u>	<u>2,299,083</u>	<u>2,299,083</u>	<u>(301,665)</u>	<u>-</u>	<u>2,790,096</u>
FUND BALANCE, June 30	<u>\$ 1,750,000</u>	<u>\$ 3,476,043</u>	<u>\$ 3,521,805</u>	<u>\$ 1,713,093</u>	<u>\$ 45,762</u>	<u>\$ 2,299,083</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
MAJOR CAPITAL PROJECTS FUND - ROLLOVER BOND FUND
COMPARATIVE BALANCE SHEET
JUNE 30, 2013 AND 2012**

	2013	2012
ASSETS		
Cash and investments	\$ 15,610,986	\$ 15,005,764
Due from other governments	-	1,057
Interest receivable	221	-
Total Assets	\$ 15,611,207	\$ 15,006,821
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 2,044,992	\$ 1,761,317
Fund Balance:		
Restricted for:		
Capital projects	13,566,215	13,245,504
Total Liabilities and Fund Balance	\$ 15,611,207	\$ 15,006,821

CHURCHILL COUNTY SCHOOL DISTRICT
MAJOR CAPITAL PROJECTS FUND - ROLLOVER BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013					2012
	BUDGET		ACTUAL	VARIANCE		ACTUAL
	ORIGINAL	FINAL		ORIGINAL TO FINAL	FINAL TO ACTUAL	
REVENUES						
Local sources:						
Interest	\$ 25,000	\$ 50,000	\$ 49,542	\$ 25,000	\$ (458)	\$ 36,056
Miscellaneous	-	-	-	-	-	163,577
Total Revenues	25,000	50,000	49,542	25,000	(458)	199,633
EXPENDITURES						
Undistributed expenditures:						
Central services:						
Property	-	766,152	706,590	(766,152)	59,562	-
O & M plant service:						
Purchased services	1,844,747	495	495	1,844,252	-	34,328
Supplies	1,000	-	-	1,000	-	-
	1,845,747	495	495	1,845,252	-	34,328
Site improvements:						
Purchased services	-	-	-	-	-	341,676
Property	787,500	-	-	787,500	-	5,195
Other	-	-	-	-	-	237
	787,500	-	-	787,500	-	347,108
Building acquisition and construction services:						
Purchased services	551,500	114,571	65,527	436,929	49,044	-
Property	1,000,000	2,275	-	997,725	2,275	-
	1,551,500	116,846	65,527	1,434,654	51,319	-
Architectural & engineering services:						
Purchased	-	250	250	(250)	-	3,750
Building improvements:						
Purchased services	1,620,801	-	4,096	1,620,801	(4,096)	1,500
Supplies	3,000	-	-	3,000	-	60
Property	5,963,634	14,379,728	8,473,352	(8,416,094)	5,906,376	5,186,589
	7,587,435	14,379,728	8,477,448	(6,792,293)	5,902,280	5,188,149
Other facilities and acquisition:						
Other	200,000	-	-	200,000	-	5,678
Total undistributed expenditures	11,972,182	15,263,471	9,250,310	(3,291,289)	6,013,161	5,579,013
Debt service:						
Debt issuance costs	175,000	252,042	252,042	(77,042)	-	188,963
Total Expenditures	12,147,182	15,515,513	9,502,352	(3,368,331)	6,013,161	5,767,976
Excess (Deficiency) of Revenues Over Expenditures	(12,122,182)	(15,465,513)	(9,452,810)	3,393,331	6,012,703	(5,568,343)
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of bonds	7,000,000	9,430,000	9,520,000	2,430,000	90,000	7,000,000
Premium on issuance of bonds	2,122,182	253,521	253,521	(1,868,661)	-	87,768
Transfers in	-	-	-	-	-	342,074
	9,122,182	9,683,521	9,773,521	561,339	90,000	7,429,842
Net Change in Fund Balances	(3,000,000)	(5,781,992)	320,711	3,954,670	6,102,703	1,861,499
FUND BALANCE, July 1	3,000,000	13,245,504	13,245,504	(10,245,504)	-	11,384,005
FUND BALANCE, June 30	\$ -	\$ 7,463,512	\$ 13,566,215	\$ (6,290,834)	\$ 6,102,703	\$ 13,245,504

**CHURCHILL COUNTY SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)**

	CAPITAL PROJECTS FUND	BUILDING AND SITES FUND	TOTALS	
			2013	2012
ASSETS				
Cash and investments	\$ 2,113,638	\$ 929,598	\$ 3,043,236	\$ 3,308,031
Receivables:				
Interest	-	498	498	-
Due from other governments	<u>26,144</u>	<u>-</u>	<u>26,144</u>	<u>29,476</u>
Total Assets	<u><u>\$ 2,139,782</u></u>	<u><u>\$ 930,096</u></u>	<u><u>\$ 3,069,878</u></u>	<u><u>\$ 3,337,507</u></u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ -	\$ 4,800	\$ 4,800	\$ 20,997
Fund Balances:				
Restricted for:				
Capital projects	<u>2,139,782</u>	<u>925,296</u>	<u>3,065,078</u>	<u>3,316,510</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,139,782</u></u>	<u><u>\$ 930,096</u></u>	<u><u>\$ 3,069,878</u></u>	<u><u>\$ 3,337,507</u></u>

**CHURCHILL COUNTY SCHOOL DISTRICT
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)**

	CAPITAL PROJECTS FUND	BUILDING AND SITES FUND	TOTALS	
			2013	2012
REVENUES				
Local sources	\$ 338,522	\$ 116,136	\$ 454,658	\$ 441,294
EXPENDITURES				
Undistributed expenditures:				
Operations and maintenance of plant services	10,195	284,880	295,075	257,442
Building improvements	-	21,900	21,900	64,638
Architecture and engineering:	-	-	-	615
Site improvement	-	-	-	30,295
Debt service	1,499,315	-	1,499,315	392,304
 Total Expenditures	 1,509,510	 306,780	 1,816,290	 745,294
 Deficiency of Revenues Under Expenditures	 (1,170,988)	 (190,644)	 (1,361,632)	 (304,000)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	7,000	7,000	-
Bonds issued	1,103,200	-	1,103,200	-
 Other Financing Sources (Uses)	 1,103,200	 7,000	 1,110,200	 -
 Net Change in Fund Balances	 (67,788)	 (183,644)	 (251,432)	 (304,000)
FUND BALANCE, July 1	2,207,570	1,108,940	3,316,510	3,620,510
FUND BALANCE, June 30	\$ 2,139,782	\$ 925,296	\$ 3,065,078	\$ 3,316,510

CHURCHILL COUNTY SCHOOL DISTRICT
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)

	2013			2012
	BUDGET	ACTUAL	VARIANCE	
REVENUES				
Local sources:				
Governmental services taxes	\$ 267,575	\$ 293,728	\$ 26,153	\$ 299,786
Residential tax	4,500	4,464	(36)	6,246
Interest	38,000	40,330	2,330	32,628
Total Revenues	<u>310,075</u>	<u>338,522</u>	<u>28,447</u>	<u>338,660</u>
EXPENDITURES				
Undistributed expenditures:				
Operations and maintenance of plant services:				
Purchased services	10,195	10,195	-	9,996
Site Improvements				
Property	-	-	-	29,145
Total Undistributed Expenditures	<u>10,195</u>	<u>10,195</u>	<u>-</u>	<u>39,141</u>
Debt service:				
Principal	1,368,057	1,408,387	(40,330)	346,003
Interest	51,960	51,960	-	46,301
Other	38,968	38,968	-	-
Total Debt Service Expenditures	<u>1,458,985</u>	<u>1,499,315</u>	<u>(40,330)</u>	<u>392,304</u>
Total Expenditures	<u>1,469,180</u>	<u>1,509,510</u>	<u>(40,330)</u>	<u>431,445</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,159,105)	(1,170,988)	(11,883)	(92,785)
OTHER FINANCING SOURCES (USES)				
Bonds issued	1,103,200	1,103,200	-	-
Net Change in Fund Balance	(55,905)	(67,788)	(11,883)	(92,785)
FUND BALANCE, July 1	<u>2,207,570</u>	<u>2,207,570</u>	<u>-</u>	<u>2,300,355</u>
FUND BALANCE, June 30	<u>\$ 2,151,665</u>	<u>\$ 2,139,782</u>	<u>\$ (11,883)</u>	<u>\$ 2,207,570</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
BUILDING AND SITES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES- BUDGET AND ACTUAL (GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2012)**

	2013			2012
	BUDGET	ACTUAL	VARIANCE	
REVENUES				
Local sources:				
Interest on investments	\$ 8,250	\$ 8,174	\$ (76)	\$ 16,778
Rent	1,100	1,149	49	5,465
Other	106,825	106,813	(12)	80,391
Total Revenues	<u>116,175</u>	<u>116,136</u>	<u>(39)</u>	<u>102,634</u>
EXPENDITURES				
Undistributed expenditures:				
Operations and maintenance plant service:				
Purchased services	311,183	269,131	42,052	243,308
Supplies	6,567	6,567	-	4,138
Property	9,132	9,132	-	-
Other	50	50	-	-
	<u>326,932</u>	<u>284,880</u>	<u>42,052</u>	<u>247,446</u>
Building improvements:				
Purchased services	-	-	-	3,425
Supplies	21,900	21,900	-	-
Property	-	-	-	61,213
	<u>21,900</u>	<u>21,900</u>	<u>-</u>	<u>64,638</u>
Architecture and engineering:				
Purchased services	-	-	-	615
Site improvement:				
Purchased services	-	-	-	1,150
Total Undistributed Expenditures	<u>348,832</u>	<u>306,780</u>	<u>42,052</u>	<u>313,849</u>
Excess (Deficiency) of Revenues Over Expenditures	(232,657)	(190,644)	42,013	(211,215)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	7,000	7,000	-
Net Change in Fund Balance	(232,657)	(183,644)	49,013	(211,215)
FUND BALANCE, July 1	<u>1,108,940</u>	<u>1,108,940</u>	<u>-</u>	<u>1,320,155</u>
FUND BALANCE, June 30	<u>\$ 876,283</u>	<u>\$ 925,296</u>	<u>\$ 49,013</u>	<u>\$ 1,108,940</u>

**CHURCHILL COUNTY SCHOOL DISTRICT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
OF STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013
(Page 1 of 3)**

	<u>BALANCE JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE JUNE 30, 2013</u>
Churchill County High School Activity Fund				
ASSETS				
Cash	\$ 259,191	\$ 711,120	\$ 648,222	\$ 322,089
LIABILITIES				
Due to student and faculty groups	\$ 259,191	\$ 711,120	\$ 648,222	\$ 322,089
Churchill County Middle School Activity Fund				
ASSETS				
Cash	\$ 65,231	\$ 112,879	\$ 84,521	\$ 93,589
LIABILITIES				
Due to student and faculty groups	\$ 65,231	\$ 112,879	\$ 84,521	\$ 93,589
Northside Elementary Activity Fund				
ASSETS				
Cash	\$ 2,590	\$ 40,784	\$ 1,260	\$ 42,114
LIABILITIES				
Due to student and faculty groups	\$ 2,590	\$ 40,784	\$ 1,260	\$ 42,114
E.C. Best Elementary School Activity Fund				
ASSETS				
Cash	\$ 2,094	\$ 12,224	\$ 10,356	\$ 3,962
LIABILITIES				
Due to student and faculty groups	\$ 2,094	\$ 12,224	\$ 10,356	\$ 3,962
School Board Scholarship Fund				
ASSETS				
Cash	\$ 243	\$ 1,395	\$ 1,500	\$ 138
LIABILITIES				
Due to student and faculty groups	\$ 243	\$ 1,395	\$ 1,500	\$ 138
Numa Elementary Activity Fund				
ASSETS				
Cash	\$ 23,839	\$ 25,640	\$ 30,427	\$ 19,052
LIABILITIES				
Due to student and faculty groups	\$ 23,839	\$ 25,640	\$ 30,427	\$ 19,052

CHURCHILL COUNTY SCHOOL DISTRICT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
OF STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013
(Page 2 of 3)

	<u>BALANCE</u> <u>JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2013</u>
Lahontan Elementary Activity Fund				
ASSETS				
Cash	\$ 1,188	\$ 10,778	\$ 9,847	\$ 2,119
LIABILITIES				
Due to student and faculty groups	\$ 1,188	\$ 10,778	\$ 9,847	\$ 2,119
80/20 Plan Fund				
ASSETS				
Cash	\$ 14,385	\$ 9,982	\$ -	\$ 24,367
LIABILITIES				
Due to student and faculty groups	\$ 14,385	\$ 9,982	\$ -	\$ 24,367
Even Start Fund				
ASSETS				
Cash	\$ 143	\$ -	\$ -	\$ 143
LIABILITIES				
Due to student and faculty groups	\$ 143	\$ -	\$ -	\$ 143
West End Elementary Activity Fund				
ASSETS				
Cash	\$ 8,812	\$ 1,045	\$ 9,857	\$ -
LIABILITIES				
Due to student and faculty groups	\$ 8,812	\$ 1,045	\$ 9,857	\$ -
Bucket Brigade				
ASSETS				
Cash	\$ 1,806	\$ -	\$ 461	\$ 1,345
LIABILITIES				
Due to student and faculty groups	\$ 1,806	\$ -	\$ 461	\$ 1,345
C-3 After School Program				
ASSETS				
Cash	\$ 6,500	\$ -	\$ -	\$ 6,500
LIABILITIES				
Due to student and faculty groups	\$ 6,500	\$ -	\$ -	\$ 6,500

CHURCHILL COUNTY SCHOOL DISTRICT
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
OF STUDENT ACTIVITY ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2013
 (Page 3 of 3)

	<u>BALANCE</u> <u>JULY 1, 2012</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2013</u>
FRC				
<hr/>				
ASSETS				
Cash	\$ 380	\$ -	\$ 300	\$ 80
	<u>380</u>	<u>-</u>	<u>300</u>	<u>80</u>
LIABILITIES				
Due to student and faculty groups	\$ 380	\$ -	\$ 300	\$ 80
	<u>380</u>	<u>-</u>	<u>300</u>	<u>80</u>
<hr/>				
Totals, All Agency Funds				
<hr/>				
ASSETS				
Cash	\$ 386,402	\$ 925,847	\$ 796,751	\$ 515,498
	<u>386,402</u>	<u>925,847</u>	<u>796,751</u>	<u>515,498</u>
LIABILITIES				
Due to student and faculty groups	\$ 386,402	\$ 925,847	\$ 796,751	\$ 515,498
	<u>386,402</u>	<u>925,847</u>	<u>796,751</u>	<u>515,498</u>

STATISTICAL SECTION

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STATISTICAL SECTION

This part of Churchill County School District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	S-2 to S-10
Revenue Capacity These schedules contain information to help the reader assess the District's significant revenue sources.	S-11 to S-21
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	S-22 to S-25
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	S-26 to S-29
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	S-30 to S-32

Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The District implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year. The District implemented GASB 54 in Fiscal Year 2011, which affects the way net position is presented as well as redefines Special Revenue Funds.

CHURCHILL COUNTY SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Page 1 of 2)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Primary government				
Net Investment in capital assets	\$ 10,549,143	\$ 11,748,640	\$ 12,413,354	\$ 11,568,129
Restricted	2,930,676	3,354,752	4,154,145	7,362,660
Unrestricted	4,238,141	4,415,390	3,536,898	3,839,708
Total primary government net position	<u>\$ 17,717,960</u>	<u>\$ 19,518,782</u>	<u>\$ 20,104,397</u>	<u>\$ 22,770,497</u>

(Page 2 of 2)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 12,815,705	\$ 16,478,966	\$ 17,174,897	\$ 15,325,251	\$ 16,148,873	\$ 18,119,252
6,813,679	5,336,534	7,374,928	9,711,063	10,573,681	9,989,956
4,656,356	5,469,432	5,646,820	6,123,338	4,611,149	1,273,212
<u>\$ 24,285,740</u>	<u>\$ 27,284,932</u>	<u>\$ 30,196,645</u>	<u>\$ 31,159,652</u>	<u>\$ 31,333,703</u>	<u>\$ 29,382,420</u>

CHURCHILL COUNTY SCHOOL DISTRICT

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis of Accounting)

(Page 1 of 4)

	2004	2005	2006	2007
Expenses				
Governmental Activities:				
Instruction:				
Regular programs	\$ 15,180,620	\$ 15,654,972	\$ 16,392,777	\$ 18,522,231
Special programs	5,438,668	5,616,943	5,623,960	4,553,247
Vocational programs	842,791	935,394	998,671	954,707
Adult programs	182,172	140,431	145,185	167,518
Other education programs	347,439	418,128	563,332	1,239,194
Community service	-	-	-	315,054
Co-curricular programs	63,615	210,781	438,974	471,601
Total Instruction	22,055,305	22,976,649	24,162,899	26,223,552
Support Services:				
Student support	2,042,887	2,330,941	2,365,081	2,400,852
Instructional support	1,852,355	938,333	1,070,986	1,150,726
General administration	433,177	671,287	545,794	663,609
School administration	1,895,486	1,979,179	2,196,690	2,288,370
Central support	885,441	1,757,811	1,977,501	2,340,841
Operation and maintenance	3,446,012	3,647,418	3,768,556	4,235,941
Student transportation	1,561,396	1,641,838	1,759,958	1,790,480
Nutrition services	1,102,025	1,168,049	1,225,779	1,246,805
Community service	-	-	-	-
Facility acquisition and construction	198,071	35,508	381,419	395,516
Debt Service	1,037,793	988,454	947,339	922,274
Miscellaneous	1,053,642	-	-	-
Depreciation, unallocated	1,056,745	1,072,035	1,028,734	1,037,005
Total Support	16,565,030	16,230,853	17,267,837	18,472,419
Total primary government expenses	38,620,335	39,207,502	41,430,736	44,695,971
Program Revenues				
Instruction:				
Charges for services	67,349	49,763	171,302	2,917
Operating grants and contributions	3,197,588	2,777,298	4,690,478	5,882,490
Capital grants and contributions	-	-	-	-
Total instruction program revenues	3,264,937	2,827,061	4,861,780	5,885,407
Support services:				
Charges for services	461,474	503,613	494,022	421,212
Operating grants and contributions	834,405	904,013	766,963	824,512
Capital grants and contributions	-	-	-	-
Total support services program revenues	1,295,879	1,407,626	1,260,985	1,245,724
Total primary government program revenues	\$ 4,560,816	\$ 4,234,687	\$ 6,122,765	\$ 7,131,131

(Page 2 of 4)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 17,326,410	\$ 15,949,176	\$ 15,853,384	\$ 14,989,605	\$ 15,463,212	\$ 14,687,043
5,320,735	5,706,635	6,617,586	6,577,743	6,800,653	4,993,351
1,244,608	1,144,014	1,003,211	1,049,953	1,063,448	854,043
196,572	161,322	163,950	155,161	154,851	162,476
1,475,451	1,361,550	1,407,181	1,290,883	1,177,737	624,504
342,398	398,391	236,100	212,419	189,826	-
476,047	469,667	478,921	484,748	556,891	510,710
<u>26,382,221</u>	<u>25,190,755</u>	<u>25,760,333</u>	<u>24,760,512</u>	<u>25,406,618</u>	<u>21,832,127</u>
2,092,206	1,507,447	1,548,186	1,631,529	1,702,519	2,575,165
1,333,090	1,004,753	882,049	1,166,773	1,091,881	1,560,670
585,181	550,023	629,162	583,011	670,829	647,641
2,344,912	2,207,141	2,290,044	2,382,603	2,310,123	2,221,979
2,574,536	2,559,809	2,287,624	2,198,779	2,162,667	2,590,222
5,751,658	5,023,989	3,831,299	4,713,370	4,123,855	4,075,657
1,709,745	1,330,752	1,370,180	1,436,486	1,509,432	1,785,073
1,297,843	1,222,216	1,265,104	1,356,767	1,429,505	1,321,516
-	-	-	-	-	168,676
217,225	183,424	640,751	517,046	588,459	1,494,851
799,777	703,410	718,747	956,361	1,102,457	1,108,166
-	-	-	3,151	-	-
1,013,753	1,004,149	995,824	981,457	951,335	-
<u>19,719,926</u>	<u>17,297,113</u>	<u>16,458,970</u>	<u>17,927,333</u>	<u>17,643,062</u>	<u>19,549,616</u>
<u>46,102,147</u>	<u>42,487,868</u>	<u>42,219,303</u>	<u>42,687,845</u>	<u>43,049,680</u>	<u>41,381,743</u>
302,670	166,501	135,000	221,547	67,285	65,819
6,614,242	6,653,784	7,477,922	7,591,715	7,109,035	5,111,361
-	-	-	-	472,798	-
<u>6,916,912</u>	<u>6,820,285</u>	<u>7,612,922</u>	<u>7,813,262</u>	<u>7,649,118</u>	<u>5,177,180</u>
420,441	367,745	336,623	322,775	301,909	234,177
813,048	1,018,449	968,692	1,107,037	1,164,536	1,770,625
-	-	99,766	-	440,676	254,565
<u>1,233,489</u>	<u>1,386,194</u>	<u>1,405,081</u>	<u>1,429,812</u>	<u>1,907,121</u>	<u>2,259,367</u>
<u>\$ 8,150,401</u>	<u>\$ 8,206,479</u>	<u>\$ 9,018,003</u>	<u>\$ 9,243,074</u>	<u>\$ 9,556,239</u>	<u>\$ 7,436,547</u>

CHURCHILL COUNTY SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Page 3 of 4)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Net (Expense)/Revenue				
Instruction	\$(18,790,368)	\$(20,149,588)	\$(19,301,119)	\$(20,338,145)
Support services	<u>(15,269,151)</u>	<u>(14,823,227)</u>	<u>(16,006,852)</u>	<u>(17,226,695)</u>
Total primary government net expense	<u>(34,059,519)</u>	<u>(34,972,815)</u>	<u>(35,307,971)</u>	<u>(37,564,840)</u>
General Revenues				
Property taxes, levied for general purposes	3,391,134	3,589,378	3,752,194	4,101,871
Property taxes, levied for debt service	2,719,268	3,059,498	3,027,903	3,294,715
Local school support taxes	4,322,127	5,227,001	5,562,888	6,277,936
Government services taxes for general purposes	980,891	1,055,478	1,142,747	1,127,916
Government services taxes for capital purposes	404,040	437,910	471,079	467,912
Franchise taxes	3,682	17,827	21,091	87,317
Residential construction taxes	-	-	37,575	137,997
Other taxes and fees	16,280	16,985	17,820	17,357
Unrestricted investment earnings	114,523	291,011	584,934	880,058
Other local sources	52,424	31,176	43,027	1,282,394
Gain on sale of asset	-	23,103	13,992	1,019
State aid not restricted to specific purpose	21,877,960	21,786,305	20,334,250	21,414,001
Federal aid not restricted to specific purpose	<u>1,328,176</u>	<u>1,237,965</u>	<u>884,086</u>	<u>1,140,447</u>
Total general revenues	<u>35,210,505</u>	<u>36,773,637</u>	<u>35,893,586</u>	<u>40,230,940</u>
Change in Net Position				
Total primary government	<u>\$ 1,150,986</u>	<u>\$ 1,800,822</u>	<u>\$ 585,615</u>	<u>\$ 2,666,100</u>

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<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$(19,465,309)	\$(18,370,470)	\$(18,147,411)	\$(16,947,250)	\$(17,757,500)	\$(16,654,947)
<u>(18,486,437)</u>	<u>(15,910,919)</u>	<u>(15,053,889)</u>	<u>(16,497,521)</u>	<u>(15,735,941)</u>	<u>(17,290,249)</u>
<u>(37,951,746)</u>	<u>(34,281,389)</u>	<u>(33,201,300)</u>	<u>(33,444,771)</u>	<u>(33,493,441)</u>	<u>(33,945,196)</u>
4,571,147	5,260,793	5,528,146	5,724,602	4,949,036	4,839,120
3,563,554	3,806,818	4,030,459	4,198,523	3,471,488	3,548,729
6,095,079	5,655,646	4,766,941	5,316,184	6,526,125	5,492,741
1,112,270	1,021,539	976,216	858,877	820,129	804,105
443,147	409,167	364,256	313,558	299,786	293,728
22,496	24,214	19,399	24,040	19,148	21,776
79,911	10,773	8,037	-	-	-
16,097	15,735	14,207	14,955	15,237	13,280
668,694	213,236	65,996	81,253	89,890	103,656
240,987	146,104	132,922	388,007	274,315	358,909
38,812	31,236	2,377	21,014	14,834	107,779
21,063,842	17,258,093	19,326,780	16,384,265	16,202,928	15,821,416
<u>1,385,139</u>	<u>3,427,227</u>	<u>877,277</u>	<u>1,082,500</u>	<u>984,576</u>	<u>588,674</u>
<u>39,301,175</u>	<u>37,280,581</u>	<u>36,113,013</u>	<u>34,407,778</u>	<u>33,667,492</u>	<u>31,993,913</u>
<u>\$ 1,349,429</u>	<u>\$ 2,999,192</u>	<u>\$ 2,911,713</u>	<u>\$ 963,007</u>	<u>\$ 174,051</u>	<u>\$ (1,951,283)</u>

CHURCHILL COUNTY SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Page 1 of 2)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 (1)</u>
General Fund				
Reserved	\$ 226,128	\$ 101,075	\$ 387,287	\$ 281,259
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved	<u>4,014,147</u>	<u>4,974,383</u>	<u>3,230,827</u>	<u>3,509,317</u>
Total general fund	<u>4,240,275</u>	<u>5,075,458</u>	<u>3,618,114</u>	<u>3,790,576</u>
All Other Governmental Funds				
Reserved	3,460,268	3,899,302	4,897,565	8,091,171
Non-spendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Unreserved reported in:				
Special revenue funds	428,400	(151,916)	26,508	89,086
Capital projects funds	<u>268,044</u>	<u>248,774</u>	<u>454,604</u>	<u>768,553</u>
Total all other governmental funds	<u>4,156,712</u>	<u>3,996,160</u>	<u>5,378,677</u>	<u>8,948,810</u>
Total governmental funds	<u>\$ 8,396,987</u>	<u>\$ 9,071,618</u>	<u>\$ 8,996,791</u>	<u>\$ 12,739,386</u>

(1) Restated from prior period.

(2) Unemployment Fund and High School Construction Fund are combined in the General Fund.

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<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011 (2)</u>	<u>2012</u>	<u>2013</u>
\$ 329,755	\$ 466,128	\$ 286,175	\$ -	\$ -	\$ -
-	-	-	169,459	129,827	224,026
-	-	-	-	133,374	122,987
-	-	-	149,036	-	126,061
-	-	-	-	-	-
-	-	-	-	5,194,966	2,059,766
<u>3,304,624</u>	<u>4,159,611</u>	<u>5,630,629</u>	<u>6,113,217</u>	<u>-</u>	<u>-</u>
<u>3,634,379</u>	<u>4,625,739</u>	<u>5,916,804</u>	<u>6,431,712</u>	<u>5,458,167</u>	<u>2,532,840</u>
3,826,219	2,558,202	4,892,531	-	-	-
-	-	-	81,648	78,919	79,653
-	-	-	6,410,606	18,861,097	20,153,098
-	-	-	-	-	-
-	-	-	-	172,230	127,882
-	-	-	11,740,585	(134,406)	-
327,820	897,087	2,704,888	-	-	-
<u>4,454,409</u>	<u>10,685,121</u>	<u>7,732,039</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>8,608,448</u>	<u>14,140,410</u>	<u>15,329,458</u>	<u>18,232,839</u>	<u>18,977,840</u>	<u>20,360,633</u>
<u>\$ 12,242,827</u>	<u>\$ 18,766,149</u>	<u>\$ 21,246,262</u>	<u>\$ 24,664,551</u>	<u>\$ 24,436,007</u>	<u>\$ 22,893,473</u>

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CHURCHILL COUNTY SCHOOL DISTRICT
General Government Revenues By Source
For Governmental Fund Types
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year Ended June 30,	Local Sources	State Sources	Federal Sources	Total
2004	\$ 12,632,250	\$ 22,368,298	\$ 5,033,836	\$ 40,034,384
2005	\$ 14,309,163	\$ 22,225,928	\$ 4,562,611	\$ 41,097,702
2006	\$ 15,191,366	\$ 22,713,365	\$ 3,932,773	\$ 41,837,504
2007	\$ 18,160,417	\$ 24,724,991	\$ 4,457,782	\$ 47,343,190
2008	\$ 17,217,045	\$ 25,157,926	\$ 4,623,943	\$ 46,998,914
2009	\$ 16,897,944	\$ 21,264,703	\$ 7,046,823	\$ 45,209,470
2010	\$ 16,261,036	\$ 23,518,878	\$ 5,172,061	\$ 44,951,975
2011	\$ 17,363,392	\$ 20,558,558	\$ 5,702,755	\$ 43,624,705
2012	\$ 16,876,464	\$ 20,139,096	\$ 6,286,408	\$ 43,301,968
2013	\$ 15,613,176	\$ 19,639,074	\$ 3,972,960	\$ 39,225,210

Includes General, Special Revenue, Capital Projects and Debt Service Funds.

CHURCHILL COUNTY SCHOOL DISTRICT
Governmental Expenditures by Function
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Page 1 of 2)

	2004	2005	2006	2007
Regular programs	\$ 15,096,389	\$ 15,625,943	\$ 16,406,740	\$ 18,495,045
Special programs	5,435,032	5,598,460	5,628,059	4,543,005
Vocational programs	901,698	1,004,651	994,486	970,325
Adult Education programs	178,563	139,953	146,582	166,108
Other instructional programs	343,617	421,703	604,205	1,259,605
Co-curricular programs	63,615	210,781	437,097	486,739
Community support	-	-	-	314,991
Undistributed:				
Instruction	-	-	-	238
Support services - students	2,023,612	2,291,858	2,495,856	2,394,474
Support services - instruction	1,861,856	978,096	1,091,641	1,163,110
Support services - general administration	429,125	666,256	538,968	658,573
Support services - school administration	1,878,199	1,974,310	2,165,209	2,291,986
Central support	940,127	1,733,962	1,899,790	2,318,545
Nutrition services	1,094,279	1,162,520	1,218,440	1,236,833
Operation and maintenance	3,409,465	3,672,698	3,758,248	4,246,319
Student transportation (1)	1,682,407	1,530,871	1,773,066	3,234,420
Facility acquisition and construction	586,223	726,197	335,413	209,530
Miscellaneous	-	-	-	-
Debt Service:				
Principal	1,183,392	1,712,430	1,675,000	11,615,000
Interest	1,056,695	990,769	945,997	899,003
Other	1,500	1,000	1,000	58,979
Total Expenditures	<u>\$ 38,165,794</u>	<u>\$ 40,442,458</u>	<u>\$ 42,115,797</u>	<u>\$ 56,562,828</u>

(1) 2005 changed from previously reported amount.

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2008	2009	2010	2011	2012	2013
\$ 17,415,294	\$ 15,836,406	\$ 15,898,455	\$ 15,542,477	\$ 15,097,981	\$ 14,442,470
5,327,932	5,662,551	6,621,185	6,595,001	6,744,449	5,123,557
1,304,481	1,132,645	1,027,444	1,010,462	1,045,769	865,508
203,496	161,478	162,116	151,566	152,957	161,660
1,474,789	1,419,647	1,358,409	1,258,675	1,500,530	1,166,861
478,394	455,171	480,493	477,283	549,935	594,636
333,183	401,142	265,077	208,925	188,056	180,316
-	-	-	-	-	-
2,264,043	1,474,342	1,491,365	1,515,741	1,681,515	2,212,051
1,340,878	1,018,624	892,290	1,225,102	1,046,683	1,199,387
594,437	545,361	608,607	583,235	667,195	661,567
2,207,261	2,192,577	2,267,575	2,289,139	2,284,466	2,209,218
2,610,182	2,520,719	2,263,521	2,243,137	2,185,782	3,220,909
1,302,106	1,216,435	1,257,545	1,359,057	1,419,524	1,325,535
5,736,334	4,998,498	3,817,195	3,932,913	4,157,197	4,092,404
1,704,300	1,150,150	1,306,352	1,239,860	1,465,050	1,586,127
1,126,881	57,873	716,089	3,817,616	6,112,474	8,570,610
-	-	-	3,151	-	-
2,867,535	4,747,954	1,536,884	2,970,085	3,126,003	2,868,387
803,367	625,264	658,170	862,178	1,013,838	1,002,628
1,000	167,098	18,940	92,045	192,763	296,310
<u>\$ 49,095,893</u>	<u>\$ 45,783,935</u>	<u>\$ 42,647,712</u>	<u>\$ 47,377,648</u>	<u>\$ 50,632,167</u>	<u>\$ 51,780,141</u>

CHURCHILL COUNTY SCHOOL DISTRICT
Changes in Fund Balance - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(Page 1 of 2)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Total revenues (S-11)	\$ 40,034,384	\$ 41,097,702	\$ 41,837,504	\$ 47,343,190
Total expenditures (S-12 to S-13)	<u>(38,165,794)</u>	<u>(40,442,458)</u>	<u>(42,115,797)</u>	<u>(56,562,828)</u>
Excess (deficiency) of revenues over expenditures	<u>1,868,590</u>	<u>655,244</u>	<u>(278,293)</u>	<u>(9,219,638)</u>
Other Financing Sources (Uses)				
Transfers in	3,057,180	2,562,184	3,066,512	3,472,897
Sale of school property	127,552	152,403	203,466	5,419
Proceeds of refunding bonds	-	-	-	9,355,000
Proceeds of New bonds	-	-	-	-
Proceeds of medium term debt	-	-	-	3,436,000
Premium (Discount) on bonds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Intergovernmental transfers	(283,555)	(133,016)	-	-
Transfer out	<u>(3,057,180)</u>	<u>(2,562,184)</u>	<u>(3,066,512)</u>	<u>(3,472,897)</u>
Total other financing sources (uses)	<u>(156,003)</u>	<u>19,387</u>	<u>203,466</u>	<u>12,796,419</u>
Net Change in fund balances	<u>\$ 1,712,587</u>	<u>\$ 674,631</u>	<u>\$ (74,827)</u>	<u>\$ 3,576,781</u>
Capital expenditures	<u>\$ 780,198</u>	<u>\$ 836,358</u>	<u>\$ 360,936</u>	<u>\$ 1,439,367</u>
Debt service as a percentage of noncapital expenditures	6.0%	6.8%	6.3%	22.7%

The District changed its capitalization policy to adhere to State Department of Education requirements to a minimum threshold of \$5,000 in fiscal year 2010. Capital expenditures in the prior years are not comparable.

(1) Not available

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<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 46,998,914	\$ 45,209,470	\$ 44,951,975	\$ 43,624,705	\$ 43,301,968	\$ 39,225,210
<u>(49,095,893)</u>	<u>(45,783,935)</u>	<u>(42,647,712)</u>	<u>(47,377,648)</u>	<u>(50,632,167)</u>	<u>(51,780,141)</u>
<u>(2,096,979)</u>	<u>(574,465)</u>	<u>2,304,263</u>	<u>(3,752,943)</u>	<u>(7,330,199)</u>	<u>(12,554,931)</u>
4,454,252	4,232,891	3,495,231	6,156,343	3,881,772	3,688,894
400,420	198,475	175,850	166,782	13,887	135,676
-	5,620,000	-	3,644,746	-	-
-	7,000,000	-	7,000,000	7,000,000	10,623,200
1,200,000	-	-	-	-	-
-	(4,566)	-	(45,373)	87,768	253,521
-	(5,716,121)	-	(3,594,923)	-	-
-	-	-	-	-	-
<u>(4,454,252)</u>	<u>(4,232,891)</u>	<u>(3,495,231)</u>	<u>(6,156,343)</u>	<u>(3,881,772)</u>	<u>(3,688,894)</u>
<u>1,600,420</u>	<u>7,097,788</u>	<u>175,850</u>	<u>7,171,232</u>	<u>7,101,655</u>	<u>11,012,397</u>
<u>\$ (496,559)</u>	<u>\$ 6,523,323</u>	<u>\$ 2,480,113</u>	<u>\$ 3,418,289</u>	<u>\$ (228,544)</u>	<u>\$ (1,542,534)</u>
<u>\$ 1,575,760</u>	<u>\$ 266,439</u>	<u>\$ 562,784</u>	<u>\$ 3,209,864</u>	<u>\$ 6,360,358</u>	<u>\$ 9,401,521</u>
7.7%	11.8%	5.2%	8.7%	9.4%	9.1%

CHURCHILL COUNTY SCHOOL DISTRICT
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Real and Personal Property (1)		Ratio of Assessed to Estimated Actual Value	Total CCSD Tax Rate
	Assessed Value	Estimated Actual Value		
2004	\$ 433,003,700	\$ 1,237,153,429	35%	1.3700
2005	\$ 441,486,591	\$ 1,261,390,260	35%	1.3700
2006	\$ 488,296,936	\$ 1,395,134,103	35%	1.3700
2007	\$ 570,368,036	\$ 1,629,622,960	35%	1.3500
2008	\$ 686,529,426	\$ 1,961,512,646	35%	1.3500
2009	\$ 725,891,895	\$ 2,073,976,843	35%	1.3000
2010	\$ 790,819,558	\$ 2,259,484,451	35%	1.3000
2011	\$ 780,222,345	\$ 2,229,206,700	35%	1.3000
2012	\$ 658,870,265	\$ 1,882,486,471	35%	1.3000
2013	\$ 630,749,920	\$ 1,802,142,629	35%	1.3000

Source: Churchill County Assessor's Office

Note: Property in Churchill County is reassessed once every four years on average. The county assesses property at approximately 35 percent of actual value. Estimated actual value is calculated by dividing the assessed value by the assessed ratio. Tax rates are per \$100 of assessed

(1) Not including estimated net proceeds of minerals.

CHURCHILL COUNTY SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Collected in Fiscal Year	Total CCSD Tax Rate	Overlapping Rates (1)					Total	County Assessed Valuation
		State of Nevada	Churchill County	City of Fallon	Carson Water Sub- Conservancy	Mosquito Abatement		
2004	1.3700	0.1700	1.0731	0.8471	0.0300	0.0800	3.5702	\$ 433,003,700
2005	1.3700	0.1700	1.0850	0.8171	0.0300	0.0800	3.5521	\$ 441,486,591
2006	1.3700	0.1700	1.0950	0.8171	0.0300	0.0800	3.5621	\$ 488,296,936
2007	1.3500	0.1700	1.0950	0.8271	0.0300	0.0800	3.5521	\$ 570,368,036
2008	1.3500	0.1700	1.1450	0.8371	0.0300	0.0800	3.6121	\$ 686,529,426
2009	1.3000	0.1700	1.2229	0.8371	0.0300	0.0800	3.6400	\$ 725,891,895
2010	1.3000	0.1700	1.2229	0.8371	0.0300	0.0800	3.6400	\$ 790,819,558
2011	1.3000	0.1700	1.2229	0.8371	0.0300	0.0800	3.6400	\$ 813,230,612
2012	1.3000	0.1700	1.2229	0.8371	0.0300	0.0800	3.6400	\$ 733,286,173
2013	1.3000	0.1700	1.2229	0.8371	0.0300	0.0800	3.6400	\$ 694,365,680

Source: Churchill County Clerk/Treasurer's Office

Note: The District's current tax rates include 0.7500 for operating costs and 0.5500 for debt repayment.

(1) All of the above listed overlapping rates apply to the property owners of Churchill County, with the exception of the City of Fallon rate. The additional City of Fallon rate is only applicable to the property owners within the city limits.

CHURCHILL COUNTY SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago

		Fiscal Year 2013			
Taxpayer	Type of Business	Rank	Estimated Appraised Value (1)	Approximate Taxable Assessed Value	% of Taxable Assessed Valuation
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	1	\$ 164,654,049	\$ 57,628,917	9.14%
Sierra Pacific Power	Utility	2	\$ 8,937,916	\$ 31,282,706	4.96%
Terra-Gen Dixie Valley LLC	Geothermal	3	\$ 72,652,120	\$ 25,428,242	4.03%
Northrop Grumman	Defense	4	\$ 38,444,689	\$ 13,455,641	2.13%
ENEL Stillwater LLC (Salt Wells Plant)	Geothermal	5	\$ 35,923,294	\$ 12,573,153	1.99%
Ormat Nevada, Inc	Geothermal	6	\$ 30,324,451	\$ 10,613,558	1.68%
Union Pacific Railroad	Railroad	7	\$ 27,811,823	\$ 9,734,138	1.54%
AT&T Communications, Inc	Communications	8	\$ 26,842,737	\$ 9,394,958	1.49%
Southwest Gas	Utility	9	\$ 26,041,049	\$ 9,114,367	1.45%
Magma Energy US Corp	Geothermal	10	\$ 21,110,906	\$ 7,388,817	1.17%

		Fiscal Year 2004			
Taxpayer	Type of Business	Rank	Taxable Estimated Appraised Value (1)	Approximate Taxable Assessed Value	% of Taxable Assessed Valuation
Sierra Pacific Power	Utility	1	\$ 62,924,766	\$ 22,023,668	4.99%
Terra-Gen Dixie Valley LLC	Geothermal	2	\$ 52,802,629	\$ 18,480,920	4.19%
Brady Power Partners	Geothermal	3	\$ 19,255,629	\$ 6,739,470	1.53%
Southwest Gas	Utility	4	\$ 18,393,489	\$ 6,437,721	1.46%
Union Pacific Railroad	Railroad	5	\$ 12,786,706	\$ 4,475,347	1.01%
ENEL Stillwater LLC (Stillwater Plant)	Geothermal	6	\$ 11,910,943	\$ 4,168,830	0.94%
Magma Energy US Corp	Geothermal	7	\$ 11,780,600	\$ 4,123,210	0.93%
Kennametal, Inc	Manufacturing	8	\$ 8,839,643	\$ 3,093,875	0.70%
Sierra Touch America	Geothermal	9	\$ 8,262,411	\$ 2,891,844	0.66%
Western States Holding	Geothermal	10	\$ 7,819,714	\$ 2,736,900	0.62%

Source: Churchill County Tax Assessor's Office

(1) Estimated appraised value assumes that assessed value is 35% of appraised value.

CHURCHILL COUNTY SCHOOL DISTRICT
Real Property Tax Collections
Last Ten Fiscal Years

<u>Fiscal Year</u> <u>Ending</u> <u>June 30,</u>	<u>Tax Levy</u>	<u>Current Tax</u> <u>Collections</u>	<u>Percentage</u> <u>of Current</u> <u>Tax</u> <u>Collected</u>	<u>Delinquent</u> <u>Tax</u> <u>Collections (1)</u>	<u>Tax</u> <u>Collection</u>	<u>Tax</u> <u>Collections</u> <u>to Tax Levy</u>	<u>Outstanding</u> <u>Delinquent</u> <u>Taxes</u>	<u>Ratio of</u> <u>Delinquent</u> <u>Taxes to</u> <u>Tax Levy</u>
2004	\$ 9,331,950	\$ 9,140,581	97.949%	\$ 191,355	\$ 9,331,936	100.000%	\$ 14	0.000%
2005	\$ 9,845,411	\$ 9,697,516	98.498%	\$ 147,881	\$ 9,845,397	100.000%	\$ 14	0.000%
2006	\$ 10,711,267	\$ 10,564,755	98.632%	\$ 145,656	\$ 10,710,411	99.992%	\$ 857	0.008%
2007	\$ 12,329,997	\$ 12,078,595	97.961%	\$ 250,240	\$ 12,328,835	99.991%	\$ 1,162	0.009%
2008	\$ 13,897,422	\$ 13,419,092	96.558%	\$ 477,134	\$ 13,896,226	99.991%	\$ 1,196	0.009%
2009	\$ 14,914,689	\$ 14,284,217	95.773%	\$ 627,900	\$ 14,912,117	99.983%	\$ 2,572	0.017%
2010	\$ 15,707,402	\$ 15,183,754	96.666%	\$ 514,188	\$ 15,697,942	99.940%	\$ 9,460	0.060%
2011	\$ 14,938,415	\$ 14,524,846	97.232%	\$ 335,407	\$ 14,860,253	99.477%	\$ 78,162	0.523%
2012	\$ 13,867,055	\$ 13,523,233	97.521%	\$ 239,643	\$ 13,762,876	99.249%	\$ 104,179	0.751%
2013	\$ 12,858,661	\$ 12,560,762	97.683%	\$ 21,305	\$ 12,582,067	97.849%	\$ 276,594	2.151%

Source: Churchill County Clerk/Treasurer's Office

(1) Delinquent tax collections does include all delinquent collections for that roll year.

CHURCHILL COUNTY
Taxable Sales by Category
Last Ten Fiscal Years
(Page 1 of 2)

	2004	2005	2006	2007
General merchandise stores	\$ 43,685,055	\$ 47,733,344	\$ 56,624,328	\$ 60,712,843
Utilities	NA (2)	NA (2)	1,493,969	1,407,401
Food services and drinking places	21,980,108	23,444,570	33,237,880	30,960,390
Motor vehicle & parts dealers	53,748,863	64,699,909	63,769,144	53,317,374
Wholesale trade	14,584,807	17,836,076	25,098,349	23,788,494
Building material, garden equipment & supplies	21,034,612	28,468,477	28,826,148	25,914,908
Miscellaneous store retail	18,757,347	25,116,266	27,847,100	25,349,450
Manufacturing	11,797,927	14,993,829	14,619,432	13,011,065
Furniture, home furnishings & appliance	9,496,715	9,441,519	13,039,650	10,412,806
Food and beverage stores (1)	12,526,489	13,189,358	13,304,098	13,336,226
Construction and contractors	7,447,692	7,945,787	17,165,603	12,261,948
All other categories	9,746,337	13,165,073	10,930,509	15,141,879
Rental & leasing services	NA (2)	NA (2)	452,769	5,494,612
Non-store retailers	NA (2)	NA (2)	NA (2)	NA (2)
Repair & maintenance	12,673,207	8,545,799	8,747,242	5,095,951
Business & professional services	4,591,936	5,069,632	15,181,937	6,729,673
Telecommunications, internet & broadcasting	476,326	654,526	1,901,079	3,491,339
Mining & related activities	NA (2)	NA (2)	NA (2)	NA (2)
Total	\$ 242,547,421	\$ 280,304,165	\$ 332,239,237	\$ 306,426,359

Source: Nevada Department of Taxation

Note: The local school support tax (sales tax), currently 2.25%, and 75 cents of ad valorem tax (property tax) have an affect on the amount of state aid received through the Distributive School Account (DSA).

- (1) General grocery items are not taxable; the sales tax applies only to prepared food items and nonfood items.
- (2) Not available.

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 56,438,228	\$ 47,821,345	\$ 43,777,822	\$ 42,771,768	\$ 43,320,820	\$ 43,020,000
2,662,400	32,504,008	26,644,687	28,206,039	64,507,026	43,752,440
29,568,371	30,491,176	26,840,492	27,296,189	28,720,340	27,584,993
44,336,953	29,160,740	25,040,453	25,509,259	30,845,051	33,852,358
25,873,005	28,972,415	18,279,882	19,920,143	25,608,206	25,454,011
20,177,778	22,694,208	19,204,306	19,337,205	18,720,368	19,015,149
22,822,092	22,557,620	16,778,707	15,921,402	12,755,939	12,528,432
13,435,942	13,950,439	13,918,977	13,167,583	12,747,095	49,066,739
11,091,231	12,688,671	13,055,296	10,566,672	10,671,511	9,850,917
11,597,634	10,057,349	9,864,765	10,188,992	11,061,222	11,665,896
14,431,739	16,898,019	8,686,518	6,286,421	19,533,738	63,518,887
21,996,561	12,699,269	6,704,188	6,073,050	13,686,557	19,468,269
6,970,984	7,882,585	5,298,140	5,648,180	6,912,565	6,864,529
NA (2)	NA (2)	4,777,209	5,479,710	6,623,928	5,638,444
5,044,368	5,416,434	4,723,421	5,229,914	6,296,208	7,769,636
4,361,235	4,695,266	3,979,005	3,706,498	4,494,415	4,716,831
3,602,118	3,103,656	2,399,415	2,769,434	2,399,415	2,769,434
NA (2)	20,120,362	1,283,806	1,033,020	1,283,806	1,033,020
<u>\$ 294,410,639</u>	<u>\$ 321,713,562</u>	<u>\$ 251,257,089</u>	<u>\$ 249,111,479</u>	<u>\$ 320,188,210</u>	<u>\$ 387,569,985</u>

CHURCHILL COUNTY SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percent of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Contract or Note Payable	Capital Lease Purchases			
2004	\$ 22,740,000	\$ 112,430	\$ -	\$ 22,852,430	2.91%	\$ 859.60
2005	\$ 21,140,000	\$ -	\$ -	\$ 21,140,000	2.54%	\$ 772.35
2006	\$ 19,465,000	\$ -	\$ -	\$ 19,465,000	2.17%	\$ 715.89
2007	\$ 20,641,000	\$ -	\$ -	\$ 20,641,000	2.26%	\$ 765.02
2008	\$ 17,774,465	\$ -	\$ 1,199,000	\$ 18,973,465	1.89%	\$ 706.41
2009	\$ 20,031,511	\$ -	\$ 1,194,000	\$ 21,225,511	2.24%	\$ 805.22
2010	\$ 18,628,294	\$ -	\$ 1,054,722	\$ 19,683,016	1.92%	\$ 793.86
2011	\$ 22,643,209	\$ -	\$ 1,054,722	\$ 23,697,931	2.20%	\$ 962.90
2012	\$ 26,517,206	\$ -	\$ 1,054,722	\$ 27,571,928	2.38%	\$ 1,131.16
2013	\$ 35,326,701	\$ -		\$ 35,326,701	N/A	\$ 1,444.56

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(1) See S-26 for personal income and population data.

CHURCHILL COUNTY SCHOOL DISTRICT
Ratio of General Obligation Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Obligation Debt	Percentage of Assessed Value of Property (1)	Per Capita (2)
2004	\$ 22,740,000	5.25%	\$ 855.37
2005	\$ 21,140,000	4.79%	\$ 772.35
2006	\$ 19,465,000	3.99%	\$ 715.89
2007	\$ 20,641,000	3.62%	\$ 765.02
2008	\$ 17,774,465	2.59%	\$ 661.77
2009	\$ 20,031,511	2.76%	\$ 759.92
2010	\$ 18,628,294	2.36%	\$ 751.32
2011	\$ 22,643,209	2.90%	\$ 920.04
2012	\$ 26,517,206	4.02%	\$ 1,087.89
2013	\$ 35,326,701	5.60%	\$ 1,444.56

Note: Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(1) See S-16 for property value data.

(2) See S-26 for personal income and population data.

CHURCHILL COUNTY SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2013:

Assessed Value (AV)	\$ 780,222,345
Debt Limit (15% of AV)	117,033,352
Debt applicable to limit:	
General Obligation Debt	<u>22,643,209</u>
Legal Debt Margin	<u><u>\$ 94,390,143</u></u>

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Debt Applicable to Limit as a Percentage of Debt Limit</u>
2004	\$ 43,300,370	22,740,000	20,560,370	52.5%
2005	\$ 44,148,659	21,140,000	23,008,659	47.9%
2006	\$ 48,829,694	19,465,000	29,364,694	39.9%
2007	\$ 57,036,804	20,641,000	36,395,804	36.2%
2008	\$ 68,652,943	17,774,465	50,878,478	25.9%
2009	\$ 108,883,784	20,031,511	88,852,273	18.4%
2010	\$ 118,622,934	18,628,294	99,994,640	15.7%
2011	\$ 117,033,352	22,643,209	94,390,143	19.3%
2012	\$ 338,922,668	18,628,294	320,294,374	5.5%
2013	\$ 334,381,005	22,643,209	311,737,796	6.8%

Source: Nevada Department of Taxation

Note: A statutory limit of bonded indebtedness for school districts is set forth in Chapter 387.400 of the Nevada Revised Statutes. The limitation is based on the 15 percent of the assessed valuation of property with the county, excluding motor vehicles.

CHURCHILL COUNTY SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2013

Name of Government Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
State of Nevada	\$ 1,180,465,000	6.1%	\$ 72,008,365
City of Fallon	11,487,261	100.0%	11,487,261
Churchill County	37,344,200	100.0%	<u>37,344,200</u>
Subtotal, overlapping debt			120,839,826
District direct debt (S-22)			<u>22,643,209</u>
Total direct and overlapping debt			<u><u>\$ 143,483,035</u></u>

Sources: Churchill County

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the county. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Churchill County. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

CHURCHILL COUNTY SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year Ended June 30</u>	<u>Actual or Projected Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>School District Enrollment</u>	<u>Unemployment Rate (3)</u>
2004	26,585	\$ 785,839,000	\$ 32,347	4,500	5.0%
2005	27,371	\$ 831,247,000	\$ 33,681	4,454	4.0%
2006	27,190	\$ 895,816,000	\$ 36,305	4,548	3.8%
2007	26,981	\$ 912,198,000	\$ 33,809	4,462	4.1%
2008	26,859	\$ 1,002,013,000	\$ 40,391	4,409	5.7%
2009	26,360	\$ 946,875,000	\$ 38,032	4,352	7.6%
2010	24,794	\$ 1,026,028,000	\$ 41,382	4,206	11.4%
2011	24,611	\$ 1,076,944,000	\$ 43,759	4,169 (4)	10.8%
2012	24,375	\$ 1,156,928,000	\$ 47,464	3,917	9.5%
2013	24,455	NA (4)	NA (4)	3,723	8.1%

(1) Source: Nevada State Demographer's Office

(2) Source: U.S. Department of Commerce, BEA

(3) Source: Nevada State Employment Training & Rehabilitation

(4) Charged from previously reported amount

(5) Not Available

CHURCHILL COUNTY SCHOOL DISTRICT
Principal Employers
June 30, 2013

Rank	Employer	Product/Service	Approximate Number of Employees
1	Naval Air Station Fallon (NAS)	U.S. Navy	1,660
2	Churchill County School District	Education	549
3	Banner Churchill Community Hospital	Health Care	295
4	Wal-Mart	Retail	347
6	L-3 Comm/Vertex Aerospace, LCC	Aviation	225
5	Churchill County (1)	Local Government/Communications	225
7	Department of Defense	Federal Government	220
8	A & K Earthmovers	Construction	210
9	Chugach Support Services	Various	200
10	Northrop Grumman Technical	Various	190

Source: Nevada Department of Employment, Training & Rehabilitation and various employers

(1) Includes CC Communications.

CHURCHILL COUNTY SCHOOL DISTRICT
Property Value and Construction
June 30, 2013

Fiscal Year Ended June 30,	Commercial/Industrial Construction		Residential Construction	
	Number of Permits	Value	Number of Permits	Value
2004	23	\$ 6,716,325	223	\$ 23,017,541
2005	22	\$ 14,744,769	330	\$ 32,905,412
2006	20	\$ 3,302,870	264	\$ 28,651,637
2007	25	\$ 4,272,306	165	\$ 18,971,522
2008	26	\$ 14,327,226	107	\$ 10,961,026
2009	19	\$ 6,665,507	60	\$ 4,701,661
2010	1	\$ 79,292	4	\$ 173,250
2011	5	\$ 500,417	3	\$ 338,806
2012	1	\$ 38,298	6	\$ 1,301,024
2013	1	\$ 349,140	2	\$ 328,665

Note: Fencing, roofing, garages and other small jobs are not included.

Source: Churchill County Tax Assessor's Office

CHURCHILL COUNTY SCHOOL DISTRICT

Miscellaneous Statistical Data

June 30, 2013

DATE SCHOOL DISTRICT CREATED: 1956

SCHOOL BOARD: Board composed of seven elected members

TERMS OF OFFICE: Board of Trustees - 4 year terms

DISTRICT BOUNDARIES: 4,929 square miles

CLIMATE:

Annual Precipitation: 5.3"

Average Temperature: 51° F

	<u>Average High</u>	<u>Average Low</u>	<u>Mean</u>
January	45° F	19° F	32° F
July	92° F	53° F	73° F
Average Growing Season:	120 days	Elevation:	3,965 ft.



ECONOMY:

Farming: Alfalfa, Corn & "Hearts of Gold" cantaloupes, grains & grapes

Ranching: Cattle, sheep, hogs, horses & dairy cows

Over 180 million pounds of milk produced each year

Leading dairy producer in Nevada

Military: Naval Air Station Fallon employs approximately 2,500, both military and civilians

Contributes over \$573 million (2008) to the local economy, the majority within Churchill County

Navy Fighter Weapons School

Home of "Top Gun" fighter pilot training

Geothermal: Over 300 megawatts of geothermal power produced annually by seven power plants

EDUCATION:

Early childhood learning center - 1

Charter Elementary School (grades K-8) - 1

Elementary Schools - 3

Western Nevada College

Middle School (grades 6-8) - 1

Embry-Riddle Aeronautical University

High School (grades 9-12) - 1

Sierra Nevada College

Parochial/Christian - 2

HEALTHCARE:

Banner Churchill Community Hospital - This 40-bed facility provides emergency rooms, designated trauma center, surgery, maternity and intensive care services, as well as full-service out patient diagnostics. The hospital also offers regular clinics in cardiology, gastroenterology, neurology, orthopedics, oncology, ophthalmology and urology.

Churchill County offers a wealth of medical sources including:

Chiropractors

Full-Service Hospital

Pharmacies

Clinics

Internists

Physical Therapy

Convalescent Center

Nursing Home

Specialists from Reno, Daily

Dentists/Orthodontists

Optometrists

Surgeons

Family Practices

Pediatricians

VA Medical Clinic

Surgery Center

Dialysis Center

Infusion center

Sources: Churchill County Economic Development, Fallon Chamber of Commerce, Fallon Naval Air Station Public Affairs Officer, Nevada Energy Economic Development Web Site and <http://www.weather.com>.

CHURCHILL COUNTY SCHOOL DISTRICT
Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years

<u>Department</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Instruction	297.3	286.0	305.0	305.0	291.2	287.7	314.4	287.7	297.7	280.3
Student support	29.2	29.4	36.4	34.4	41.3	28.8	28.6	26.6	26.6	26.3
Instruction staff support	18.2	17.5	12.0	12.0	9.0	8.0	11.8	11.7	10.7	12.8
General administration	2.0	3.0	4.0	4.0	1.0	4.0	3.0	3.0	3.0	11.0
School administration	29.5	29.5	31.6	31.6	32.7	31.9	29.0	30.0	30.0	30.0
Business support	6.5	6.5	10.0	10.0	9.8	9.8	13.0	14.5	14.5	13.9
Maintenance	36.0	39.0	40.0	40.0	38.3	37.3	36.1	39.5	37.1	39.3
Student transportation	28.3	27.2	27.9	27.9	26.5	23.1	25.0	31.3	28.3	26.2
Central support	3.0	2.0	-	-	-	-	-	-	-	-
Other	-	16.6	16.4	16.4	15.6	14.5	17.0	23.0	22.5	18.8
Total FTE	<u>449.9</u>	<u>456.7</u>	<u>483.3</u>	<u>481.3</u>	<u>465.3</u>	<u>445.0</u>	<u>478.0</u>	<u>467.3</u>	<u>470.4</u>	<u>458.6</u>

FTE - Full-time Equivalent

CHURCHILL COUNTY SCHOOL DISTRICT
Operating Indicators by Function/Program
Last Ten Fiscal Years

Expenditures Per Student (1)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Instruction	\$ 4,296	\$ 4,496	\$ 4,594	\$ 4,770	\$ 5,166	\$ 5,556	\$ 5,278	\$ 5,623	\$ 5,337	\$ 5,879
Instructional support	1,126	1,053	1,293	1,389	1,576	1,208	1,090	1,045	1,063	1,243
Operations	1,638	1,288	1,334	1,366	1,516	1,555	2,154	1,435	1,507	2,296
Leadership	530	466	453	491	531	552	631	531	544	754
Total	<u>\$ 7,590</u>	<u>\$ 7,303</u>	<u>\$ 7,674</u>	<u>\$ 8,016</u>	<u>\$ 8,789</u>	<u>\$ 8,871</u>	<u>\$ 9,153</u>	<u>\$ 8,634</u>	<u>\$ 8,451</u>	<u>\$ 10,172</u>

Special Programs (2)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Students with disabilities	16.2%	16.0%	14.6%	15.4%	14.5%	15.1%	12.2%	14.3%	13.8%	14.0%
Students with limited English proficiency	2.5%	4.3%	5.2%	6.0%	6.5%	6.3%	5.3%	6.6%	7.2%	5.9%
Students qualifying for free or reduced lunch	35.2%	33.5%	34.7%	33.4%	35.6%	38.2%	42.8%	45.4%	41.3%	41.5%
Migrant students	1.6%	1.5%	0.6%	0.3%	0.4%	0.6%	0.5%	0.5%	0.4%	0.3%

Student Average Daily Attendance (ADA)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
District-Wide	93.5%	94.1%	93.7%	93.2%	94.1%	94.6%	94.1%	94.7%	94.7%	94.4%

Student/Teacher Ratio

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Kindergarten	26:1	23:1	23:1	24:1	23:1	19:1	19:1	20:1	20:1	29:1
1st Grade	14:1	21:1	19:1	16:1	21:1	21:1	23:1	23:1	20:1	30:1
2nd Grade	17:1	20:1	20:1	18:1	20:1	22:1	23:1	24:1	20:1	20:1
3rd Grade	20:1	22:1	22:1	21:1	24:1	20:1	22:1	25:1	21:1	18:1
4th Grade	26:1	25:1	24:1	23:1	23:1	22:1	25:1	27:1	23:1	27:1
5th Grade	27:1	25:1	24:1	23:1	24:1	27:1	25:1	29:1	28:1	24:1
6th Grade (3)	27:1	26:1	25:1	25:1	23:1	25:1	26:1	24:1	27:1	
Secondary (grades 6-12)										
English	23:1	22:1	21:1	20:1	26:1	28:1	25:1	25:1	23:1	23:1
Math	23:1	22:1	22:1	22:1	23:1	23:1	25:1	23:1	23:1	22:1
Science	22:1	21:1	18:1	20:1	33:1	21:1	24:1	23:1	24:1	25:1
Social Studies	26:1	25:1	27:1	26:1	28:1	26:1	26:1	27:1	26:1	26:1

Source: District Accountability Report

(1) For the last year available

(2) As of count day

(3) 6th Grade moved to Middle School beginning with the 2012-13 school year

CHURCHILL COUNTY SCHOOL DISTRICT
Capital Asset Statistics by Department
Last Ten Fiscal Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
VEHICLES (1)										
Buses	52	52	53	53	53	51	52	49	52	48
Passenger cars	7	9	9	9	9	10	10	10	7	8
Light trucks & vans	31	32	32	32	32	30	31	29	11	19
Heavy & medium duty trucks	6	6	6	6	2	4	4	7	5	9
Trailers	7	9	9	9	9	11	11	12	10	10
Total	<u>103</u>	<u>108</u>	<u>109</u>	<u>109</u>	<u>105</u>	<u>106</u>	<u>108</u>	<u>107</u>	<u>85</u>	<u>94</u>

BUILDING SQUARE FOOTAGE, in thousands (2)

Northside Early Learning Center	45.4	45.4	45.4	45.4	45.4	45.4	45.4	45.4	45.4	45.4
Numa Elementary	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0	70.0
West Elementary	40.3	40.3	40.3	40.3	40.3	40.3	40.3	40.3	40.3	40.3
E. C. Best Elementary	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0
Lahontan Elementary	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0
Churchill County Middle School	101.7	101.7	101.7	101.7	101.7	101.7	101.7	101.7	117.9	117.9
Churchill County High School	215.9	215.9	215.9	215.9	215.9	215.9	215.9	215.9	215.9	215.9
Lahontan Valley High School	24.7	24.7	24.7	24.7	24.7	-	-	-	-	-
Old High School	-	-	-	-	-	24.7	24.7	24.7	24.7	24.7
Cottage Buildings	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
District Office	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Storage Building	-	-	-	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Maintenance	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Transportation	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Total	<u>655.3</u>	<u>655.3</u>	<u>655.3</u>	<u>658.5</u>	<u>658.5</u>	<u>658.5</u>	<u>658.5</u>	<u>658.5</u>	<u>674.7</u>	<u>674.7</u>

COMPLIANCE SECTION

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees
of the Churchill County School District,
Fallon, 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 Churchill County School District, Churchill County, Nevada (the "District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2013.

Internal Control over Financial Reporting

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

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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies (Findings 2013-001 and 2013-002).

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 is required to be reported under *Government Auditing Standards*.

Churchill County School District's Response to Findings

The District's response to the findings 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Kiferley Armstrong & Co." The signature is written in a cursive style.

Fallon, Nevada
December 20, 2013



KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Trustees
of the Churchill County School District,
Fallon, Nevada

Report on Compliance for Each Major Federal Program

We have audited Churchill County School District's, Churchill County, Nevada, (the "District") compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2013 .

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 OMB Circular A-133, 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, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questions costs as Finding 2013-003.

Churchill County School District's Response to Findings

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

Purpose of this Report

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kaufert, Armstrong & Co.

Fallon, Nevada
December 20, 2013

**CHURCHILL COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013
(Page 1 of 2)**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	PROJECT OR PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION:</u>			
Direct Programs:			
Impact Aid Cluster:			
Impact Aid (Title VIII of ESEA)	84.041	N/A	\$ 648,089
Indian Education- Grants to Local Agencies	84.060	S060A060471	46,016
Passed through State of Nevada:			
Department of Education:			
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	13-641-01000	138,683
Special Education - Grants to States (IDEA, Part B)	84.027	13-639-01000	686,803
Special Education - Preschool Grants (IDEA Preschool)	84.173	13-665-01000	58,637
Total Special Education Cluster			884,123
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	13-626-01000	22,206
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)	84.010	13-633-01000	628,808
ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-622-01000	11,619
Total Title I, Part A Cluster			662,633
Migrant Education - State Grant Program (Title I, Part C of ESEA)	84.011	13-629-01000	23,017
Career and Technical Education - Basic Grants to States (PerkinsIV)	84.048	13-631-01000	41,717
Career and Technical Education - Basic Grants to States (PerkinsIV)	84.048	13-634-01000	12,000
			53,717
Education for Homeless Children and Youth	84.196	13-688-01000	56,339
Title III, Part A - English Language Acquisition Grants	84.365	13-658-01000	44,563
Improving Teacher Quality State Grants	84.367	13-688-01000	166,907
Total Passed Through State of Nevada			1,891,299
Total U.S. Department of Education			2,585,404

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CHURCHILL COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

(Page 2 of 2)

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PROJECT OR PASS-THROUGH GRANTOR'S NUMBER</u>	<u>EXPENDITURES</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
Passed through State of Nevada:			
Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	n/a	\$ 229,130
National School Lunch Program	10.555	n/a	593,495
Special Milk Program for Children	10.556	n/a	2,833
Department of General Services:			
National School Lunch Program (Commodities)	10.555	n/a	<u>75,042</u>
Total U.S. Department of Agriculture			<u>900,500</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
Passed through State of Nevada:			
Division of Child and Family Services:			
Promoting Safe and Stable Families Child Abuse and Neglect State Grant	93.556	IVB2-3145/17 SFY	15,000
	93.669	13-723-34500	<u>34,528</u>
Total U.S. Department of Health and Human Services			<u>49,528</u>
<u>U.S. DEPARTMENT OF DEFENSE:</u>			
Direct Programs:			
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	HE1254-11-10033	254,565
National Junior Reserve Officers Training Corps.	12.Unknown		<u>50,422</u>
Total U.S. Department of Defense			<u>304,987</u>
Total Expenditures of Federal Awards			<u>\$ 3,840,419</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**CHURCHILL COUNTY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

A: REPORTING ENTITY:

The accompanying schedule of expenditures of federal awards presents the expenditure activity of all federal awards programs of Churchill County School District, (“the District”), for the year ended June 30, 2013. 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.

B: 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 the National School Lunch Program represent the fair value of commodity food expended by the District.

C: RELATIONSHIP TO THE BASIC FINANCIAL STATEMENTS:

Expenditures of federal awards have been included in the individual funds of the District as follows:

Major Governmental Funds:	
General Fund	\$ 633,030
Special Education Fund	65,481
Federal Projects Fund	2,241,408
Other Governmental Funds:	
Hot Lunch and Milk Fund	<u>900,500</u>
	<u><u>\$ 3,840,419</u></u>

**CHURCHILL COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION I – SUMMARY OF AUDITOR’S RESULTS:

Financial Statements

Type of auditor’s report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____	Yes	_____ X _____
Significant deficiency(ies)?	_____ X _____	Yes	_____ None reported _____
Noncompliance material to financial statements noted?	_____	Yes	_____ X _____

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____	Yes	_____ X _____
Significant deficiency(ies)?	_____ X _____	Yes	_____ None reported _____
Type of auditor’s report issued on compliance for major programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	_____ X _____	Yes	_____ No _____

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
CFDA 84.027 and 84.173	Special Education Cluster
CFDA 10.553, 10.555, and 10.556	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000		
Auditee qualified as a low-risk auditee?	_____ X _____	Yes	_____ No _____

SECTION II – FINANCIAL STATEMENT FINDINGS:

Finding 2013-001:

Significant Deficiency

Criteria: Internal controls should ensure bank reconciliations are performed each month. The reconciliation for each month should be performed before the end of the following month.

Condition: No complete bank reconciliations for the fiscal year ended June 30, 2013 were performed until October 2013.

Effect: Bank reconciliations play an important role in internal controls. When this task is not performed monthly, errors may not be detected timely.

Cause: The transition from the old accounting system to the new accounting system complicated the bank reconciliation process. During the year, deposits and checks were compared to the bank statements but a complete reconciliation was not performed until October 2013.

**CHURCHILL COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Recommendation: We recommend bank reconciliations are performed monthly.

Views of responsible officials and planned corrective action: The District does acknowledge that an effective internal control is the timely reconciliation of the bank accounts. Unfortunately, that has not been consistently happening. The monthly bank statements are used when received to ensure all debits and credits (checks paid and deposits posted) are recorded on the statement and are accurate. The final reconciliation that compares the bank account balance and the general ledger was not completed until much later. While that is an issue, that chance for fraudulent activity escaping the notice of the Business Office staff is unlikely because of the monthly procedures that are followed. The Business Office will ensure that the entire reconciliation is completed on a monthly basis.

Finding 2013-002:

Significant Deficiency

Criteria: Internal controls should ensure the Schedule of Expenditures of Federal Awards reconciles to the trial balance.

Condition: An adjustment of \$75,042 was required in the Hot Lunch and Milk Fund to record commodity foods received and used during the year.

Effect: The District's financial statements were not complete in accordance with generally accepted accounting principles without the audit adjustment.

Cause: The amount of commodity foods received and used during the year was reported on the Schedule of Expenditures of Federal Awards but was not recorded in the trial balance.

Recommendation: We recommend that the District establish procedures to ensure the Schedule Expenditures of Federal Awards reconciles with the trial balance.

Views of responsible officials and planned corrective action: The District does acknowledge that the annual entry for the Food Services commodity receipts was overlooked and not completed until brought to our attention during the audit field work. The past year has been one of transition for the Business Office with the implementation of new accounting software and a new Director was hired. A combination of these issues consumed staff time and the entry was missed. The Business Office has developed a list of annual entries to ensure that none are missed in the future.

**CHURCHILL COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

Finding 2013-003:

Significant Deficiency

Federal Agency: U.S. Department of Education

Passed through: State of Nevada, Department of Education

Grant award: Special Education Cluster: Special Education – Grants to States (IDEA, Part B)
CFDA 84.027

Criteria: The OMB *Circular A-133 Compliance Supplement* states, “Each SEA is required to report to the Secretary an unduplicated count of children with disabilities receiving special education and related services” and “LEA’s must report to the SEA in accordance with the SEA-established procedure”.

Condition: Compliance testing identified several errors in the areas of demographic information, placement code, race, and birth date on the District’s report on students enrolled in the special education program.

Questioned Costs: None.

Context: Out of forty students tested, errors were noted involving eleven students. One student had missing demographic information along with errors in reporting placement, race, and birth date, six students had incorrect placement codes, three students’ race was reported incorrectly, and one student’s birth date was reported incorrectly.

Effect: Student information was not reported correctly.

Cause: Adequate control procedures were not in place to ensure that information submitted agreed to information in each individual child’s file.

Recommendation: We recommend that the District reassess control procedures to ensure special education reporting is accurate.



CHURCHILL COUNTY SCHOOL DISTRICT

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DR. SANDRA SHELDON
SUPERINTENDENT

Excellence in Education

December 19, 2013

US Department of Education
State of Nevada Department of Education

Reference: 2013 Financial Statements Finding 2013-003
Special Education Audit Finding Response and Corrective Action Plan

Condition: Compliance testing revealed several errors in the areas of demographic information, placement code, race, and birth date on the District's report on students enrolled in the special education program.

Investigation: Findings were delivered to the office of Special Services and an investigation was pursued.

Investigatory Findings: Inaccuracies were caused by a lack of accurate data in the SEAS automated system. The system was not being consistently updated at the conclusion of IEP meetings. Therefore data compiled from SEAS did not match actual IEP data.

Corrective Action: The following action(s) were taken to ensure that the District's report on students enrolled in the special education program will be accurate in the future. Steps were also taken to correct the current reporting errors:

1. The NDE was notified of the errors on the report.
2. Churchill County School District staff were provided further assistance and notified of the expectation to continually and accurately update the SEAS automated system.
3. An update to procedure for the generation of this report was implemented. Future reports will be generated using the actual pages of the IEP and not the automated report generated by SEAS. Two staff will proof the accuracy of the report before submission to the Director of Special Services for approval.
4. The Special Services staff is engaged in researching a software solution that would provide a control for accurate and updated information. One program includes an automated response to update IEPs in the system after the date of the meeting. Furthermore, the system would notify the office of Special Services if such updates are not completed. Such a system would allow Special Services to determine whether data in the system was updated and accurate.

WILL JENSEN
SPECIAL SERVICES
PHONE: (775) 423-5187
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**CHURCHILL COUNTY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Finding 2012-1:

Significant Deficiency

Federal Agency: U.S. Department of Energy

Passed through: State of Nevada, Office of Energy

Grant award: State Energy Program CFDA 81.041

Condition: Reimbursement requests were submitted to the State of Nevada, Office of Energy, before the District had paid the vendor for all invoices. The services had been performed by the vendor and the goods had been received but the invoices had not been paid by the District.

Recommendation: We recommend that the District establish procedures to ensure requests for grant funds are submitted in accordance with the terms of the grant.

Current status: Implemented.

**CHURCHILL COUNTY SCHOOL DISTRICT
AUDITOR'S COMMENTS
JUNE 30, 2013**

AUDITOR'S COMMENTS

STATUTE COMPLIANCE

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

PRIOR YEAR STATUTE COMPLIANCE

An apparent violation occurred when District expenditures exceeded budgetary authority in four instances. Expenditures in excess of budget were identified in the current year financial statements, as reported in Note 2 to the financial statements.

An apparent violation occurred when the Hot Lunch and Milk Fund used a portion of the unappropriated fund balance as an available resource. We did not find any indications of this type of violation in the current year.

PRIOR YEAR AUDIT RECOMMENDATIONS

We identified a control deficiency that was reported as a significant deficiency. See finding 2012-1 reported on the Summary Schedule of Prior Audit Finding and Questioned Costs.

CURRENT YEAR AUDIT RECOMMENDATIONS

We identified two control deficiencies that have been reported as significant deficiencies. See finding 2013-001 and 2013-002 reported on the Schedule of Findings and Questioned Costs.

NEVADA REVISED STATUTE 354.6113

Churchill County School District maintains two capital projects funds created in accordance with NRS 354.6113 the Capital Projects Fund and the Rollover Bond Fund. No major projects were completed during fiscal year 2013 in the Capital Projects Fund. Major projects completed during fiscal year 2013 in the Rollover Bond Fund were for various renovations of District facilities including the renovation of the old high school. The anticipated deposits in the funds for fiscal year 2014 as reflected in the Districts fiscal year 2014 budget is \$319,786 for the Capital Projects Fund and \$40,000 for the Rollover Bond Fund. Budgeted expenditures for major renovations for fiscal year 2012 are \$220,000 for the Capital Projects Fund and \$9,995,000 for the Rollover Bond Fund. No instances of noncompliance with NRS 354.6113 were noted as reflected in Note 2 to the financial statements.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

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

APPENDIX C

FORMS OF CONTINUING DISCLOSURE UNDERTAKINGS FOR THE DISTRICT AND THE STATE OF NEVADA PERMANENT SCHOOL FUND

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Churchill County School District, Nevada (the “Issuer”) in connection with the issuance of the Issuer’s Churchill County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds (PSF Guaranteed), Series 2014, in the aggregate principal amount of \$9,315,000 (the “Bonds”). The Bonds are being issued pursuant to the bond resolution of the Issuer adopted June 26, 2014 (the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. The MSRB’s required method of filing will be electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 270 days following the end of the Issuer's fiscal year of each year, commencing 270 days following the end of the Issuer's fiscal year ending June 30, 2014, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be sent a notice in substantially the form attached as Exhibit "A" to the MSRB.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(ii) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(iii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall provide or cause to be provided, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds, to the MSRB:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (m) The consummation of a merger, consolidation, or acquisition involving an obligation person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms if material; and

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

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

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

DATE: July 30, 2014.

CHURCHILL COUNTY SCHOOL DISTRICT, NEVADA

Director of Business Services

EXHIBIT "A"

**NOTICE TO MSRB
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Churchill County School District, Nevada

Name of Bond Issue: General Obligation (Limited Tax) School Improvement Bonds,
(PSF Guaranteed), Series 2014

CUSIP:

Date of Issuance: July 30, 2014

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution adopted on June 26, 2014 and the Continuing Disclosure Certificate executed on July 30, 2014 by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

CHURCHILL COUNTY SCHOOL DISTRICT,
NEVADA

By: _____

Its: _____

EXHIBIT “B”

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

FORM OF CONTINUING DISCLOSURE AGREEMENT OF THE STATE PERMANENT SCHOOL FUND

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the State Treasurer of the State of Nevada (the “State”) on behalf of the State Permanent School Fund (the “Obligor”) in connection with the issuance of the Churchill County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds (PSF Guaranteed), Series 2014, in the aggregate principal amount of \$9,315,000 (the “Bonds”). The Bonds are being issued pursuant to the bond resolution of the Churchill County School District, Nevada (the “Issuer”) adopted June 26, 2014 (the “Resolution”). The Obligor has guaranteed the payment of the principal of and interest on the Bonds pursuant to the State Permanent School Fund Guarantee Agreement between the Obligor and the Issuer (the “Guarantee Agreement”). The Obligor covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Obligor 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 Exchange Commission.

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 Agreement 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 Obligor pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

“Material Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. The MSRB’s required method of filing will be electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Obligor shall, or shall cause the Dissemination Agent to, not later than March 31 following the end of the Obligor’s fiscal year of each year, commencing on the March

31 following the end of the Obligor's fiscal year ending June 30, 2014, 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 Agreement. Not later than five (5) business days prior to said date, the Obligor shall provide the Annual Report to the Dissemination Agent (if other than the Obligor). 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 Agreement; provided that the audited financial statements of the Obligor may be submitted separately from the balance of the Annual Report.

(b) If the Obligor is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Obligor shall send a notice to the MSRB 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 Obligor, send written notice to the Issuer and the Obligor 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 Obligor, file a report with the Obligor and 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 Obligor's Annual Report shall contain or incorporate by reference the following:

1. 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.

2. An update of the information contained in the section entitled "SECURITY FOR THE BONDS – State Guarantee of Debt Service Payments on Bonds - Information About the Permanent School Fund" in the Official Statement, a copy of which page is attached hereto as Exhibit "B."

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 Obligor shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Significant Events. The Obligor shall provide or cause to be provided, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds, to the MSRB:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (m) The consummation of a merger, consolidation, or acquisition involving an obligation person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms if material; and
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Termination of Reporting Obligation. The Obligor's obligations under this Disclosure Agreement shall terminate upon the earlier of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Obligor shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date

on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 7. Dissemination Agent. The Obligor may, from time to time, appoint or engage a Dissemination Agent to assist the Obligor in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Obligor may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, without the consent of the holders of the Bonds, if such amendment or waiver does not, in and of itself, in the opinion of a nationally recognized bond counsel, cause the undertakings herein to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Obligor will provide notice of such amendment or waiver to the Repository.

SECTION 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Obligor from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Obligor chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to what which is specifically required by this Disclosure Agreement, the Obligor shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Obligor to comply with any provision of this Disclosure Agreement, 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 Obligor to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Obligor to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Obligor, the Dissemination Agent, the Participating Underwriter, the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: July 30, 2014.

STATE OF NEVADA
PERMANENT SCHOOL FUND

State Treasurer

EXHIBIT "A"

NOTICE TO THE MSRB OF FAILURE TO FILE ANNUAL REPORT

Name of Obligor: State of Nevada Permanent School Fund

Name of Bond Issue: Churchill County School District, Nevada, General Obligation (Limited Tax) School Improvement Bonds (PSF Guaranteed), Series 2014.

CUSIP:

Date of Issuance: July 30, 2014

NOTICE IS HEREBY GIVEN that the Obligor has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement executed on July 30, 2014 by the Obligor. The Obligor anticipates that the Annual Report will be filed by _____.

Dated: _____

STATE OF NEVADA
PERMANENT SCHOOL FUND

By: _____

Its: _____

EXHIBIT “B”

APPENDIX D
FORM OF APPROVING OPINION OF BOND COUNSEL

Churchill County School District
690 South Maine Street
Fallon, NV 89406

\$9,315,000
Churchill County School District, Nevada
General Obligation (Limited Tax) School Improvement Bonds
(PSF Guaranteed) Series 2014

Ladies and Gentlemen:

We have acted as bond counsel to the Churchill County School District (the “District”), Nevada (the “State”), in connection with the issuance of its General Obligation (Limited Tax) School Improvement Bonds (PSF Guaranteed), Series 2014 in the aggregate principal amount of \$9,315,000 (the “Bonds”), pursuant to an authorizing resolution adopted and approved by the District’s Board of Trustees on June 26, 2014 (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 such terms 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 statutes of the State.
3. As provided in the Bond Resolution and in accordance with the provisions of NRS 361.463, taxes levied for the payment of the bonded indebtedness (including the Bonds) of all overlapping units within the boundaries of the District (*i.e.*, the State, the District, and any other political subdivision therein) 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 for the exercise of the police power) where reduction is necessary in order to comply with NRS 361.453.

4. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Under laws of the State in effect on the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the District pursuant to the Bonds and the Bond Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

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 issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur.

Respectfully submitted,

APPENDIX E

**LIST OF PSF PARTICIPANTS AND
FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT**

State Permanent School Fund
List of Participants
Summary of Outstanding Bonds with Guarantee
As of July 1, 2014

Project No.	Base CUSIP Number	District	Bond Series	Original Amount	Amount
				Guaranteed	Outstanding
PSF-21	862166	Storey County School District	2005	4,300,000	760,000
PSF-24	552002	Lyon County School District	2006	12,580,000	1,635,000
PSF-26	862166	Storey County School District	2006	3,500,000	930,000
PSF-27	145814	Carson City School District	2007	15,500,000	8,595,000
PSF-28	670692	Nye County School District	2007	15,000,000	10,870,000
PSF-30	862166	Storey County School District	2008	3,150,000	2,575,000
PSF-31	NONE	Lincoln County School District	2009	2,025,000	1,915,000
PSF-32	445204	Humboldt County School District	2009	2,950,000	2,515,000
PSF-33	259381	Douglas County School District	2009	3,500,000	3,070,000
PSF-34	715297	Pershing County School District	2009	3,000,000	2,655,000
PSF-35	171466	Churchill County School District	2009	7,000,000	6,245,000
PSF-38	259381	Douglas County School District	2010	15,000,000	14,235,000
PSF-39	670692	Nye County School District	2010	15,270,000	15,270,000
PSF-40	715297	Pershing County School District	2010	2,000,000	1,910,000
PSF-41	NONE	Lincoln County School District	2010	650,000	650,000
PSF-42	171466	Churchill County School District	2010	10,535,000	8,065,000
PSF-43	964321	White Pine County School Dist.	2010	3,890,000	2,085,000
PSF-44	145814	Carson City School District	2011	16,000,000	15,695,000
PSF-45	NONE	Lyon County School District	2011	5,000,000	4,900,000
PSF-46	145814	Carson City School District	2011B	10,000,000	9,780,000
PSF-47	171466	Churchill County School District	2011	7,000,000	6,855,000
PSF-48	NONE	Mineral County School District	2011	2,825,000	1,450,000
PSF-49	552002	Lyon County School District	2012A	7,955,000	7,955,000
PSF-50	670692	Nye County School District	2012	4,535,000	3,960,000
PSF-51	NONE	Lincoln County School District	2012	3,350,000	2,832,900
PSF-52	259381	Douglas County School District	2012	9,000,000	9,000,000
PSF-53	670692	Nye County School District	2013	9,080,000	9,080,000
PSF-54	NONE	Storey County School District	2013	4,720,000	4,695,000
PSF-55	171466	Churchill County School District	2013	9,520,000	9,520,000
PSF-56	259381	Douglas County School District	2014	8,500,000	8,500,000
PSF-57	NONE	Lyon County School District	2014	21,705,000	20,960,000
*PSF-58	-	Washoe County School District	2015	40,000,000	40,000,000
*PSF-59	-	White Pine County School Dist.	2015	9,000,000	9,000,000
*PSF-60	-	Churchill County School District	2015	9,315,000	9,315,000
					<u>\$257,477,900</u>

*Approved at June 12, 2014 Board of Finance, not yet issued.

FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT

DATED as of July 30, 2014 by and between CHURCHILL COUNTY SCHOOL DISTRICT, NEVADA (the "District"), a school district duly organized and created under the laws of the State of Nevada and THE STATE TREASURER OF THE STATE OF NEVADA (the "Treasurer").

WHEREAS, the District is duly organized, created and existing under the laws of the State of Nevada (the "State"); and

WHEREAS, the District, as of the date hereof, will be issuing its General Obligation (Limited Tax) School Improvement Bonds (PSF Guaranteed) Series 2014 (the "Bonds"), in the aggregate principal amount not to exceed \$9,315,000 to acquire, construct, improve and equip school facilities; and

WHEREAS, pursuant to Chapter 387, Nevada Revised Statutes (the "Act"), the Board of Trustees of the District (the "Board") may apply to the Treasurer for a guarantee agreement whereby money in the state permanent school fund (the "Permanent Fund") is used to guarantee the payment of debt service on the Bonds; and

WHEREAS, the Board has applied to the Treasurer for a guarantee agreement; and

WHEREAS, pursuant to the Act, the Treasurer has provided a copy of the application and the supporting documentation to the Executive Director of the State Department of Taxation (the "Executive Director") and the Executive Director has submitted a report to the State Board of Finance indicating that the District has the ability to make timely payment of the debt service on the Bonds; and

WHEREAS, the Treasurer has determined that the total principal amount of the Bonds, together with the total amount of outstanding bonds guaranteed by the Permanent Fund, does not exceed the limitations established by the Act; and

WHEREAS, on June 12, 2014, the State Board of Finance adopted a resolution approving the report submitted by the Executive Director and the form of this guarantee agreement (the "Guarantee Agreement"); and

WHEREAS, the Bonds are authorized to be issued by a resolution of the Board (the "Bond Resolution") adopted on June 26, 2014; and

WHEREAS, the District and the Treasurer wish to enter into this Guarantee Agreement in order to set forth the respective responsibilities of each party with respect to the Permanent Fund guarantee of the payment of debt service on the Bonds.

NOW, THEREFORE, the District and the Treasurer, in consideration of the mutual covenants herein contained, agree as follows:

Section 1. The Board hereby appoints the Treasurer, or Wells Fargo Bank, N.A., a commercial bank hereby designated by the Treasurer, as the paying agent (the “Paying Agent”) for the Bonds. The Paying Agent may be replaced on the terms set forth in the Bond Resolution with the prior written approval of the Treasurer.

Section 2. No later than 5 business days prior to each date scheduled for the payment of principal and/or interest on the Bonds as set forth in the Bond Resolution, the District shall transfer to the Paying Agent sufficient moneys to pay the debt service coming due on the Bonds. The Board hereby agrees to deposit the amount of money due for each scheduled debt service payment with the Paying Agent no later than 5 business days prior to each scheduled debt service payment date, as set forth in the Bond Resolution. The District shall provide in the Bond Resolution that:

A. the Paying Agent must immediately notify the Treasurer if the Paying Agent has not received from the District the debt service payment on the fifth business day prior to the scheduled debt service payment date; and

B. the Paying Agent must give notice to the Treasurer of any optional redemption or defeasance of the Bonds.

Section 3. In the event the District determines that it will be unable to make a deposit with the Paying Agent as required in Section 2 hereof, the Superintendent of the District shall provide written notice to the Treasurer and the Paying Agent at least 60 days before such payment is due.

Section 4. In the event the District for any reason fails to make a timely payment of debt service on the Bonds as required by Section 2 hereof, the Treasurer shall withdraw a sufficient amount of money from the Permanent Fund to make the debt service payment on the Bonds, transfer to the Paying Agent no later than 1 business day prior to the scheduled debt service payment date a sufficient amount of money to make the debt service payment when due, and promptly notify the Executive Director of the payment. Such payment shall be made by the Treasurer regardless of whether the District provides written notice to the

Treasurer pursuant to Section 3 hereof. Such withdrawal from the Permanent Fund and payment of debt service on the Bonds shall constitute a loan to the District in the amount of the debt service paid on the Bonds. The loan shall be a special obligation of the District payable only from the sources set forth in Section 5 below. The loan shall bear interest at a rate determined by the Treasurer, which rate shall not exceed 1% above the average rate of interest yielded on investments in the Permanent Fund on the date the loan is made.

Section 5. In the event the Treasurer makes a loan to the District pursuant to Section 4 hereof, the District agrees to repay the loan from the following sources and in the following order of priority:

A. As soon as they are available, from District moneys available to pay debt service on the Bonds, unless payment from that money would cause the District to default on other outstanding bonds or medium-term obligations entered into pursuant to the provisions of Sections 350.087 to 350.095, inclusive, Nevada Revised Statutes (“NRS”); and

B. Immediately, until the loan is fully repaid (including any accrued interest on the loan), the Treasurer shall withhold payments of money that would otherwise be distributed to the District from:

1. the interest earned on the Permanent Fund that is distributed among the various school districts pursuant to State law;

2. distributions of the local school support tax, which must be transferred by the state controller upon notification by the Treasurer; and

3. distributions from the state distributive school account.

C. The Treasurer shall apply the moneys received or withheld from the District pursuant to paragraphs A and B above first to the interest due on the loan and, when the interest is paid in full, then to the principal balance. When the interest and balance on the loan are repaid, the Treasurer shall resume making the distributions set forth in 1 through 3 above that would otherwise be due to the District.

D. The Treasurer shall notify the District of amounts withheld pursuant to paragraph B above and also shall notify the District when the loan is paid in full.

Section 6. The District shall not enter into any medium-term obligations pursuant to the provisions of NRS 350.087 to 350.095, inclusive, or otherwise borrow money during the period in which the loan remains unpaid unless the District obtains the prior written approval of the Executive Director.

Section 7. This Guarantee Agreement shall be effective upon issuance of the Bonds and shall remain in effect until the Bonds are retired and all amounts owed by the District hereunder have been paid in full or otherwise discharged. Any amount owed by the District hereunder shall not be deemed paid in full or otherwise discharged if such amount has been recovered from the State or a Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

Section 8. The holders of the Bonds are third party beneficiaries of this Guarantee Agreement and are entitled to enforce the provisions of this Guarantee Agreement. Nothing in this Guarantee Agreement is intended or shall be construed to confer upon, or give to any person or entity, other than the District, the State of Nevada, acting by and through the State Board of Finance or the State Treasurer, and the holders of the Bonds, any right, remedy or claim under or by reason of this Guarantee Agreement or any covenant, condition or stipulation hereof, and all covenants, stipulations and agreements in this Guarantee Agreement shall be for the sole and exclusive benefit of the District, the State of Nevada and the holders of the Bonds.

Section 9. This Guarantee Agreement may not be modified or amended in any manner after the Bonds are issued if the amendment or modification would materially or adversely affect the holders of the Bonds. This Guarantee Agreement may only be amended or modified by a written amendment signed by the parties and approved by the State Board of Finance and the Board of the District. Notice of any such amendment must be sent to: Moody's Investors Services and Standard & Poor's Rating Services.

Section 10. It is mutually understood and agreed that this Guarantee Agreement shall be governed by the laws of the State of Nevada.

Section 11. If any section, paragraph, clause or provision of this Guarantee Agreement shall for any reason be held to be invalid or unenforceable, the invalidity or enforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Guarantee Agreement.

Section 12. Nothing in this Agreement prohibits or otherwise limits or inhibits the reasonable exercise in the future by the State and its governmental bodies of the police powers and powers of taxation inherent in the sovereignty of the State or the exercise by the United States of the powers delegated to it by the United States Constitution.

Section 13. Notices sent pursuant to the provisions of this Guarantee Agreement shall be sent to:

The District:

Churchill County School District
690 South Maine Street
Fallon, NV 89406
Attn: Superintendent of Schools

The State:

Office of the State Treasurer
Capitol Building
101 N. Carson Street, Suite 4
Carson City, Nevada 89701
Attn: Chief Deputy State Treasurer

The Paying Agent:

Wells Fargo Bank, N.A.
Corporate Trust Services - CMES
707 Wilshire Blvd, MAC E2818-176, 17th Floor
Los Angeles, CA 90017

Moody's:

Moody's Investors Service
99 Church Street
New York, New York 10007
Attn: Public Finance Rating Desk

Standard & Poor's:

Standard and Poor's Rating Services
25 Broadway, 21st Floor
New York, New York 10004
Attn: Public Finance Rating Desk

IN WITNESS WHEREOF, the Treasurer and the District have caused this Guarantee Agreement to be duly executed and delivered as of the day and year first above written.

**CHURCHILL COUNTY SCHOOL
DISTRICT, NEVADA**

By: _____
President, Board of Trustees

STATE OF NEVADA

By: _____
State Treasurer