

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

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

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

**\$6,400,000
LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT AND REFUNDING BONDS
(PSF GUARANTEED), SERIES 2016A**

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 on the inside cover hereof, payable on October 1, 2016, and semiannually thereafter on April 1 and October 1 of each year, to and including the maturity dates shown on the inside cover hereof (unless the Bonds are redeemed earlier), to the registered owners of the Bonds (initially Cede & Co.). The principal of the Bonds will be payable upon presentation and surrender at the corporate trust offices of Wells Fargo Bank, N.A., Los Angeles, California, or its successor as the paying agent for the Bonds. See "THE BONDS--Payment Provisions."

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

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

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

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

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

The Bonds are offered when, as, and if issued by the District, subject to the approval of legality of the Bonds by Sherman & Howard L.L.C., Reno, Nevada, and the satisfaction of certain other conditions. Sherman & Howard L.L.C., has also acted as special counsel to the District in connection with this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. JNA Consulting Group, LLC, Boulder City, Nevada, is acting as the Financial Advisor to the District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about June 21, 2016.

Official Statement dated June 1, 2016.

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

\$6,400,000

LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT AND REFUNDING BONDS
(PSF GUARANTEED), SERIES 2016A

Maturing (April 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP® Issue Number
2019	\$ 100,000	3.00%	1.10%	QR1
2020	100,000	3.00	1.20	QS9
2021	100,000	3.00	1.30	QT7
2022	315,000	3.00	1.40	QU4
2023	325,000	3.00	1.50	QV2
2024	330,000	3.00	1.60	QW0
2025	335,000	3.00	1.70	QX8
2026	345,000	3.00	1.80	QY6
2027	350,000	2.00	1.90 ^c	QZ3
2028	360,000	2.00	100	RA7
2029	365,000	2.50	2.10 ^c	RB5
2030	375,000	2.50	2.20 ^c	RC3
2031	500,000	3.00	2.10 ^c	RD1
2032	500,000	3.00	2.20 ^c	RE9
2033	500,000	3.00	2.30 ^c	RF6
2034	500,000	3.00	2.40 ^c	RG4
2035	500,000	3.00	2.50 ^c	RH2
2036	500,000	3.00	2.60 ^c	RJ8

^c Yield to earliest optional redemption date of April 1, 2026.

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

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

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

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

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

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

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

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

LYON COUNTY SCHOOL DISTRICT, NEVADA

BOARD OF TRUSTEES

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

ADMINISTRATIVE OFFICIALS

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

FINANCIAL ADVISOR

JNA Consulting Group, LLC
Boulder City, Nevada

BOND AND SPECIAL COUNSEL

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

REGISTRAR AND PAYING AGENT

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

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OFFICIAL STATEMENT

\$6,400,000

**LYON COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
SCHOOL IMPROVEMENT AND REFUNDING BONDS
(PSF GUARANTEED), SERIES 2016A**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, provides information concerning Lyon County School District, Nevada (the “District”) and its \$6,400,000 General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed), Series 2016A (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 May 18, 2016.

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.

Changes Since Date of Preliminary Official Statement

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement dated May 23, 2016 (the “POS”), including the final sources and uses of the proceeds of the Bonds and the maturity dates, principal amounts, interest rates and yields on the Bonds. In addition, and notwithstanding the name of the Bonds, the proposed refunding of certain of the District’s outstanding indebtedness described in the POS will not occur and thus all references to the proposed refunding described in the POS have been removed in this Official Statement.

The Issuer

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

The Bonds; Prior Redemption

The Bonds are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of

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

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 Chapter 348, NRS 387.513 through 387.528, inclusive (the “Guarantee Act”), and the Bond Resolution.

Purpose

The Bonds are being issued to: (i) acquire, construct, improve and equip school facilities in the District (the “Improvement Project”); and (ii) pay the costs of issuing the Bonds. See “SOURCES AND USES OF FUNDS.”

Security

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

Assuming the issuance of the Bonds, the District has \$72,815,000 aggregate principal amount of general obligation bonds outstanding as of May 1, 2016. See “DEBT STRUCTURE--Outstanding Debt and Other Obligations.”

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

Professionals

Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel in connection with the Bonds and has also acted as special counsel to the District in connection with this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. JNA Consulting Group, LLC, Boulder City, Nevada, is providing financial advisory services to the District. See “FINANCIAL ADVISOR.” The fees being paid to the

Financial Advisor are contingent upon the execution and delivery of the Bonds. The audited basic financial statements of the District, attached to this Official Statement as Appendix A, include the report of Silva & Co., LLC, certified public accountants, Reno, Nevada. See “INDEPENDENT AUDITORS.” Wells Fargo Bank, N.A., Los Angeles, California, will act as Registrar and Paying Agent for the Bonds.

Tax Matters

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

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

The District has entered into similar continuing disclosure undertakings with respect to certain of its outstanding bonds (the “Prior Undertakings”). The various Prior Undertakings required the District to file its financial statements within 270 days or 9 months of each fiscal year end. In 2013 and 2014, the District failed to file its annual financial statements. In 2011, the District filed its annual financial statements 4 days late with respect to Prior Undertakings due within 270 days of each fiscal year end.

The Prior Undertakings also required the District to file updates to certain operating data of the District within 270 days or 9 months of each fiscal year end. During 2010, 2013 and 2014, the District failed to file such information. In 2011, the District filed updates to

such information 2 days late and 7 days late with respect to Prior Undertakings due within 9 months and 270 days, respectively. In addition, certain operating data was omitted in certain of the tables.

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

On May 19, 2016, the District filed a Notice of Failure to File Annual Report describing its failures to file the above-mentioned financial statements and operating data. On May 20, 2016, the District made remedial filings on EMMA to bring such information current. The District has engaged JNA Consulting Group, LLC as its Financial Advisor through June 24, 2019. During the duration of that contract, the District has also engaged the Financial Advisor to serve as its dissemination agent for secondary market disclosure. The contract requires the Financial Advisor to prepare the secondary market reports on behalf of the District and file them once they have been reviewed and approved by the District.

Certain Bondholder Risks

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

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

The District's ability to retire the indebtedness created by the issuance of the Bonds is dependent, in part, upon the maintenance of an adequate tax base against which the District may levy and collect property tax revenues. The amount of ad valorem property taxes (sometimes referred to herein as "General Taxes") collected will be dependent upon the assessed valuation of land within the District. As illustrated in "PROPERTY TAX INFORMATION," the assessed valuation of the property in the District increased 19.1% and 7.3%, respectively, in fiscal years 2015 and 2016. In fiscal year 2017, the assessed value of property in the District will increase 2.7% from the fiscal year 2016 figure (preliminary valuation; subject to change until July 2016).

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

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

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

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

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

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the sections entitled “DISTRICT FINANCIAL INFORMATION--General Fund History of Revenues, Expenditures and Changes in Fund Balance,” “DISTRICT FINANCIAL INFORMATION--Debt Service Fund History of Revenues, Expenditures and Changes in Fund Balance,” and “DISTRICT FINANCIAL INFORMATION--Analysis of Recent Financial Developments,” and any statements throughout this Official Statement referring to estimated budgeted, unaudited or interim results for fiscal year 2016, fiscal year 2017 or future years, contain statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not occur as assumed or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be materially adverse to the owners of the Bonds.

Secondary Market

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

Additional Information

This introduction is only a brief summary of the provisions of the Bonds and the Bond Resolution; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the Bonds, the Bond Resolution, the Improvement Project and the District are included in this Official Statement. All references herein to the Bonds, the Bond

Resolution and other documents are qualified in their entirety by reference to such documents.
This Official Statement speaks only as of its date and the information contained herein is subject to change.

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

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

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

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds of the Bonds together with contributions from the District's debt service fund 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.....	\$6,400,000.00
Plus original issue premium	380,363.85
Total	<u>\$6,780,363.85</u>
USES:	
The Improvement Project	\$6,602,991.34
Costs of issuance (including underwriting discount)	177,372.51
Total	<u>\$6,780,363.85</u>

Source: The Financial Advisor.

The Project

The Improvement Project.

A portion of the Bonds are being issued to acquire, construct, improve and equip school facilities in the District. Specifically, a portion of the Bond proceeds are expected to be used to fund, without limitation, safety and security upgrades at individual school sites, technology improvements for various school sites, and renovations at various school sites.

Notwithstanding the foregoing, the District may determine to use the net proceeds of the Bonds in connection with the Improvement Project for other capital projects as determined by the Board.

THE BONDS

General

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

Payment Provisions

Interest on the Bonds is payable on April 1 and October 1 (each an interest payment date), commencing October 1, 2016, by check or draft mailed by the Paying Agent on each interest payment date (or, if the interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof (i.e., Cede & Co.) at the address shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month preceding such interest payment date (the “Regular Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a special record date for the payment of any such defaulted interest (a “Special Record Date”). The Special Record Date shall be fixed by the Registrar whenever moneys become available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the Bonds not less than ten days prior thereto by first class mail to each such registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any Bond by such alternative means as may be mutually agreed to between the owner of such Bond and the Paying Agent (provided, however, that the District shall not be required to make funds available to the Paying Agent prior to the due dates of interest and principal, respectively). Principal on the Bonds will be payable at maturity and upon presentation and surrender at the corporate trust office of the Paying Agent (or at such other office designated by the Paying Agent). Any Bond not paid upon presentation and surrender at or after maturity shall continue to draw interest at the rate stated in the Bond until the principal is paid in full. All such payments of principal and interest shall be made in lawful money of the United States of America.

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

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

Redemption Provisions

Optional Redemption. The Bonds maturing on and after April 1, 2027, are subject to redemption before their respective maturities, at the option of the District, on or after April 1, 2026, 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, by electronic mail as long as Cede & Co. or a nominee or successor depository is registered owner of the Bonds, and otherwise by first-class mail, at least 30 days but not more than 60 days prior to the Redemption Date to the registered owner of any Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar and to the State Treasurer, and by electronic mail to the Municipal Securities Rulemaking Board via its Electronic Municipal Market Access system (“MSRB”). The notice shall identify the Bonds and state that on such date the principal amount thereof will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in this Resolution), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said Bonds, the Bonds called for redemption will be paid. Actual receipt of notice by the MSRB, or any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice to the MSRB, the State Treasurer or the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in this Section shall be conclusive as against all parties; and the State Treasurer, no owner whose Bond is called for redemption or any other owner of any Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

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

Tax Covenant

In the Bond Resolution, the District covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the District or any facilities financed or refinanced with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income from federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The covenant described above shall remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the District in fulfilling the above covenant under the Tax Code have been met.

Defeasance

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

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

Replacement of Registrar and Paying Agent

If the Registrar and Paying Agent hereunder shall resign, or if the Director of Finance and Facilities shall reasonably determine, with the consent of the State Treasurer, to replace said Registrar or Paying Agent or that it would be in the best interests of the District to appoint a new Registrar or Paying Agent hereunder, the Director of Finance and Facilities may, upon notice to the State Treasurer and to each registered owner of any Bond at his address last shown on the registration records, appoint a successor Registrar or Paying Agent, or both. No resignation or dismissal may take effect until a successor is appointed. Every such successor Registrar or Paying Agent shall be an officer or employee of the District or a commercial bank or trust company authorized to exercise trust powers. It shall not be required that the same person or institution serve as both a Registrar and Paying Agent hereunder, but the District shall have the right to have the same institution serve as both Registrar and Paying Agent hereunder. Any

corporation or association into which the Registrar or Paying Agent may be converted or merged, or with which they may be consolidated, or to which they may sell or transfer their corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer, to which they are a party, shall be and become the successor Registrar or Paying Agent under this Resolution, without the execution or filing of any instrument or any further act, deed, or conveyance on the part of any of the parties hereto, anything in this Resolution to the contrary notwithstanding.

Amendment of the Bond Resolution

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

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

Book-Entry Only System

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

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

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

Debt Service Requirements

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

Bond Debt Service Requirements⁽¹⁾

Fiscal <u>Year</u>	<u>Principal</u>	<u>Interest⁽¹⁾</u>	<u>Total</u>
2017	--	\$ 140,933.33	\$140,933.33
2018	--	181,200.00	181,200.00
2019	\$ 100,000	181,200.00	281,200.00
2020	100,000	178,200.00	278,200.00
2021	100,000	175,200.00	275,200.00
2022	315,000	172,200.00	487,200.00
2023	325,000	162,750.00	487,750.00
2024	330,000	153,000.00	483,000.00
2025	335,000	143,100.00	478,100.00
2026	345,000	133,050.00	478,050.00
2027	350,000	122,700.00	472,700.00
2028	360,000	115,700.00	475,700.00
2029	365,000	108,500.00	473,500.00
2030	375,000	99,375.00	474,375.00
3031	500,000	90,000.00	590,000.00
2032	500,000	75,000.00	575,000.00
2033	500,000	60,000.00	560,000.00
3034	500,000	45,000.00	545,000.00
2035	500,000	30,000.00	530,000.00
<u>2036</u>	<u>500,000</u>	<u>15,000.00</u>	<u>515,000.00</u>
Total	\$6,400,000	\$2,382,108.33	\$8,782,108.33

⁽¹⁾ Totals may not add due to rounding.

Source: The Financial Advisor.

SECURITY FOR THE BONDS

General Obligations

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

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

State Guarantee of Debt Service Payments on Bonds

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

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

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

Information About the Permanent School Fund. The Permanent School Fund is funded primarily by escheated estates, gifts and proceeds from the sale of federal lands. Interest on the fund is used to support education in the State. As of December 31, 2015, the State Controller reported that the value of the total assets of the PSF, including all investments reported at fair value, was \$337,305,556. Presently, the PSF is invested primarily in U.S. Treasury and Agency fixed income securities with maturities no longer than 10 years but as of September 30, 2015, the fund has made \$22.8 million in private equity investments, received \$1.8 million in distributions and has unfunded commitments of \$11.2 million with private equity managers. In addition, the State Treasurer made an initial investment of \$10 million in domestic public equities (institutional mutual funds) in August 2015. As of February 20, 2016, the distributions received from the public equity investment dividends was \$120,214.

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 May 1, 2016 \$235,314,800 in bonds has been guaranteed, or authorized by the State Board of Finance to be guaranteed, by the PSF. See Appendix E, List of Participants for specific information.

Debt Service Tax Levy

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

Reserve Account

Pursuant to NRS 350.020(5) the Board established a reserve account (the “Reserve Account”) within its Debt Service Fund for payment of the outstanding general obligation bonds of the District payable from the tax rate for debt described above (excluding medium-term bonds). The Reserve Account must be established and maintained in an amount at least equal to the lesser of: 50% of the amount of principal and interest payments due on all of the outstanding bonds of the District in the next fiscal year, or 10% of the outstanding principal

amount of the District's bonds (the "Reserve Requirement"). The amounts on deposit in the Reserve Account are not directly pledged to pay debt service on the Bonds or the other general obligation bonds of the District, and if then permitted by statutes of the State, amounts in the reserve account may be withdrawn and used for purposes other than payment of debt service on outstanding District bonds. See "DISTRICT FINANCIAL INFORMATION -- Analysis of Recent Financial Developments -- 2015 Legislation."

As of the date of issuance of the Bonds, the amount in the Reserve Account will be at least equal to \$3,601,700, which is equal to 50% of the amount of principal and interest payments, net of any subsidies, due on all of the outstanding bonds of the District in the next fiscal year. If the amount in the Reserve Account falls below the required amount, NRS 350.020(5) provides that: (i) the Board shall not issue additional bonds pursuant to NRS 350.020(4) until the reserve account is restored to the level set forth above; and (ii) the Board shall apply all of the taxes levied by the District for payment of bonds of the District that are not needed for payment of the principal and interest on bonds of the District in the current fiscal year to restore the reserve account to the Reserve Requirement.

Additional Bonds

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

The District does not currently anticipate issuing additional bonds in the next six months but reserves the right to do so 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 or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

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

PROPERTY TAX INFORMATION

Property Tax Base

The State Department of Taxation reports the total assessed valuation of property within the District for the fiscal year ending June 30, 2016, to be \$1,524,874,295. That assessed valuation represented a 7.3% increase from the assessed valuation for fiscal year 2015. The District's assessed valuation for fiscal year 2016-2017 will be \$1,560,300,781 (preliminary valuation; subject to change until July 2016), which would represent a 2.7% increase from the assessed valuation for fiscal year 2016.

State law requires that the County Assessor reappraise at least once every five years all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). State law provides that in years in which the property is not reappraised, the County Assessor is to apply a factor representing typical changes in value in the area since the preceding year. State law requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the State Legislature. Based upon the assessed valuation of the District for its fiscal year 2016, the taxable value of all taxable property within the District is \$4,356,783,700. Based upon the assessed valuation of the District for its fiscal year 2017 (preliminary valuation; subject to change until July 2016), the taxable value of all taxable property within the District will be \$4,458,002,231.

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

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

History of Assessed Value

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

History of Assessed Valuation

Fiscal Year	Assessed Valuation	Net Proceeds of Mines	Total Assessed Valuation	Percent Change
2013	\$1,220,731,588	\$ 63,590	\$1,220,795,178	--
2014	1,192,776,765	861,630	1,193,638,395	(2.2)%
2015	1,420,138,197	1,594,105	1,421,732,302	19.1
2016	1,524,382,122	492,173	1,524,874,295	7.3
2017 ⁽¹⁾	1,560,300,781	5,754,129 ⁽²⁾	1,566,054,910	2.7

⁽¹⁾ Preliminary, subject to change until July 2016.

⁽²⁾ Increase between fiscal years 2016 and 2017 due in part to additional mining activities stemming from Nevada Copper Corp.'s Pumpkin Hollow Project.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2012-13 through 2015-16 and Final Local Government Revenue Projections – Fiscal Year 2016-2017.

Property Tax Collections

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

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

Property Tax Levies, Collections and Delinquencies⁽¹⁾

Fiscal Year			% of Net	Collections in		Total Tax
Ending	Net Secured	Current Tax	Levy	Subsequent	Total Tax	Collections as %
<u>June 30</u>	<u>Roll Tax Levy</u>	<u>Collections</u>	<u>Collected</u>	<u>Years</u>	<u>Collections</u>	<u>of Current Levy⁽²⁾</u>
2011	\$34,129,356	\$32,971,201	96.61%	\$1,085,630	\$34,056,831	99.79%
2012	33,956,440	33,111,928	97.51	833,441	33,945,369	99.97
2013	32,011,119	31,337,407	97.90	612,663	31,950,070	99.81
2014	31,491,714	30,791,695	97.78	524,872	31,316,567	99.44
2015	32,516,862	31,980,541	98.35	n/a ⁽³⁾	31,980,541	98.35
2016 ⁽⁴⁾	33,617,196	33,254,252	98.92	n/a ⁽⁵⁾	33,254,252	98.92

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

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

⁽³⁾ In process of being calculated; to be posted in FY 2016 Comprehensive Annual Financial Report.

⁽⁴⁾ Does not reflect a full year's collections; collections as of March 31, 2016 (unaudited).

⁽⁵⁾ Fiscal year 2016 subsequent year collections are in progress.

Source: County Comptroller's Office.

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

Largest Taxpayers in the District

The following table represents the ten largest property-owning taxpayers in the District based on fiscal year 2015-16 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 2015-16

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value⁽¹⁾</u>
Gradient Resources Inc. (Patua Project)	Geothermal Power	\$125,131,145 ⁽²⁾	8.20%
NV Energy	Utility – Electric	57,980,651	3.80
Southwest Gas Corporation	Utility	17,731,827	1.16
Trex Company LLC	Industrial	10,104,013	0.66
Union Pacific Railroad	Railroad	9,212,552	0.60
1600 East Newlands Drive LLC	Internet Retail	8,427,610	0.55
Sherwin-Williams Acceptance Corp.	Manufacturing	7,989,460	0.52
Nevada Cement Company	Manufacturing	7,850,856	0.51
Sonterra Development Co. LLC	Developer	7,699,320	0.50
Peri & Peri LLC	Onion growers	<u>7,126,056</u>	<u>0.46</u>
Total		<u>\$259,253,490</u>	<u>17.00%</u>

⁽¹⁾ Based on the total 2015-2016 assessed valuation for the County of \$1,524,382,122, exclusive of the net proceeds of mines.

⁽²⁾ Gradient Resources Inc. (“Gradient”) protested its assessed value for 2015-2016, and as a result, Gradient’s assessed value for 2016-2017 is substantially less. Additionally, Gradient’s property is located in both Lyon County and Churchill County. Due to a calculation error with respect to amounts owed to Churchill County, Lyon County will receive no tax revenue from Gradient during fiscal years 2016 through 2018. Due to that same calculation error, the District owes Churchill County \$72,000. Currently, the District plans to pay this entire amount in fiscal 2016 .

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

Property Tax Limitations

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

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

additional levies for voter-approved debt service and voter-approved tax overrides for capital projects.

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

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

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

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

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship.

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

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

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

Potential Constitutional Amendment - Senate Joint Resolution 13. Senate Joint Resolution 13 (“SJR 13”), adopted by the 2015 session of the Legislature, proposes to amend the Nevada Constitution. Under Nevada law, constitutional amendments require majority approval by each house of the Legislature in two separate legislative sessions and then majority approval by the general electorate. SJR 13, therefore, will be considered again in the 2017 Legislature. If it is approved again, it is expected that it will be placed on the ballot for the November 2018 general election.

SJR 13 would impose certain additional limitations on property taxes on real property. SJR 13 would, among other things, limit taxes on real property to 1.25% of the “base” value of the property; require a new “uniform and just” valuation of property for taxation; generally limit increases in the property base values to the lesser of 3% per year or the rate of inflation; and require updates to the “base” value of real property upon certain transfers of the property. Many of the provisions of SJR 13 are unclear, however; the amendment will require additional legislation not yet introduced in order to implement. It is not possible to predict at this time whether it will become law, or what its impact will be on the District’s property tax revenue if it does become law, except that by its terms it will not impact the District’s property tax imposed for debt repayment purposes.

Required Property Tax Abatements

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

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

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

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

Overlapping Tax Rates and General Obligation Indebtedness

Overlapping Tax Rates. The following table presents a history of statewide average tax rates and a representative overlapping tax rate for taxing districts located in Yerington, the County seat and the city in which the District's administrative offices are located. The overlapping rates for various areas within the County vary depending on the rates imposed by applicable taxing entities. Currently, the overlapping rates in the County range from \$2.7355 to \$3.6600.

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

<u>Fiscal Year Ended June 30,</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Average Statewide rate	<u>\$3.1171</u>	<u>\$3.1304</u>	<u>\$3.1212</u>	<u>\$3.1232</u>	<u>\$3.1360</u>
Lyon County School District	\$1.3367	\$1.3367	\$1.3367	\$1.3367	\$1.3367
Lyon County	0.8644	0.8644	0.9287	0.9287	0.9287
City of Yerington	0.4044	0.4044	0.4044	0.4044	0.4044
Combined Special Districts	0.8202	0.8202	0.8202	0.8202	0.8202
State of Nevada ⁽²⁾	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
TOTAL	\$3.5957	\$3.5957	\$3.6600	\$3.6600	\$3.6600

⁽¹⁾ Per \$100 of assessed valuation.

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

Source: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2011-12 through 2015-16.

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 May 1, 2016.

Estimated Overlapping Net General Obligation Indebtedness

<u>Entity</u> ⁽¹⁾	Total General Obligation <u>Indebtedness</u>	Presently Self-Supporting General Obligation <u>Indebtedness</u>	Net Direct General Obligation <u>Indebtedness</u>	Percent <u>Applicable</u> ⁽²⁾	Overlapping Net General Obligation <u>Indebtedness</u> ⁽³⁾
Lyon County	\$ 12,290,340	\$ 11,658,776	\$ 631,564	100%	\$ 631,564
Fernley	70,980,000	70,980,000	--	100	--
Yerington	--	--	--	100	--
Central Lyon Fire District	118,826	--	118,826	100	118,826
Silver Springs GID	766,747	--	766,747	100	766,747
Fernley Swimming Pool Dist.	--	--	--	100	--
State of Nevada	<u>1,562,710,000</u>	<u>392,810,000</u>	<u>1,169,900,000</u>	1.54	<u>17,970,461</u>
Total	\$1,646,865,913	\$475,448,776	\$1,171,417,137		\$19,487,598

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

⁽²⁾ Based on fiscal year 2016 assessed valuation in the respective jurisdiction. The percent applicable is derived by dividing the assessed valuation of the governmental entity into the assessed valuation of the District.

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

Source: Debt information compiled by the Financial Advisor; percentages calculated using information from Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2015-16; and the State Treasurer's office.

The following table sets forth the total direct and overlapping general obligation indebtedness attributable to the District as of May 1, 2016 (after taking the issuance of the Bonds).

Net Direct & Overlapping General Obligation Indebtedness

Total Direct General Obligation Indebtedness ⁽¹⁾	\$72,815,000
Plus: Overlapping Net General Obligation Indebtedness	<u>19,487,598</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$92,302,598

⁽¹⁾ Subject to change. Assumes 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⁾	53,277
Net Direct Debt ⁽²⁾	\$72,815,000
Overlapping Debt ^{(2) (3)}	<u>\$19,487,598</u>
Total Direct Debt & Overlapping Debt.....	\$92,302,598
Per Capita Net Direct Debt	\$1,366.72
Per Capita Net Total Direct Debt & Overlapping Debt	\$1,732.50
2016 Assessed Valuation ⁽⁴⁾	\$1,524,874,295
% Net Direct Debt to Assessed Valuation	4.78%
% Net Total Direct Debt & Overlapping Debt to Assessed Valuation	6.05%
2016 Taxable Value ⁽⁴⁾	\$4,356,783,700
% Net Direct Debt to Taxable Value	1.67%
% Net Total Direct Debt & Overlapping Debt to Taxable Value	2.12%

⁽¹⁾ Nevada State Demographer projection dated July 1, 2015.

⁽²⁾ Outstanding debt as of May 1, 2016. Subject to change. Takes into account 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⁾ 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 2015-16.

LYON COUNTY SCHOOL DISTRICT

General

All school districts in Nevada are organized under the terms of legislation enacted in 1956. There is one school district in each county with responsibility for all public education from preschool through the twelfth grade. The District's boundaries are coterminous with those of the County. According to the State Demographer's office, the estimated population of the County (and therefor the District) was 53,277 (based on State Demographer Projections dated July 1, 2015).

Board of Trustees

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

<u>Board Member and Title</u>	<u>District Represented</u>	<u>Expiration of Term</u>
Jason Sanderson, President	VII	2016
Bridget Peterson, Clerk	VI	2018
Donald W. Parsons, Member	I	2016*
Neal McIntyre, Member	II	2018
Maureen Williss, Member	V	2016*
Charles Shirley, Member	IV	2018
John Stevens, Member	III	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 other District administrative personnel are set forth below.

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

* Mr. Parsons and Ms. Williss are unable to re-file for additional terms.

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

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

Facilities

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

Enrollment

The following table shows an enrollment history for the District.

Enrollment History

Academic Year	2011-12	2012-13	2013-14	2014-15	2015-16
Pre-Kindergarten	74	78	67	67	111
Kindergarten	579	634	651	604	575
1st - 4th Grade	2,474	2,441	2,511	2,544	2,582
5th - 8th Grade	2,561	2,486	2,506	2,559	2,574
9th - 12th Grade	2,564	2,836	2,373	2,308	2,328
Total	8,252	8,025	8,108	8,082	8,170

Source: The District.

Employee Relations and Pension Benefits

Employee Relations. As of April 2016, the District had 1,011 permanent employees. The District is an equal opportunity/affirmative action employer with three employee bargaining units that cover licensed teachers, most classified personnel, and administrators. The Lyon County Education Association represents non-administrative licensed employees, the Nevada Classified School Employees Association Local 6181 AFT, AFL-CIO, Lyon Chapter 7 represents all non-supervisory or confidential classified employees, and the Lyon County Administrator Association represents administrators. Negotiations on new contracts for all bargaining units have concluded and contracts ratified through June 30, 2017, except that each contract provides for the reopening of pay considerations if economic conditions warrant. The District considers its relations with its employees to be satisfactory.

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

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

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

PERS Benefit Multiplier

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

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

Nevada PERS Retirement Eligibility

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

Nevada law requires PERS to conduct a biennial actuarial valuation showing unfunded actuarial accrued liability (“UAAL”) and the contribution rates required to fund PERS on an actuarial reserve basis. The actual employer and employee contribution rates are established in cycle with the State’s biennium budget on the first full pay period of the even numbered fiscal years. By PERS policy, the system actually performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2015. The following table reflects some of the key valuation results from the last three PERS’ actuary studies:

PERS Actuarial Report

Key Valuation Results	June 30, 2015	June 30, 2014	June 30, 2013
UAAL	\$12.35 billion	\$12.53 billion	\$12.88 billion
Market Value Funding Ratio	75.1%	76.3%	68.7%
Actuarial Value Funding Ratio	73.2%	71.5%	69.3%
Assets Market Value	\$34.61 billion	\$33.58 billion	\$28.83 billion
Assets Actuarial Value	\$33.72 billion	\$31.47 billion	\$29.11 billion

For the purpose of calculating the actuarially determined contribution rate, the UAAL is amortized as a level percent of payroll over a year-by-year closed amortization period where each amortization period is set at 20 years. The amortization period prior to fiscal year 2012 was 30 years. Effective starting fiscal year 2012, the PERS Board adopted a shorter amortization period to be used to amortize new UAAL resulting from actuarial gains or losses and changes in actuarial assumptions. Any new UAAL is amortized over a period equal to the truncated average remaining amortization period of all prior UAAL layers, until the average remaining amortization period is less than 20 years; after that time, 20-year amortization periods will be used. The current combined, effective average amortization period for regular members and police/fire members is 20.7 years. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses. As of June 30, 2015, PERS has unrecognized investment gains of \$893 million. Unless offset by future investment losses or other unfavorable experience, the recognition of the \$893 million in market gains is expected to increase the future actuarial funded ratio and decrease the future contribution rate.

For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board Statement (“GASB”) No. 67, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25 (“GASB 67”). GASB 67 replaces the requirements of GASB Statement Nos. 25 and 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. It requires enhancement to footnote disclosure and required supplementary information for pension plans.

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

With the implementation of GASB 67, PERS reported its total pension liability, fiduciary net position, and net pension liability in its Comprehensive Annual Financial Report for

the fiscal year ended June 30, 2014. The total pension liability for financial reporting was determined on the same basis as the Actuarial Accrued Liability measure for funding. The fiduciary net position is equal to the market value of assets.

For the fiscal year ended June 30, 2015, the District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan, which includes the net pension liability (“NPL”), deferred outflows of resources, deferred inflows of resources and pension expense. These standards required the inclusion of the District’s proportionate share of PERS within the District’s financial statements effective July 1, 2014. The effect of the adoption was to decrease July 1, 2014 beginning net position (restating) by \$86.1 million and the inclusion of the obligation, and related deferred inflows and outflows, in the June 30, 2015 district-wide financial statements. At June 30, 2015, the District reported a liability of \$77,321,756 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At June 30, 2014, the District’s proportionate share for regular plans was 0.742%. The implementation of this standard has no effect at the individual fund statement level. **The District has no legal obligation to fund any of PERS’s NPL nor does it have any ability to affect funding, benefit, or actuarially determined contribution decisions made by PERS or the Legislature.**

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

<u>Fiscal Years</u> <u>2008 and 2009</u>	<u>Fiscal Years</u> <u>2010 and 2011</u>	<u>Fiscal Years</u> <u>2012 and 2013</u>	<u>Fiscal Years</u> <u>2014 and 2015</u>
20.50%	21.50%	23.75%	25.75%

The District’s contributions to PERS for the years ended June 30, 2014 and 2015 were \$11,237,444 and \$10,046,379, respectively; those amounts equaled the contributions required by law. The District estimates contributing \$11,460,230 to PERS for the fiscal year ending June 30, 2016 and budgets contributing \$11,861,336 to PERS for the fiscal year ending June 30, 2017.

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

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

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

The District also administers a single-employer defined benefit Healthcare Plan (LCHCP). This plan provides postemployment healthcare and life insurance benefits to retirees of the District. Any retiree that participates in the Nevada Public Employees’ Retirement System (PERS) may purchase coverage for themselves and dependents at the same premium charged active employees. Because retirees pay the same premium as active employees rather than a higher rate that would result from rating retirees as a separate insured group, the District incurs the cost of an implicit premium subsidy. A separate report was not issued for the plan. Membership of the LCHCP consisted of 927 active plan members and 45 retirees as of June 30, 2014, the date of the latest actuarial valuation, which is the most recent data available.

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

The annual required contribution rate was 2.4% of payroll for the last actuarial valuation dated July 1, 2014. The District obtains healthcare and life insurance coverage through private insurers. NRS 288.150 specifies insurance benefits are subject to mandatory bargaining. The current agreements with employee associations provide for a committee to review and make recommendations to plan design and the selection of insurers to the Board of Trustees.

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

The District's net OPEB obligation as of June 30, 2015 was \$36,084 for the PEBP plan and \$8,008,560 for the LCHCP plan, for total of \$8,044,644.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2013 – 2015 were as follows:

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

As of July 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability was \$5,102,394 for the LCHCP plan and \$6,886,478 for the PEBP plan. The covered payroll was approximately \$43,580,000 and the ratio of unfunded actuarial accrued liability to payroll was 11.7 percent for LCHCP. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

Compliance with Federal Laws; Federal Budget Sequestration

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

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

federal cuts. Additional budgetary revisions may be necessary in the future if additional cuts are made at the federal level.

DISTRICT FINANCIAL INFORMATION

Budgeting

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

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

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

Accounting

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

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

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

Annual Reports

The District prepares a Comprehensive Annual Financial Report (the "CAFR") setting forth the financial condition of the District as of June 30 of each fiscal year. The CAFR, which includes the District's audited basic financial statements, constitutes the official financial report of the District. It is prepared using generally accepted accounting principles ("GAAP"). The latest completed CAFR is for the year ended June 30, 2015. 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, 2015, which are attached hereto as Appendix A, are excerpted from the CAFR and represent the most recent audited financial statements of the District. Financial statements for prior years may be obtained from the sources listed in “INTRODUCTION--Additional Information.”

General Fund

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

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

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

The District received \$8,130,287 (13.0% of General Fund revenues) from the property tax and \$8,774,339 (14.0% of General Fund revenues) from the LSST in fiscal year 2014, and received \$8,905,508 (13.9% of General Fund revenues) from the property tax and \$9,405,364 (14.7% of General Fund revenues) from the LSST in 2015. The District estimates receiving \$9,076,229 from the property tax and \$9,486,815 from the LSST for fiscal year 2016. The District has budgeted to receive \$9,179,158 from the property tax and \$10,075,027 from the LSST for fiscal year 2017.

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

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

Each school district’s share of State aid is set by the Legislature for the biennium in accordance with a formula set forth in the School Finance Plan. The School Finance Plan was adopted by the State legislature in 1967 to compensate for wide local variations in resources and in cost per pupil. It is designed to provide reasonable equal educational opportunity and can be expressed in a formula partially on a per-pupil basis and partially on a per-program basis. The formula in the School Finance Plan contains four basic calculations: equalized basic support ratios, wealth adjustment factors, transportation allotments, and guaranteed basic support. To

protect districts during times of declining enrollment, State law contains a “hold-harmless” provision which provides that the guaranteed level of funding is based on the higher of the current or the previous year’s enrollment (unless the decline in enrollment is more than 5%, in which case the funding is based on the higher of the current or the previous two years’ enrollment). The State has experienced substantial budget shortfalls between 2009 to 2013 and had previously been unable to fulfill the guarantee and had previously reduced overall school funding in special and regular sessions of the Legislature.

The amounts of per-pupil State guaranteed support for the District for fiscal years 2011, 2012, 2013, 2014, 2015 and 2016 were \$6,537, \$6,376, \$6,715, \$7,082, \$7,186 and \$7,246, respectively. For fiscal year 2017, the budgeted per-pupil State guaranteed support is \$7,343. The District received \$42,849,751, \$43,558,821 and \$43,368,113 from DSA revenue in fiscal years 2013 through 2015, respectively, accounting for approximately 69.9%, 69.8% and 67.8% of General Fund revenues. The District estimates receiving \$43,900,992 in DSA revenue for fiscal year 2016. The District has budgeted to receive \$45,432,964 in DSA revenue for fiscal year 2017.

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

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

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

General. The following table provides a history of the financial operations for the District’s General Fund for fiscal years 2011 to 2015, derived from the District’s audited Financial Statements for those years. The table also provides estimated fiscal year 2016 information (contained within the District’s fiscal year 2017 budget) and 2017 budget information. The information in this table should be read together with the District’s audited financial statements for the year ended June 30, 2015, 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.

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

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

Fiscal Year Ending June 30,	2011 Audited	2012 Audited	2013 Audited	2014 Audited	2015 Audited	2016 Estimated	2017 Budgeted
Revenues							
Property taxes	\$9,766,877	\$9,429,481	\$ 8,868,076	\$8,130,287	\$8,905,508	\$9,076,229	\$9,179,158
Sales taxes	5,680,857	7,605,335	6,489,811	8,774,339	9,405,364	9,486,815	10,075,027
Other local sources	1,781,358	1,603,376	2,862,460	1,709,896	1,901,786	1,752,656	2,028,546
State sources	46,259,279	43,479,592	42,849,751	43,558,821	43,368,113	43,900,992	45,432,964
Federal sources	<u>170,917</u>	<u>163,970</u>	<u>161,350</u>	<u>193,202</u>	<u>303,369</u>	<u>270,793</u>	<u>25,000</u>
Total revenues	<u>63,659,288</u>	<u>62,281,754</u>	<u>61,231,448</u>	<u>62,366,545</u>	<u>63,884,140</u>	<u>64,487,485</u>	<u>66,740,695</u>
Expenditures							
Instruction:							
Regular instruction	26,603,943	25,097,202	24,332,419	25,062,558	25,631,018	25,919,543	26,777,762
Special instruction	--	--	160,038	158,336	168,793	162,300	212,291
Vocational instruction	1,263,007	1,310,488	1,445,117	1,355,268	1,409,608	1,462,500	1,472,235
Other instruction	1,404,135	1,677,932	1,740,771	1,618,832	1,620,806	1,731,754	1,681,396
Extra-curricular activities	1,110,361	1,083,615	1,081,770	1,088,098	1,530,905	1,131,020	1,153,785
Support Services:							
Student support	2,417,639	2,452,928	2,604,173	2,565,838	2,633,437	2,693,392	2,807,056
Instructional staff support	2,850,214	2,391,337	2,225,301	1,944,594	2,043,661	2,106,988	1,959,298
General administration	1,389,043	1,238,134	1,395,683	1,316,298	1,767,876	1,416,621	1,375,894
School administration	5,071,649	5,159,550	5,909,661	6,145,713	6,330,826	6,314,427	6,713,311
Central services	1,985,171	2,029,119	2,867,807	2,975,791	3,272,511	3,414,692	3,436,316
Operation and maintenance	8,216,992	8,141,060	7,510,711	7,568,850	7,453,301	7,547,509	8,035,545
Student transportation	3,601,825	3,441,574	2,958,083	3,120,558	2,862,604	3,299,256	3,865,672
Other support services	--	--	--	--	--	--	--
Noninstructional services:	--	--	--	--	--	--	--
Parent and community service	--	--	--	--	--	--	--
Facilities acquisition and construction	--	--	--	--	--	--	--
Contingency (budget item only)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>500,000</u>	<u>500,000</u>
Total expenditures	<u>55,913,979</u>	<u>54,022,939</u>	<u>54,231,534</u>	<u>54,920,734</u>	<u>56,725,346</u>	<u>57,700,002</u>	<u>59,990,561</u>
Excess of revenues over expenditures	<u>7,745,309</u>	<u>8,258,815</u>	<u>6,999,914</u>	<u>7,445,811</u>	<u>7,158,794</u>	<u>6,787,483</u>	<u>6,750,134</u>
Other Financing Sources (Uses) ⁽¹⁾							
Proceeds from sale of fixed assets	--	--	--	--	--	--	--
Transfers in	950,000	540,000	--	429,244	--	--	--
Transfers out ⁽¹⁾	<u>(8,100,000)</u>	<u>(8,419,723)</u>	<u>(7,700,000)</u>	<u>(8,140,000)</u>	<u>(8,000,000)</u>	<u>(7,450,000)</u>	<u>(7,740,000)</u>
Total other financing sources (uses)	<u>(7,150,000)</u>	<u>(7,879,723)</u>	<u>(7,700,000)</u>	<u>(7,710,756)</u>	<u>(8,000,000)</u>	<u>(7,450,000)</u>	<u>(7,740,000)</u>
Net change in fund balances	595,309	379,092	(700,086)	(264,945)	(841,206)	(662,517)	(989,866)
Fund balance as of July 1 ⁽²⁾	<u>5,522,300</u>	<u>6,117,609</u>	<u>6,496,701</u>	<u>5,796,615</u>	<u>5,531,670</u>	<u>4,690,464</u>	<u>4,027,948⁽²⁾</u>
Fund balance as of June 30	<u>\$6,117,609</u>	<u>\$6,496,701</u>	<u>\$5,796,615</u>	<u>\$5,531,670</u>	<u>\$4,690,464</u>	<u>4,027,948⁽²⁾</u>	<u>3,038,080⁽²⁾</u>
Nonspendable in form	\$ 212,480	\$ 151,431	\$ 89,397	\$ 18,443	\$ 35,365	--	--
Assigned	2,804,098	1,791,770	2,573,667	2,573,667	--	--	--
Unassigned	3,101,031	4,553,500	3,133,551	2,939,560	4,655,099	--	--

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

⁽²⁾ Estimated ending fund balance for fiscal year 2016, and budgeted beginning fund balance and ending fund balance for fiscal year 2017 taken directly from the fiscal year 2017 Final Budget; such balances may not correspond with rest of table including, without limitation, net change in fund balances for fiscal years 2016 and 2017.

Source: Derived from the District's audited Financial Statements for fiscal years 2011 through 2015 and the District's 2017 Final Budget for the estimated fiscal year 2016 information and the budgeted 2017 information.

Debt Service Fund

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

The following table provides a history of the financial operations for the District’s Debt Service Fund for fiscal years 2011 to 2015. The information for fiscal years 2011 through 2015 was derived from the District’s audited Financial Statements for those years. The table also provides estimated fiscal year 2016 information (contained within the District’s fiscal year 2017 budget) and 2017 budget information. The information in this table should be read together with the District’s audited financial statements for the year ended June 30, 2015, 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,	2011 Audited	2012 Audited	2013 Audited	2014 Audited	2015 Audited	2016 ⁽¹⁾ Estimated	2017 ⁽¹⁾ Budgeted
Revenues							
Property taxes	\$7,639,229	\$7,380,244	\$6,937,235	\$6,389,563	6,828,970	7,100,030	7,180,550
Investment earnings	107,460	98,614	94	67,973	34,310	40,000	40,000
Other local sources	--	1,000	--	--	--	--	--
Federal sources	<u>442,838</u>	<u>442,838</u>	<u>442,838</u>	<u>203,130</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Revenues	<u>8,189,527</u>	<u>7,922,696</u>	<u>7,380,167</u>	<u>6,660,666</u>	<u>6,863,280</u>	<u>7,140,030</u>	<u>7,220,550</u>
Expenditures							
Principal ⁽¹⁾	6,550,000	8,300,000	3,705,000	4,075,000	4,430,000	4,560,000	5,135,238
Interest ⁽¹⁾	3,858,750	3,900,998	3,510,226	3,038,914	1,943,298	2,053,543	1,942,568
Other (purchased services)	<u>46,230</u>	<u>1,000</u>	<u>22,643</u>	<u>60,961</u>	<u>50,786</u>	<u>--</u>	<u>--</u>
Total Expenditures	<u>10,454,981</u>	<u>12,201,998</u>	<u>7,237,869</u>	<u>7,174,875</u>	<u>6,424,084</u>	<u>6,613,543</u>	<u>7,077,806</u>
Excess/(Deficiency) of Revenues Over (Under) Expenditures	<u>(2,265,454)</u>	<u>(4,279,302)</u>	<u>142,298</u>	<u>(514,209)</u>	<u>439,196</u>	<u>526,487</u>	<u>142,744</u>
Other Financing Sources/Uses							
Proceeds from bond sales	2,050,000	--	--	21,705,000	15,035,000	--	--
Bond premium	30,114	--	--	--	--	--	--
Payment to bond escrow agent	<u>(2,025,000)</u>	<u>--</u>	<u>--</u>	<u>(21,120,000)</u>	<u>14,944,879</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>55,114</u>	<u>--</u>	<u>--</u>	<u>585,000</u>	<u>90,121</u>	<u>--</u>	<u>--</u>
Net change in fund balances	(2,210,340)	(4,279,302)	142,298	70,791	529,317	526,487	142,744
Fund balance, July 1 ⁽¹⁾	<u>10,712,270</u>	<u>8,501,930</u>	<u>4,222,628</u>	<u>4,364,926</u>	<u>4,435,717</u>	<u>4,965,034</u>	<u>5,491,521</u>
Fund balance, June 30	<u>\$8,501,930</u>	<u>\$4,222,628</u>	<u>4,364,926</u>	<u>4,435,717</u>	<u>4,965,034</u>	<u>5,491,521</u>	<u>5,634,265</u>

⁽¹⁾ Beginning on November 7, 2016 and until November 7, 2026, excess moneys in the Debt Service Fund may be transferred to the capital projects fund and used for capital projects of the District on a pay-as-you go basis. See the discussion in “DISTRICT FINANCIAL INFORMATION -- Analysis of Recent Financial Developments – 2015 Legislation.”

Source: Derived from the District’s audited Financial Statements for fiscal years 2011 through 2015 and the District’s 2017 Final Budget for the estimated fiscal year 2016 information and the budgeted 2017 information.

Management's Discussion and Analysis

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

Analysis of Recent Financial Developments

Fiscal Year 2017 Budget. The fiscal year 2017 budget was approved May 18, 2016. Revenue is expected to increase by \$2.2 million from fiscal year 2016 through an increase to \$7,343 (up from \$7,246) in per pupil funding and an anticipated increase of approximately 150 students. District management will continue to be proactive in looking for ways to decrease spending through added efficiencies.

Discussion of Recent Developments. State budgets are affected by national and state economic conditions and other factors over which the District has no control. The State's economy has shown modest recovery from the depths of the 2007-09 recession. State General Fund revenues for the 2015-17 biennium increased over the 2013-2015 biennium. This included an increase of approximately 10% in per-pupil funding from the Distributive School Account. While future actions taken by the Legislature in regular or special sessions may result in reduced revenues to the District, which will be addressed in future District budgets. The District cannot predict what actions will be taken in the future by the Legislature and the Governor to address future budget deficits and there can be no assurance that the State's financial difficulties will not materially adversely affect the financial condition of the District.

The Nevada school funding formula guarantees the majority of operating revenues by making up any shortfall in property tax and local school support tax (sales tax) collections. Therefore, the State's economy and political climate is of greater importance than the local economy when projecting future operating revenues.

On a positive side, economic indicators for Lyon County have been favorable with Tesla Motor Company (including related industrial development) and Nevada Copper Corp. moving forward with plans for increased employment opportunities. The County's unemployment rate has dropped from 15.3% in 2012 to 9.45% in 2015. Further, after 5 consecutive years of decreasing property values, Lyon County experienced an increase of 19.11% during fiscal year 2015. In addition, while the District experienced decreases in student enrollment from 2008 through 2015, the enrollment is expected to experience modest growth over the next 10 years.

Governor's Adopted 2015-2017 Biennial Budget

Governor Sandoval introduced his 2015-2017 biennial Executive Budget on January 15, 2015. This budget plan was designed to modernize the Nevada PreK-12 education system. The Governor's plan recommended significant categorical investments in our schools and an accountability agenda to support return on investment. The Legislature took this plan and, with much debate, passed a budget that provided approximately \$340 million of new program investments in the State to provide funding for several key education programs.

These programs include investments to address early learners in the areas of preschool to expansion of full-day kindergarten to read by grade three. Additionally, funding and the process of how to allocate the funding for special education, English language learners and gifted and talented was addressed. Additional investments in middle and high schools were also made to address technology needs as well and College and Career Readiness. Finally, the plan also provides for an investment in turning around underperforming schools. The potential impact of these programs on the District, if any, cannot be determined at this time.

2015 Legislation

In 2015, the Legislature adopted SB 119 and SB 207, which authorize the District to issue general obligation bonds in certain circumstances for an additional ten year period commencing November 7, 2016, so long as the District's existing tax rate is not increased to pay such bonds (commonly referred to as rollover bonds). Additionally, pursuant to such legislation, the District may utilize pay-as-you-go funding during this additional ten year period. Pay-as-you-go funding allows the District to use all or a portion of the revenue generated by its \$0.5867 property tax rate for debt service, which is in excess of the amount required (i) for debt service in the current fiscal year, (ii) for other purposes related to the bonds required by the instrument pursuant to which the bonds were issued, and (iii) to maintain the reserve account required pursuant to NRS 350.020(5), to be transferred to the District's capital projects fund to pay the cost of capital projects that can be lawfully paid from that fund.

Additionally, the Legislature established a program by which a child who receives instruction from entities other than a public school may receive a grant of money which grant must be deducted from the total apportionment amount otherwise received by the school district. The amount of the potential grant for fiscal year 2016 is approximately \$5,100 per child. Litigation has ensued at the trial court level regarding the constitutionality of this new program. Notwithstanding the foregoing, to date, no child within the District has filed applications for such potential grants, and therefore, the new program has no potential impact on the District at this time.

Risk Management

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

Property and Liability. The District's property and liability insurance policy includes a self-insured retention provision whereby the District is responsible for claims up to

\$25,000 per occurrence. Claims are paid from the insurance loss fund, which had a fund balance of \$127,197 as of June 30, 2015. If needed, the insurance loss fund is supplemented by transfers from the General Fund; the amount of an annual operating transfer, if any, is based on historical claims information and the insurance loss fund's current balance. No General Fund transfers were required in 2015 and none are budgeted for 2016. Settlement amounts have not exceeded insurance coverage for the current or the three prior years. See Note 8 in the audited financial statements attached hereto as Appendix A.

Self-Insured Workers Compensation and Unemployment Plans. The District maintains self-insurance plans for unemployment benefits and workers compensation benefits paid due to work related injuries. The program is accounted for in the employee compensation protection fund along with transactions related to unemployment benefits. Under the self-insured program, the District contracts with a third party administrator to process claims and purchased reinsurance to cover individual claims that exceed \$250,000. As of June 30, 2015, the Employees' Unemployment Insurance Fund and Workers Compensation Insurance Fund had reserves of \$355,127 and \$1,287,682, respectively. The current liability for incurred but unreported claims is \$1,044,000 as determined by an independent actuary. Interfund premiums are based on rates expected to meet current expenditures and fund the liability for incurred but unreported claims. See Note 8 in the audited financial statements attached hereto as Appendix A.

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

DEBT STRUCTURE

Debt Limitation

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

Statutory Debt Limitation

Fiscal Year Ended June 30	Assessed Valuation ⁽¹⁾	Debt Limit	Outstanding and Proposed Obligation Debt General	Additional Statutory Debt Capacity
2012	\$1,332,206,340	\$199,830,951	\$76,810,000	\$123,020,951
2013	1,220,795,178	183,119,277	73,660,000	109,459,277
2014	1,193,638,395	179,045,759	70,170,000	108,875,759
2015	1,421,732,302	213,259,845	66,670,000	146,589,845
2016 ⁽¹⁾	1,524,874,295	228,731,144	72,815,000	155,916,144

⁽¹⁾ As of May 1, 2016. Takes into account the issuance of the Bonds.

Source: State Department of Taxation, Property Tax Rates for Nevada Local Governments, fiscal years 2011-15, 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 May 1, 2016. This table takes into account the issuance of the Bonds.

Outstanding Debt and Other Obligations⁽¹⁾

<u>GENERAL OBLIGATION BONDS⁽²⁾</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Refunding Bonds, Series 2005B	09/20/05	06/01/22	\$ 5,820,000	\$ 5,445,000
Improvement & Refunding Bonds, Series 2010B	08/10/10	06/01/30	5,050,000	3,155,000
School Improvement Bonds, Series 2011	06/01/11	06/01/26	5,000,000	4,850,000
Improvement & Refunding Bonds, Series 2012A	04/11/12	06/01/32	7,955,000	7,955,000
Refunding Bonds, Series 2013A	03/13/13	10/01/25	9,765,000	9,765,000
Refunding Bonds, Series 2013B	10/15/13	06/01/29	21,705,000	20,340,000
Refunding Bonds, Series 2014	07/16/14	04/01/28	15,040,000	13,305,000
School Improvement Bonds, Series 2015	12/10/15	06/01/23	1,600,000	1,600,000
School Improvement & Refunding Bonds, Series 2016 (<i>this issue</i>)	06/21/16	04/01/36	6,400,000	<u>6,400,000</u>
<u>TOTAL</u>				<u>\$ 72,815,000</u>

⁽¹⁾ As of May 1, 2016. Takes into account the issuance of the Bonds.

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

Source: The District.

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

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

Total Debt Service Requirements - General Obligation Bonds

The following table illustrates the estimated debt service requirements for the District's outstanding general obligation bonds repaid by the debt service property tax levy as of May 1, 2016. This table takes the issuance of the Bonds into account.

Outstanding Debt Service Requirements

Fiscal Year Ended <u>June 30</u> ⁽²⁾	<u>General Obligation Bonds⁽¹⁾</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,560,000	\$ 2,068,017.89	\$ 6,628,017.89
2017	5,120,000	2,083,400.12	7,203,400.12
2018	5,420,000	1,985,763.04	7,405,763.04
2019	5,960,000	1,836,838.54	7,796,838.54
2020	6,270,000	1,665,689.78	7,935,689.78
2021	6,605,000	1,485,319.52	8,090,319.52
2022	6,640,000	1,291,977.02	7,931,977.02
2023	5,895,000	1,086,259.52	6,981,259.52
2024	5,225,000	906,546.02	6,131,546.02
2025	5,395,000	743,602.26	6,138,602.26
2026	3,770,000	574,417.00	4,344,417.00
2027	3,345,000	447,733.26	3,792,733.26
2028	3,455,000	339,896.76	3,794,896.76
2029	2,655,000	228,444.50	2,883,444.50
2030	855,000	136,712.50	991,712.50
2031	745,000	108,137.50	853,137.50
2032	755,000	84,562.50	839,562.50
2033	500,000	60,000.00	560,000.00
2034	500,000	45,000.00	545,000.00
2035	500,000	30,000.00	530,000.00
2036	<u>500,000</u>	<u>15,000.00</u>	<u>515,000.00</u>
Total	\$ 74,670,000	\$17,223,317.73	\$ 91,893,317.73

⁽¹⁾ Includes total principal and interest payments due on the District's outstanding bonds in each fiscal year. Takes into account the issuance of the Bonds.

⁽²⁾ Includes all debt service payments made in fiscal year 2015-16; as of May 1, 2016, only \$2,705,000 in principal remains to be paid in fiscal year 2015-16.

Source: The District and the Financial Advisor.

TAX MATTERS

Federal Tax Matters

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

The Tax Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations). Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on the extent to which proceeds of the Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Bonds above the yield on the Bonds to be paid to the United States Treasury. The District 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.

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 were sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner’s acquisition cost. Bond Counsel’s opinion relates only to the exclusion of interest on the Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

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

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures the Service will treat the District as the taxpayer and the Bond owners may have no right to participate in such procedures. The District has covenanted in the Bond Resolution not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the District, the Financial Advisor, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2015 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 has designated the Bonds for this purpose; 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

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

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the Bonds. A form of the bond counsel opinion is attached to this Official Statement as Appendix D. The opinion will include a statement that the obligations of the District are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the

United States of the powers delegated to it by the federal constitution, including bankruptcy. Sherman & Howard L.L.C. has also acted as Special Counsel to the District in connection with this Official Statement. Certain matters will be passed upon for the District by its general counsel.

Police Power

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

Sovereign Immunity

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

FINANCIAL ADVISOR

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

INDEPENDENT AUDITORS

The audited basic financial statements of the District as of and for the year ended June 30, 2015, included hereto as Appendix A, have been audited by Silva & Co., LLC, certified public accountants, Reno, Nevada, to the extent and for the period stated in their report appearing herein.

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

RATINGS

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

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

UNDERWRITING

The District sold the Bonds at public sale to Piper Jaffray & Co. (the “Initial Purchaser”) at a purchase price equal to \$6,733,441.34 (equal to the par amount of the Bonds, plus original issue premium of \$380,363.85, and less underwriting discount of \$46,922.51).

OFFICIAL STATEMENT CERTIFICATION

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

LYON COUNTY SCHOOL DISTRICT, NEVADA

By: /s/ Shawn Heusser
Director of Finance and Facilities

APPENDIX A

**AUDITED BASIC FINANCIAL STATEMENTS OF LYON COUNTY SCHOOL
DISTRICT, NEVADA FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

LYON COUNTY SCHOOL DISTRICT

***FINANCIAL STATEMENT &
SUPPLEMENTARY INFORMATION***

Fiscal Year Ended

June 30, 2015

LYON COUNTY SCHOOL DISTRICT

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Superintendent

Alan Reeder
Deputy Superintendent

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

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

www.lyoncsd.org

March 1, 2016

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

The Comprehensive Annual Financial Report of the Lyon County School District for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of Lyon County School District. A section entitled "management's discussion and analysis" is required supplementary information and provides an overview of the District's financial condition. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

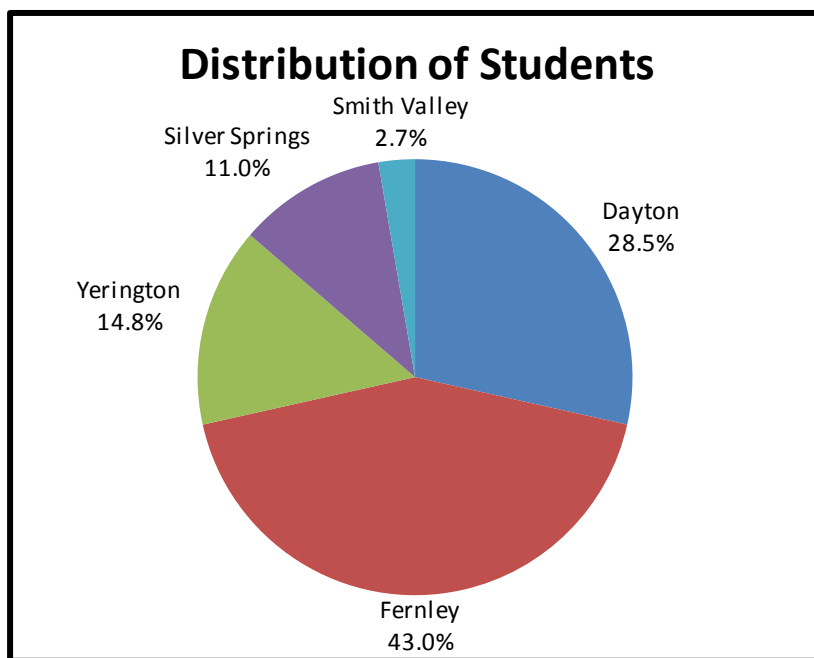
The District provides a full range of educational services for students enrolled in grades K-12 as well as students enrolled in adult and early childhood programs. These services include regular, special, vocational, extra-curricular, adult, and other education programs.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

The District's boundaries are the same as Lyon County. Lyon County encompasses 2,016 square miles in northwest central Nevada and has an estimated population of 53,344. The District is comprised of eight elementary schools, four middle schools, four high schools, and one K-12 school, all located in five communities. The chart below reflects the distribution of the District's 8,082 students by area of attendance.

The District experienced rapid growth in enrollment for many years. Within the last ten years, the enrollment grew from 8,696 students to a high of 9,275 in 2008 before falling to 8,082 in 2015.

Economic indicators for Lyon County have been favorable over the last year. Tesla Motors Company and Nevada Copper are both moving forward with plans for increased employment opportunities within Lyon County. The unemployment rate in Lyon County continued to stay high, ending the year at 9.4%. The State of Nevada's unemployment rate decreased from 7.7% to 6.9%. After 5 consecutive years of decreasing property values, Lyon County experienced an increase of 19.11% during 2015.



Each of the five communities has its own demographic characteristics. The City of Fernley is located in the most northern part of the District and is approximately thirty miles east of the Reno-Sparks metropolitan area and has an economy based on manufacturing, warehousing, and agriculture. The largest private employer, Amazon.com, within the District relocated about 30 miles away in the Reno-Sparks Region during the year.

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

Yerington and Smith Valley have economies based principally on agriculture, raising alfalfa hay, row crops, and cattle. Yerington, the county seat, has a limited amount of manufacturing. Unlike the northern parts of the county, these communities have had relatively stable student enrollment but have also seen recent declines.

The District's student population was comprised of 3.4% American Indian, 24.8% Hispanic, 64.2% White and 7.6% other, compared to 3.5%, 24.2%, 64.8% and 7.5%, respectively, in 2014. The number of students that applied for and met the federal criteria for free or reduced lunches decreased from 50.3% last year to 49.7% this year. The percent of students enrolled in special education programs increased from 12.3% of total student population in 2014 to 12.6 % in 2015.

LONG-TERM CAPITAL ASSET REQUIREMENTS

A recent report by the state demographer projects Lyon County will see annual increases in population through 2032. The Tesla announcement projected that an additional 9,300 people would move into the county for an estimated population of 73,415 in 2032. This is a dramatic change as not long ago the same projections estimated the County's population to continue to see substantial population growth, reaching over 100,000 by 2026. It was during that time that a Master Facility Plan was contracted and completed in 2008. The plan proposed future facility needs to meet the then projected demand. The plan covered ten years and was to be accomplished in four phases.

The voters also approved a ballot question authorizing the District to issue general obligation bonds for up to ten years without returning to the voters as long as specific financial criteria are met. The District has used this authority to issue bonds to improve its infrastructure and build a new middle school in Fernley, which opened to students in January 2011. A fourth elementary school in Fernley was included in the master plan. Although it was planned and designed, construction was postponed until economic conditions and enrollment growth warrant. In 2014 the district went to the voters to renew the ten year rollover bond that was defeated. The current ten year rollover bond authorization will expire in 2016.

INVESTMENTS

Lyon County School District invests its excess cash with the Nevada State Treasurer's Local Government Investment Pool. The pool allows funds to remain liquid while providing good security and a positive yield. The yield was 0.11% for the entire year ending at 0.20% on June 30, 2015. The average was 0.16% for the past three fiscal years. The District also invests funds available for longer-term investments in the NVEST program administered by the Nevada State Treasurer. This program provides an intermediate term investment alternative and consists of separately managed accounts for each participant. The yield for the year ended June 30, 2015 was 1.11% with an average rate of 1.04% over a three year period.

PROPERTY TAXES

Nevada statutes permit local school districts to incur debt up to 15% of their assessed valuation. Lyon County School District's unused bonding capacity was \$146,589,845 at June 30, 2015. However, the District is unable to issue that amount of additional debt because the combined ad valorem tax rate is statutorily limited to \$3.64 for all overlapping tax entities. The highest overlapping tax rate within the District is \$3.5957 and has remained the same since 2004-2005.

RISK MANAGEMENT

The District elected to assume some risk of loss that may result from property damage or liability claims. It elected to participate in a self-insured retention program whereby the District assumes all financial responsibility up to \$25,000 per claim. Any claims that may arise are paid from the Insurance Loss Fund, which had a fund balance at June 30, 2015 of \$127,197.

The District maintains self-insurance plans for unemployment benefits and compensation to workers with industrial related injuries. The workers compensation plan has reinsurance for individual claims that exceed \$250,000. At June 30, 2015, the Employees' Unemployment Insurance Fund and Workers Compensation Insurance Fund had reserves of \$ 355,127 and \$ 1,287,682 respectively. In addition, the Workers Compensation Insurance Fund had a recorded liability of \$1,044,000 for incurred but unreported claims.

LABOR RELATIONS

Employees are represented by one of three associations. The Lyon County Education Association represents non-administrative licensed employees, the Lyon Chapter of the Nevada Classified School Employees Association represents all non-supervisory or confidential classified employees, and the Lyon County Administrators Association represents site administrative personnel. Two-year agreements covering 2014 and 2015 were negotiated with all groups. Included in the agreements was a two percent increase in the salary schedules for fiscal year 2015.

OTHER INFORMATION

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

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

Respectfully Submitted,

Shawn P. Heusser
Director of Finance and Facilities



Wayne Workman
Superintendent

Alan Reeder
Deputy Superintendent

Board of Trustees

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

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

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

www.lyoncsd.org

March 1, 2016

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

The Comprehensive Annual Financial Report of the Lyon County School District for the fiscal year ended June 30, 2015 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the District. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of Lyon County School District. A section entitled "management's discussion and analysis" is required supplementary information and provides an overview of the District's financial condition. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

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

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

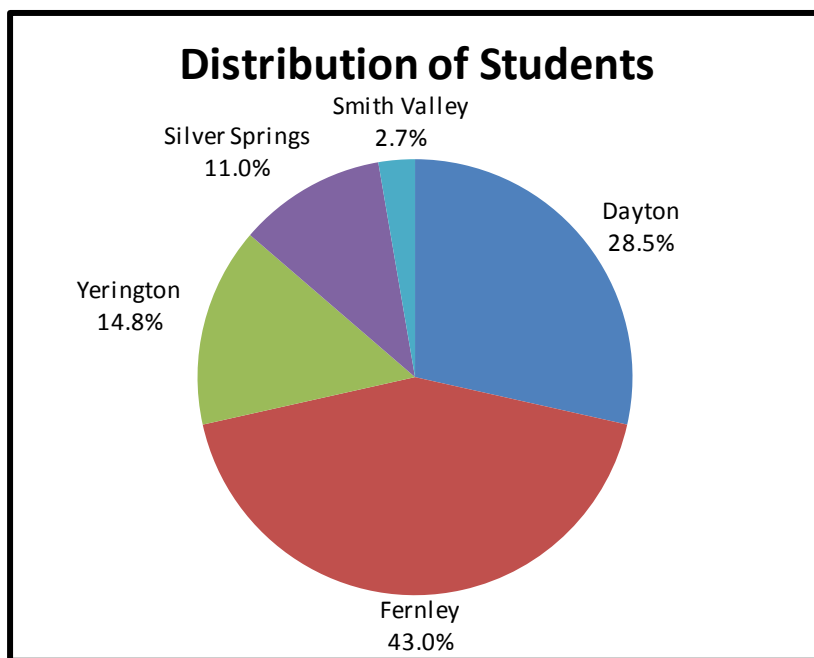
The District provides a full range of educational services for students enrolled in grades K-12 as well as students enrolled in adult and early childhood programs. These services include regular, special, vocational, extra-curricular, adult, and other education programs.

DEMOGRAPHIC AND ECONOMIC CHARACTERISTICS

The District's boundaries are the same as Lyon County. Lyon County encompasses 2,016 square miles in northwest central Nevada and has an estimated population of 53,344. The District is comprised of eight elementary schools, four middle schools, four high schools, and one K-12 school, all located in five communities. The chart below reflects the distribution of the District's 8,082 students by area of attendance.

The District experienced rapid growth in enrollment for many years. Within the last ten years, the enrollment grew from 8,696 students to a high of 9,275 in 2008 before falling to 8,082 in 2015.

Economic indicators for Lyon County have been favorable over the last year. Tesla Motors Company and Nevada Copper are both moving forward with plans for increased employment opportunities within Lyon County. The unemployment rate in Lyon County continued to stay high, ending the year at 9.4%. The State of Nevada's unemployment rate decreased from 7.7% to 6.9%. After 5 consecutive years of decreasing property values, Lyon County experienced an increase of 19.11% during 2015.



Each of the five communities has its own demographic characteristics. The City of Fernley is located in the most northern part of the District and is approximately thirty miles east of the Reno-Sparks metropolitan area and has an economy based on manufacturing, warehousing, and agriculture. The largest private employer, Amazon.com, within the District relocated about 30 miles away in the Reno-Sparks Region during the year.

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

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

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

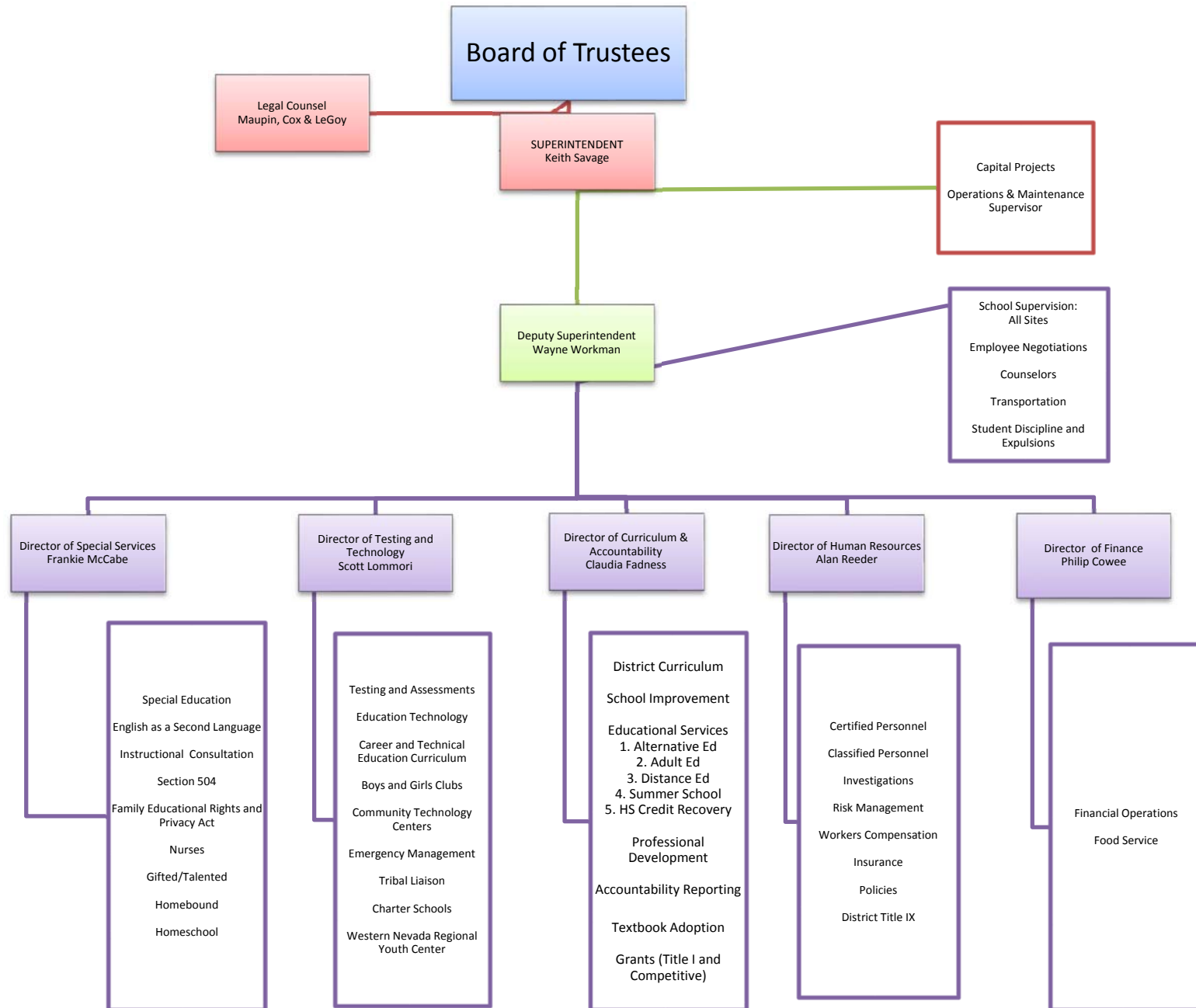
Respectfully Submitted,

Shawn P. Heusser

Shawn P. Heusser
Director of Finance and Facilities

LYON COUNTY SCHOOL DISTRICT

Organizational Structure 2014-2015



**LYON COUNTY SCHOOL DISTRICT
PRINCIPAL OFFICERS
2014 - 2015**

BOARD OF TRUSTEES

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

SUPERINTENDENT

Keith Savage

DEPUTY SUPERINTENDENT

Wayne Workman

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyon County School District, Yerington, Nevada (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Unmodified
General Fund, Special Education, Debt Service, and Bond Projects funds	Qualified
Aggregate Remaining Fund Information	Qualified

Basis for Qualified Opinions

Because of inadequacies in the District's accounting records in support of cash and investment transactions, we were unable to obtain sufficient appropriate evidence regarding the completeness of the presentation in the financial statements of those transactions. It is not practicable to quantify the effects that this limitation may have on the major funds identified above or on the aggregate remaining fund information.

Qualified Opinions

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinions" on the major funds and on the aggregate remaining fund information paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund; Special Education Fund; Debt Service Fund; Bond Projects Fund; and the aggregate remaining fund information of the Lyon County School District as of June 30, 2015, and the respective changes in its financial position, and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund and the Special Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Lyon County School District as of June 30, 2015, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, effective July 1, 2014, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The District's unrestricted net position has been restated as of July 1, 2014 as a result of this change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; the Schedule of Funding Progress related to the District's other postemployment benefits; and the schedules related to pension information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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 our report dated March 1, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Silva & Co., LLC

Reno, Nevada
March 1, 2016

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

This section of the Lyon County School District's annual financial report presents a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2015. We encourage readers to read it in conjunction with the letter of transmittal and the financial statements, which immediately follow this section.

As required by the Governmental Accounting Standards Board (GASB), the District has implemented Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The changes resulting from the implementation of these two accounting standards are significant at the district-wide level. However, the changes do not affect the financial statements at the fund level. Further discussion of this implementation can be found at the District-Wide Financial Analysis section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

District-Wide Financial Statements

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

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

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

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

Notes to Financial Statements

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

Supplementary Information

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

DISTRICT-WIDE FINANCIAL ANALYSIS

As previously mentioned on page 4, the District has implemented GASB Statements No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These new standards require participants in a multi-employer cost sharing plan to:

- Record a proportionate share of the net pension liability on our statement of net position.
- Record a proportionate share of pension expense (as defined by the new GASB statements) on our statement of activities.
- Report additional note disclosures and required supplementary information.

These standards required the inclusion of the District's proportionate share of the Nevada Public Employees' Retirement Plan within the District's financial statements effective July 1, 2014. The effect of the adoption was to decrease July 1, 2014 beginning net position (restating) by \$86.1 million and the inclusion of the obligation, and related deferred inflows and outflows, in the June 30, 2015 district-wide financial statements. All governments participating in the retirement plan were required to adopt these new standards. The detail can be found primarily in Note 9 to these statements, beginning on page 52.

As mentioned previously, net position (deficit) may serve over time as one useful indicator of a government's financial condition. The net position (deficit) includes the District's investment in capital assets less related outstanding debt that was issued to acquire the capital assets. As the District uses these capital assets to provide services to students, they are not available for future spending. As of June 30, 2015 the District's net investment in capital assets was \$53.3 million. Total net position (deficit) includes \$4.9 million restricted for servicing long-term debt and \$76 thousand restricted for employee health benefits.

Following is a summary of the District's net position (deficit) as of June 30, 2015 and 2014. The 2014 amounts have been restated for the effects of GASB Nos. 68 and 71, as discussed above.

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

DISTRICT'S NET POSITION

	2015	(Restated) 2014	Change	
			\$	%
		(In Millions)		
Assets				
Current assets	\$ 28.4	\$ 29.1	\$ (0.7)	-2.4%
Net capital assets	120.2	123.9	(3.7)	-3.0%
Total Assets	148.6	153.0	(4.4)	-2.9%
Deferred Outflows	12.0	12.2	(0.2)	-1.6%
Liabilities				
Current liabilities	17.5	17.7	(0.2)	-1.1%
Long-term liabilities	148.8	172.1	(23.3)	-13.5%
Total Liabilities	166.3	189.8	(23.5)	-12.4%
Deferred Inflows	20.2	-	20.2	-
Net Position (Deficit)				
Net investment in capital assets	53.3	54.0	(0.7)	-1.3%
Restricted	4.9	4.4	0.5	11.4%
Unrestricted	(84.2)	(83.4)	(0.8)	-1.0%
Total Net Position (Deficit)	\$ (26.0)	\$ (25.0)	(1.0)	-4.0%

Total revenues saw a rather robust increase of \$3.3 million, lead primarily by increases in property tax revenue and operating grants. Unrestricted State aid comprised nearly 52% of total revenues in 2015, compared to 54% in 2014. The Residential Construction Tax (RCT) continued its trend of increasing over the prior year. In 2015, the RCT increased to \$223 thousand, up over 21% from 2014. Finally, the local school support taxes (sales taxes), representing approximately 10.7% of the District's total revenues, increased by nearly 7% from 2014, primarily the result of increased sales tax collections due to some continued economic improvement in Nevada.

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

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities	
	Restated	
	2015	2014
	<i>(In Millions)</i>	
Revenues		
Program Revenues:		
Charges for services	\$ 0.6	\$ 0.6
Operating grants and contributions	12.2	11.7
General Revenues:		
Property taxes	15.9	14.4
Local school support taxes	9.4	8.8
Government service taxes	2.1	1.8
Unrestricted State aid	46.1	46.1
Other revenues	1.7	1.3
Total Revenues	88.0	84.7
Expenses		
Instructional services	46.9	46.6
Instructional support services	33.0	28.8
Food service	3.2	3.1
Parent and community involvement	-	0.1
Facilities and acquisitions	4.3	3.0
Interest on long-term debt	2.0	3.9
Total Expenses	89.4	85.5
Change in Net Position	(1.4)	(0.8)
Net Position (Deficit) - July 1	(24.6)	62.3
Impact of GASB Statement Nos. 68 and 71	-	(86.1)
Net Position (Deficit) - June 30	<u>\$ (26.0)</u>	<u>\$ (24.6)</u>

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The governmental funds (General Fund, special revenue funds, the Debt Service Fund, and the capital projects funds) reported a slight decrease of \$73 thousand (less than 1%) in fund balance for a total of \$14.0 million as of June 30, 2015. This governmental fund balance includes \$5.0 million which is considered restricted for debt service and \$2.2 million restricted for capital acquisitions. In addition, \$129 thousand in inventories are deemed to be the nonspendable component of fund balance. The remaining governmental fund balance is either assigned (\$2.1 million) or unassigned (\$4.7 million).

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

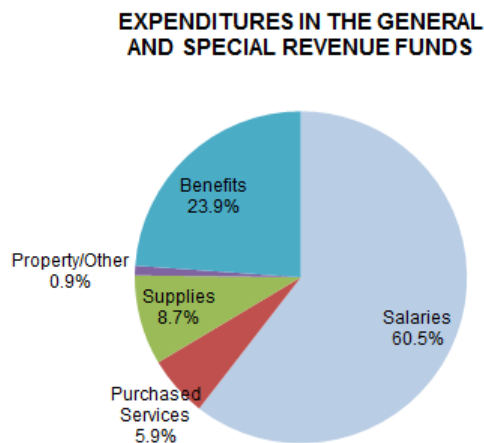
The General Fund and the nine special revenue funds account for Lyon County School District's current operating revenues and expenditures. They include all governmental funds except debt service and capital projects funds.

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

	2011	2012	2013	2014	2015
	<i>(In Millions)</i>				
Revenues	\$79.0	\$76.4	\$76.4	\$77.3	\$79.8
Expenditures	78.5	75.8	78.1	77.5	80.2
Fund Balances	8.2	8.7	7.0	7.2	6.8

Education is labor intensive as evidenced by the following chart of expenditures by object. Salaries and benefits for the General Fund and the special revenue funds approximated 84% of the funds' total expenditures for the fiscal years ended June 30, 2015 and 2014.

The chart on the following page shows the breakdown of expenditures in the General Fund and the special revenue funds for the year ended June 30, 2015:



The Debt Service Fund's balance of \$5.0 million is approximately 75% of the debt service requirement for the FY ending June 30, 2016, compared to 68% last year – an increase of 7%.

The District has four capital projects funds, including the Bonds Projects Fund, which was created to account for the proceeds of bond sales and related interest earnings. During the year, \$784 thousand million was spent from this fund in accordance with the District's Capital Improvement Plan. The Bonds Projects Fund's June 30, 2015 balance of \$411 thousand is restricted for future capital expenditures. The

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

other three capital projects funds are used to accumulate resources, primarily government services tax (72% of the funds' revenues) and the Residential Construction Tax (27% of the funds' revenues) for major capital acquisitions and improvements not part of the capital budgets related to bond elections. The fund balance of these three capital project funds at June 30, 2015 was \$1.7 million compared to \$1.5 million as of June 30, 2014.

BUDGETARY HIGHLIGHTS

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets as of June 30, 2015 and 2014 are as follows:

Capital Assets (Net of Depreciation)

	2015	2014
	<u>(In Millions)</u>	
Land	\$ 8.8	\$ 8.8
Construction in progress	-	1.2
Buildings and improvements	96.6	98.2
Infrastructure	11.3	11.5
Equipment and vehicles	3.5	4.2
	<u>\$ 120.2</u>	<u>\$ 123.9</u>

Long-term Debt

As of June 30, 2015, the District had \$66.7 million of general obligation debt outstanding, plus \$233 thousand in unamortized bond premiums which are being amortized over the lives of the applicable bond issues.

The District issued \$15,040,000 in refunding bonds in July 2014 to refund two debt issues. The refunding resulted in the reduction of debt service payments (over the life of the bonds) of \$1.2 million.

Additional details on the District's long-term debt can be found on pages 49-51 of these financial statements.

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

A question on the November 2006 general election was passed by the voters, allowing the District to issue general obligation bonds during the next ten years. The bonds may only be issued if repayment is expected to be made without raising the property tax rate and other financial conditions are met. Further, issuance of bonds is conditional upon the approval of the Debt Management Commission of Lyon County. Currently, the District has no authorization from the Commission to issue general obligation bonds. The District reserves the right to issue additional bonds at any time legal requirements are met. The District currently has \$145.4 million of statutory debt limit available.

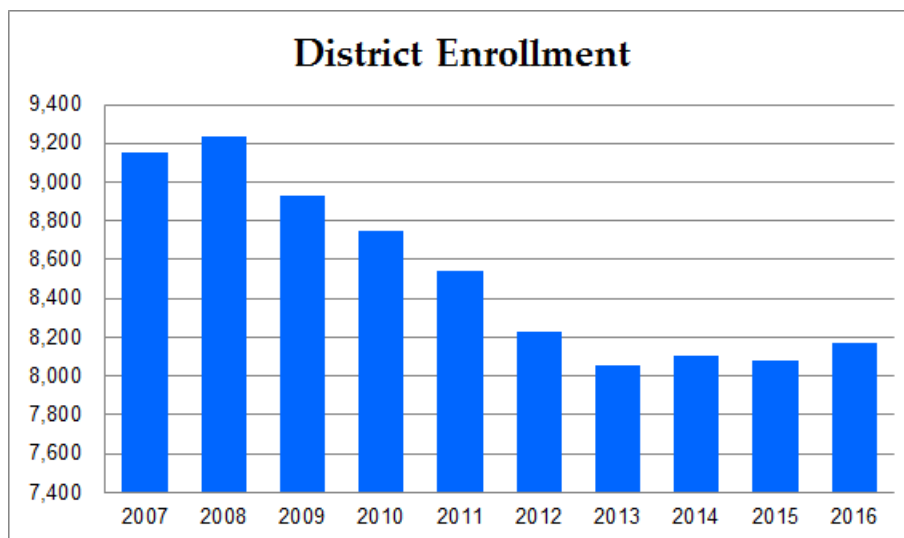
ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Enrollment and Funding

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

One of the factors determining the amount of DSA funding received is the weighted student enrollment within the District. Nevada's school districts are highly dependent on the economic condition of the State. Nevada's formula for school district funding guarantees the majority of operating revenue by making up any shortfall in ad valorem or LSST collections. For the 2014-15 school year, the District (as did all Nevada's school districts) received full funding in accordance with the 2013 biennial state budget.

Provided below is a chart that depicts the District's pupil enrollment over a ten year period.



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

LYON COUNTY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

the per pupil funding for pre-k and k grade levels.

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

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

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

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

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

REQUESTS FOR INFORMATION

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

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2015

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and investments	\$ 21,936,179
Receivables	5,871,557
Prepaid expenditures and deposits	56,355
Inventories	128,992
Restricted cash	361,577
Capital assets, net	120,197,122
Total Assets	148,551,782
DEFERRED OUTFLOWS OF RESOURCES	
Deferred debt retirement charges	1,443,741
Related to pensions	10,522,399
	11,966,140
Total Assets and Deferred Outflows of Resources	160,517,922
LIABILITIES	
Accounts payable	601,421
Incurred but unreported claims	1,044,000
Accrued payroll	8,665,785
Interest payable	393,481
Due to other governments	1,463,137
Unearned revenues	710,006
Current portion of long-term obligations	4,583,332
General obligation bonds, net of current portion	62,344,351
Accrued employee leave	1,100,083
Obligation for other postemployment benefits	8,044,644
Net pension liability	77,321,756
Total Liabilities	166,271,996
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	20,209,740
Total Liabilities and Deferred Inflows of Resources	186,481,736
NET POSITION (DEFICIT)	
Net investment in capital assets	53,269,439
Restricted for debt service	4,880,067
Restricted for employee benefits	75,933
Unrestricted	(84,189,253)
Total Net Position (Deficit)	\$ (25,963,814)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUES AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	GRANTS AND CONTRIBUTIONS OPERATING	CAPITAL	
Instruction:					
Regular instruction	\$ 31,601,081	\$ -	\$ 4,946,919	\$ -	\$ (26,654,162)
Special instruction	9,174,960	-	1,273,386	-	(7,901,574)
Vocational instruction	1,632,615	-	180,100	-	(1,452,515)
Adult instruction	237,903	-	249,923	-	12,020
Other instruction	2,514,468	-	832,736	-	(1,681,732)
Extra-curricular activities	1,782,905	-	23,775	-	(1,759,130)
Sub-total Instruction	46,943,932	-	7,506,839	-	(39,437,093)
Support Services:					
Student support	5,490,437	-	510,206	-	(4,980,231)
Instructional staff support	3,587,884	-	1,342,018	-	(2,245,866)
General administration	2,284,458	-	12,800	-	(2,271,658)
School administration	6,343,120	-	33,012	-	(6,310,108)
Central services	3,840,802	-	370,290	-	(3,470,512)
Operation and maintenance	7,644,634	-	23,448	-	(7,621,186)
Student transportation	3,800,552	-	2,702	-	(3,797,850)
Noninstructional Services:					
Food service	3,172,426	587,261	2,431,268	-	(153,897)
Parent and community service	31,927	-	7,425	-	(24,502)
Facilities acq. and const.	4,264,898	-	-	-	(4,264,898)
Interest on debt and other	1,992,543	-	-	-	(1,992,543)
Total School District	\$ 89,397,613	\$ 587,261	\$ 12,240,008	\$ -	(76,570,344)
General Revenues:					
Property taxes, levied for general purposes					9,014,141
Property taxes, levied for debt service					6,913,937
Local school support taxes					9,405,364
Taxes for capital acquisitions					807,572
Other taxes and fees					1,819,259
Earnings on investments					117,179
Other local sources					386,693
State aid not restricted to specific purpose					46,079,813
Federal aid not restricted to specific purpose					661,004
Total General Revenues					75,204,962
Change in Net Position (Deficit)					(1,365,382)
Net Position (Deficit), July 1, 2014, as restated					(24,598,432)
Net Position (Deficit), June 30, 2015					\$ (25,963,814)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2014)

Page 1 of 2

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	BONDS PROJECTS FUND
ASSETS				
Cash and investments	\$ 8,195,650	\$ 3,037,660	\$ 4,956,982	\$ 410,297
Receivables	2,132,621	-	93,769	1,260
Due from other funds	1,935,171	-	-	-
Inventories	35,365	-	-	-
Total Assets	<u>\$ 12,298,807</u>	<u>\$ 3,037,660</u>	<u>\$ 5,050,751</u>	<u>\$ 411,557</u>
LIABILITIES				
Accounts payable	\$ 228,356	\$ 35,107	\$ 750	\$ 658
Contract retention payable	-	-	-	-
Accrued payroll	5,808,217	1,471,005	-	-
Due to other funds	-	-	-	-
Due to other governments	1,463,137	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>7,499,710</u>	<u>1,506,112</u>	<u>750</u>	<u>658</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>108,633</u>	<u>-</u>	<u>84,967</u>	<u>-</u>
FUND BALANCES				
Nonspendable	35,365	-	-	-
Restricted	-	-	4,965,034	410,899
Assigned	-	1,531,548	-	-
Unassigned	<u>4,655,099</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>4,690,464</u>	<u>1,531,548</u>	<u>4,965,034</u>	<u>410,899</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 12,298,807</u>	<u>\$ 3,037,660</u>	<u>\$ 5,050,751</u>	<u>\$ 411,557</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2014)

Page 2 of 2

	OTHER GOVERNMENTAL FUNDS	TOTALS	
		2015	2014
ASSETS			
Cash and investments	\$ 2,900,047	\$ 19,500,636	\$ 19,425,791
Receivables	3,643,907	5,871,557	6,832,091
Due from other funds	-	1,935,171	2,983,042
Inventories	93,627	128,992	76,143
Total Assets	<u>\$ 6,637,581</u>	<u>\$ 27,436,356</u>	<u>\$ 29,317,067</u>
LIABILITIES			
Accounts payable	\$ 326,236	\$ 591,107	\$ 1,296,987
Contract retention payable	-	-	250,746
Accrued payroll	1,386,563	8,665,785	8,492,070
Due to other funds	1,863,678	1,863,678	2,896,647
Due to other governments	-	1,463,137	1,655,182
Unearned revenue	701,080	701,080	341,482
Total Liabilities	<u>4,277,557</u>	<u>13,284,787</u>	<u>14,933,114</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	193,600	353,153
FUND BALANCES			
Nonspendable	93,627	128,992	76,143
Restricted	1,747,193	7,123,126	6,796,512
Assigned	519,204	2,050,752	3,236,792
Unassigned	-	4,655,099	3,921,353
Total Fund Balances	<u>2,360,024</u>	<u>13,957,969</u>	<u>14,030,800</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 6,637,581</u>	<u>\$ 27,436,356</u>	<u>\$ 29,317,067</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2015

Total Fund Balance - Governmental Funds \$ 13,957,969

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

Capital assets used in governmental funds are not current financial resources and therefore not reported as governmental fund assets. 120,197,122

Property taxes receivable not available to pay current obligations are deferred in the fund statements. 193,600

Long-term liabilities, including general obligation bonds and the noncurrent liability for compensated absences, are not reported as fund liabilities since they will not be paid with current resources. (67,770,083)

Premiums and discounts related to long-term debt are not capitalized and amortized in the fund statements since they do not represent available resources. (257,683)

Unamortized amounts on refundings are not recognized in the funds. 1,443,741

The liability for interest on general obligation bonds is reported in the fund statements when due and as accrued in the statement of activities. (393,481)

The liability for estimated future payments of benefits to be provided to current and future retirees is not reported as a fund liability since these costs will not be paid from current resources. (8,044,644)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred amounts are not reported in governmental funds. (87,009,097)

Internal service funds are used to account for various employee benefit programs. The assets and liabilities of the internal service funds are included with governmental activities. 1,718,742

Total Net Position (Deficit) - Governmental Activities \$ (25,963,814)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

Page 1 of 2

	GENERAL FUND	SPECIAL EDUCATION FUND	DEBT SERVICE FUND	BONDS PROJECTS FUND
REVENUES:				
Local sources	\$ 20,212,658	\$ -	\$ 6,863,280	\$ 364,828
State sources	43,368,113	2,711,700	-	-
Federal sources	303,369	-	-	-
Total Revenues	<u>63,884,140</u>	<u>2,711,700</u>	<u>6,863,280</u>	<u>364,828</u>
EXPENDITURES:				
Instruction:				
Regular instruction	25,631,018	-	-	-
Special instruction	168,793	7,214,407	-	-
Vocational instruction	1,409,608	-	-	-
Adult instruction	-	-	-	-
Other instruction	1,620,806	-	-	-
Extra-curricular activities	1,530,905	-	-	-
Support services:				
Student support	2,633,437	2,326,434	-	-
Instructional staff support	2,043,661	7,647	-	-
General administration	1,767,876	241,083	-	-
School administration	6,330,826	-	-	-
Central services	3,272,511	-	-	-
Operations and maintenance	7,453,301	-	-	-
Student transportation	2,862,604	464,717	-	-
Noninstructional services:			-	-
Food service	-	-	-	-
Parent and community service	-	-	-	-
Facilities acquisition and construction	-	-	-	744,996
Debt service:				
Principal	-	-	4,430,000	-
Interest	-	-	1,943,298	-
Other	-	-	50,786	38,821
Total Expenditures	<u>56,725,346</u>	<u>10,254,288</u>	<u>6,424,084</u>	<u>783,817</u>
Revenues Over (Under)				
Expenditures	<u>7,158,794</u>	<u>(7,542,588)</u>	<u>439,196</u>	<u>(418,989)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from bond sales	-	-	15,035,000	-
Payments to refunded bond escrow agent	-	-	(14,944,879)	-
Transfers from other funds	-	8,000,000	-	-
Transfers (to) other funds	(8,000,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(8,000,000)</u>	<u>8,000,000</u>	<u>90,121</u>	<u>-</u>
Net Change in Fund Balances	(841,206)	457,412	529,317	(418,989)
FUND BALANCE, July 1	<u>5,531,670</u>	<u>1,074,136</u>	<u>4,435,717</u>	<u>829,888</u>
FUND BALANCE, June 30	<u>\$ 4,690,464</u>	<u>\$ 1,531,548</u>	<u>\$ 4,965,034</u>	<u>\$ 410,899</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014)

Page 2 of 2

	OTHER GOVERNMENTAL FUNDS	TOTALS 2015	2014
REVENUES:			
Local sources	\$ 1,521,759	\$ 28,962,525	\$ 26,581,532
State sources	4,755,159	50,834,972	50,549,927
Federal sources	7,722,358	8,025,727	7,713,201
Total Revenues	13,999,276	87,823,224	84,844,660
EXPENDITURES:			
Instruction:			
Regular instruction	4,942,127	30,573,145	29,411,137
Special instruction	1,478,448	8,861,648	8,811,045
Vocational instruction	179,658	1,589,266	1,614,395
Adult instruction	235,798	235,798	273,915
Other instruction	831,702	2,452,508	2,437,922
Extra-curricular activities	23,775	1,554,680	1,088,098
Support services:			
Student support	509,604	5,469,475	5,182,859
Instructional staff support	1,341,714	3,393,022	3,171,325
General administration	101,706	2,110,665	1,634,003
School administration	33,012	6,363,838	6,691,615
Central services	596,915	3,869,426	3,633,076
Operations and maintenance	39,498	7,492,799	7,685,282
Student transportation	2,702	3,330,023	3,724,415
Noninstructional services:			
Food service	3,119,439	3,119,439	3,096,494
Parent and community service	7,425	7,425	39,529
Facilities acquisition and construction	355,118	1,100,114	430,011
Debt service:			
Principal	-	4,430,000	4,075,000
Interest	-	1,943,298	3,038,914
Other	-	89,607	60,961
Total Expenditures	13,798,641	87,986,176	86,099,996
Revenues Over (Under)			
Expenditures	200,635	(162,952)	(1,255,336)
OTHER FINANCING SOURCES (USES)			
Proceeds from bond sales	-	15,035,000	21,705,000
Payments to refunded bond escrow agent	-	(14,944,879)	(21,120,000)
Transfers from other funds	-	8,000,000	8,569,244
Transfers (to) other funds	-	(8,000,000)	(8,140,000)
Total Other Financing Sources (Uses)	-	90,121	1,014,244
Net Change in Fund Balances	200,635	(72,831)	(241,092)
FUND BALANCE, July 1	2,159,389	14,030,800	14,271,892
FUND BALANCE, June 30	\$ 2,360,024	\$ 13,957,969	\$ 14,030,800

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Governmental Funds

\$ (72,831)

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

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

(3,032,578)

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

(1,013,409)

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

193,600

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

128,143

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

41,606

Costs associated with the issuance of long-term debt and any discount or premium realized at the time of incurring debt are recognized as an expenditure and other financing source or use, respectively, in the fund statements. These costs are deferred in the statement of net position and amortized over the life of the new debt in the statement of activities. This amount represents the net of the amount capitalized and current amortization.

(87,781)

Continued on next page

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2015

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

\$ 859,828

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

18,515,051

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

(15,035,000)

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

(1,041,815)

Except for amounts reported as deferred inflows and outflows, changes in the net pension liability are reported as pension expense in the statement of activities.

(686,583)

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

(133,613)

Change in Net Position (Deficit)

\$ (1,365,382)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Property taxes	\$ 9,000,667	\$ 9,000,667	\$ 8,905,508	\$ (95,159)	\$ 8,130,287
Sales taxes	8,142,967	8,542,967	9,405,364	862,397	8,774,339
Franchise fees	232,375	232,375	303,276	70,901	194,528
Governmental services tax	1,289,557	1,489,557	1,497,055	7,498	1,349,967
Boat permits	25,000	25,000	18,428	(6,572)	21,793
Summer school and athletics fees	-	-	300	300	129
Earnings on investments	2,000	2,000	61,653	59,653	74,234
Environmental fines	-	-	500	500	47,260
Use of facilities fees	3,500	3,500	8,535	5,035	5,139
Other local revenue	24,000	24,000	12,039	(11,961)	16,846
	<u>18,720,066</u>	<u>19,320,066</u>	<u>20,212,658</u>	<u>892,592</u>	<u>18,614,522</u>
State Sources:					
Distributive School Fund	44,747,587	44,747,587	43,239,572	(1,508,015)	43,430,280
Transportation reimbursements	128,541	128,541	128,541	-	128,541
	<u>44,876,128</u>	<u>44,876,128</u>	<u>43,368,113</u>	<u>(1,508,015)</u>	<u>43,558,821</u>
Federal Sources:					
E-Rate funds	-	-	161,696	161,696	47,885
Forest Service	161,000	161,000	141,673	(19,327)	145,317
	<u>161,000</u>	<u>161,000</u>	<u>303,369</u>	<u>142,369</u>	<u>193,202</u>
Total Revenue	<u>63,757,194</u>	<u>64,357,194</u>	<u>63,884,140</u>	<u>(473,054)</u>	<u>62,366,545</u>
EXPENDITURES					
Regular Programs:					
Instruction:					
Salaries	17,593,920	17,693,920	17,509,339	184,581	17,223,389
Benefits	6,597,720	7,197,720	7,126,003	71,717	6,869,473
Purchased services	171,626	306,626	286,670	19,956	151,378
Supplies	1,061,008	906,008	705,064	200,944	814,104
Other	3,939	3,939	3,942	(3)	4,214
Total Regular Programs	<u>25,428,213</u>	<u>26,108,213</u>	<u>25,631,018</u>	<u>477,195</u>	<u>25,062,558</u>

Continued on next page

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Special Programs:					
Gifted and Talented:					
Salaries	\$ 120,000	\$ 120,000	\$ 124,544	\$ (4,544)	\$ 116,032
Benefits	42,360	44,360	44,249	111	42,304
Supplies	1,000	1,000	-	1,000	-
Total Special Programs	163,360	165,360	168,793	(3,433)	158,336
Vocational Programs:					
Salaries	950,000	950,000	924,162	25,838	901,623
Benefits	345,800	370,800	370,104	696	358,117
Purchased services	31,500	26,500	30,030	(3,530)	6,772
Supplies	119,050	99,050	84,944	14,106	57,796
Property	-	-	-	-	30,710
Other	450	450	368	82	250
Total Vocational Programs	1,446,800	1,446,800	1,409,608	37,192	1,355,268
Other Instructional Programs:					
Salaries	1,185,630	1,075,630	1,076,830	(1,200)	1,087,044
Benefits	449,354	439,354	425,500	13,854	433,644
Purchased services	82,000	92,000	90,114	1,886	96,572
Supplies	18,350	8,350	28,362	(20,012)	1,572
Other	2,000	-	-	-	-
Total Other Instructional Programs	1,737,334	1,615,334	1,620,806	(5,472)	1,618,832
Extra-Curricular Activities:					
Co-curricular:					
Salaries	209,250	207,250	198,050	9,200	190,546
Benefits	6,220	8,220	7,211	1,009	6,497
Purchased services	12,500	12,500	13,499	(999)	5,271
Supplies	6,350	6,350	18,271	(11,921)	7,971
Other	7,624	4,624	41,826	(37,202)	3,337
	241,944	238,944	278,857	(39,913)	213,622

Continued on next page

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Athletics:					
Salaries	\$ 545,881	\$ 545,881	\$ 552,557	\$ (6,676)	\$ 541,136
Benefits	48,583	48,583	47,661	922	48,408
Purchased services	157,100	182,100	180,752	1,348	165,952
Supplies	109,500	118,500	116,334	2,166	100,283
Property	-	-	-	-	9,440
Other	4,825	8,825	354,744	(345,919)	9,257
	<u>865,889</u>	<u>903,889</u>	<u>1,252,048</u>	<u>(348,159)</u>	<u>874,476</u>
Total Extra-Curricular Activities	<u>1,107,833</u>	<u>1,142,833</u>	<u>1,530,905</u>	<u>(388,072)</u>	<u>1,088,098</u>
Undistributed Expenditures:					
Student Support:					
Salaries	1,881,724	1,831,724	1,786,159	45,565	1,757,311
Benefits	707,528	722,528	717,943	4,585	692,365
Purchased services	93,550	103,550	113,430	(9,880)	100,459
Supplies	17,250	17,250	15,462	1,788	15,310
Other	400	500	443	57	393
	<u>2,700,452</u>	<u>2,675,552</u>	<u>2,633,437</u>	<u>42,115</u>	<u>2,565,838</u>
Instructional Staff Support:					
Salaries	1,198,766	1,333,766	1,330,436	3,330	1,207,472
Benefits	386,003	456,003	449,520	6,483	404,112
Purchased services	116,250	46,250	39,733	6,517	38,334
Supplies	233,360	168,360	144,537	23,823	265,677
Other	1,000	81,000	79,435	1,565	28,999
	<u>1,935,379</u>	<u>2,085,379</u>	<u>2,043,661</u>	<u>41,718</u>	<u>1,944,594</u>
General Administration:					
Salaries	384,138	634,138	729,346	(95,208)	537,434
Benefits	622,741	697,741	728,014	(30,273)	576,727
Purchased services	152,900	252,900	269,347	(16,447)	163,752
Supplies	12,000	12,000	11,978	22	10,761
Other	31,000	31,000	29,191	1,809	27,624
	<u>1,202,779</u>	<u>1,627,779</u>	<u>1,767,876</u>	<u>(140,097)</u>	<u>1,316,298</u>

Continued on next page

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
School Administration:					
Salaries	\$ 4,315,075	\$ 4,355,075	\$ 4,352,169	\$ 2,906	\$ 4,262,371
Benefits	1,488,701	1,618,701	1,623,500	(4,799)	1,581,005
Purchased services	153,114	223,114	226,325	(3,211)	166,847
Supplies	153,232	153,232	123,534	29,698	129,320
Property	-	1,000	788	212	-
Other	6,952	6,951	4,510	2,441	6,170
	<u>6,117,074</u>	<u>6,358,073</u>	<u>6,330,826</u>	<u>27,247</u>	<u>6,145,713</u>
Central Services:					
Salaries	1,281,695	1,346,695	1,338,697	7,998	1,305,032
Benefits	370,410	425,410	420,257	5,153	379,683
Purchased services	658,550	568,550	544,977	23,573	420,545
Supplies	593,225	668,225	665,755	2,470	529,842
Property	445,000	290,000	280,483	9,517	321,189
Other	17,700	12,700	22,342	(9,642)	19,500
	<u>3,366,580</u>	<u>3,311,580</u>	<u>3,272,511</u>	<u>39,069</u>	<u>2,975,791</u>
Operation and Maintenance:					
Salaries	2,993,877	2,913,877	2,903,627	10,250	2,866,038
Benefits	1,017,918	1,047,918	1,046,399	1,519	1,015,445
Purchased services	1,362,450	1,332,450	1,270,943	61,507	1,242,612
Supplies	2,352,800	2,104,300	2,204,045	(99,745)	2,433,057
Property	17,600	22,600	21,511	1,089	5,500
Other	8,000	8,000	6,776	1,224	6,198
	<u>7,752,645</u>	<u>7,429,145</u>	<u>7,453,301</u>	<u>(24,156)</u>	<u>7,568,850</u>
Student Transportation:					
Salaries	1,830,393	1,810,393	1,764,247	46,146	1,756,525
Benefits	585,726	635,726	639,110	(3,384)	608,143
Purchased services	303,300	253,300	230,823	22,477	228,367
Supplies	787,700	637,700	554,669	83,031	762,340
Property	125,000	65,000	60,485	4,515	87,031
Other	(391,500)	(391,500)	(386,730)	(4,770)	(321,848)
	<u>3,240,619</u>	<u>3,010,619</u>	<u>2,862,604</u>	<u>148,015</u>	<u>3,120,558</u>

Continued on next page

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Total Undistributed Expenditures	\$ 26,315,528	\$ 26,498,127	\$ 26,364,216	\$ 133,911	\$ 25,637,642
Total Expenditures	56,199,068	56,976,667	56,725,346	251,321	54,920,734
Revenues Over (Under) Expenditures	7,558,126	7,380,527	7,158,794	(221,733)	7,445,811
OTHER FINANCING SOURCES (USES)					
Transfers (to) other funds	(8,450,000)	(8,450,000)	(8,000,000)	450,000	(8,140,000)
Transfers from other funds	-	-	-	-	429,244
Contingency	(700,000)	(522,400)	-	522,400	-
Total Other Financing Sources (Uses)	(9,150,000)	(8,972,400)	(8,000,000)	972,400	(7,710,756)
Net Change in Fund Balance	(1,591,874)	(1,591,873)	(841,206)	750,667	(264,945)
FUND BALANCE, July 1	<u>4,292,503</u>	<u>4,292,503</u>	<u>5,531,670</u>	<u>1,239,167</u>	<u>5,796,615</u>
FUND BALANCE, June 30	<u>\$ 2,700,629</u>	<u>\$ 2,700,630</u>	<u>\$ 4,690,464</u>	<u>\$ 1,989,834</u>	<u>\$ 5,531,670</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources:					
Distributive School Fund	\$ 2,692,935	\$ 2,692,935	\$ 2,711,700	\$ 18,765	\$ 2,621,304
EXPENDITURES					
Special Programs:					
Salaries	4,970,049	5,020,049	5,033,988	(13,939)	4,849,030
Benefits	2,012,870	2,137,870	2,151,447	(13,577)	2,064,327
Purchased services	20,000	10,000	965	9,035	8,408
Supplies	36,709	36,709	27,502	9,207	33,532
Other	-	2,000	505	1,495	100
Total Special Programs	7,039,628	7,206,628	7,214,407	(7,779)	6,955,397
Undistributed Expenditures:					
Student Support:					
Salaries	1,750,824	1,313,824	1,358,597	(44,773)	1,585,387
Benefits	635,549	585,549	520,045	65,504	592,465
Purchased services	172,350	542,350	446,957	95,393	224,049
Supplies	3,950	3,950	835	3,115	1,845
	2,562,673	2,445,673	2,326,434	119,239	2,403,746
Instruction Staff Support:					
Salaries	2,100	4,100	3,175	925	-
Benefits	415	415	261	154	-
Purchased services	1,500	500	-	500	8,500
Supplies	5,500	4,500	4,211	289	-
	9,515	9,515	7,647	1,868	8,500
General Administration:					
Salaries	153,832	158,832	164,779	(5,947)	158,221
Benefits	47,688	57,688	51,926	5,762	50,401
Purchased services	47,000	27,000	17,528	9,472	52,707
Supplies	5,200	10,200	6,850	3,350	4,752
	253,720	253,720	241,083	12,637	266,081
Student Transportation:					
Salaries	423,603	373,603	349,911	23,692	369,728
Benefits	145,296	145,296	114,806	30,490	126,316
Purchased services	400,000	400,000	-	400,000	-
	968,899	918,899	464,717	454,182	496,044

Continued on next page

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SPECIAL EDUCATION FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Total Undistributed Expenditures	\$ 3,794,807	\$ 3,627,807	\$ 3,039,881	\$ 587,926	\$ 3,174,371
Total Expenditures	10,834,435	10,834,435	10,254,288	580,147	10,129,768
Revenues Over (Under) Expenditures	(8,141,500)	(8,141,500)	(7,542,588)	598,912	(7,508,464)
OTHER FINANCING SOURCES (USES)					
Contingency	(108,344)	(108,344)	-	108,344	-
Transfers from other funds	8,000,000	8,000,000	8,000,000	-	7,900,000
Total Other Financing Sources (Uses)	7,891,656	7,891,656	8,000,000	108,344	7,900,000
Net Change in Fund Balance	(249,844)	(249,844)	457,412	707,256	391,536
FUND BALANCE, July 1	567,966	567,966	1,074,136	506,170	682,600
FUND BALANCE, June 30	<u>\$ 318,122</u>	<u>\$ 318,122</u>	<u>\$ 1,531,548</u>	<u>\$ 1,213,426</u>	<u>\$ 1,074,136</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2015	2014
ASSETS		
Cash and investments	\$ 2,435,523	\$ 2,403,401
Accounts receivable	-	20,524
Due from other funds	17,979	34,685
Deposits and prepaid expenses	56,355	59,621
Restricted cash	361,577	361,577
Total Assets	2,871,434	2,879,808
LIABILITIES		
Accounts payable	10,314	205
Due to other funds	89,452	121,080
Incurred but unreported claims	1,044,000	843,000
Deferred revenue	8,926	63,168
Total Liabilities	1,152,692	1,027,453
NET POSITION		
Restricted for employee benefits program	75,933	75,943
Unrestricted	1,642,809	1,776,412
Total Net Assets	\$ 1,718,742	\$ 1,852,355

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2015	2014
OPERATING REVENUES		
Charges for services	\$ 720,533	\$ 651,851
OPERATING EXPENSES		
Workers compensation claims	740,322	699,921
Unemployment claims	38,665	19,642
Reinsurance premiums	39,767	42,653
Administrative services	20,233	24,129
Other	30,566	24,193
Total Operating Expenses	869,553	810,538
Operating Income (Loss)	(149,020)	(158,687)
NONOPERATING REVENUES		
Earnings on investments	15,407	22,583
Transfers to other funds	-	(429,244)
Change in Net Position	(133,613)	(565,348)
NET POSITION, July 1	1,852,355	2,417,703
NET POSITION, June 30	\$ 1,718,742	\$ 1,852,355

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Premiums received from other funds	\$ 674,777	\$ 557,420
Payments of benefits	(571,895)	(514,705)
Insurance premiums paid	(39,767)	(64,676)
Payments for services and supplies	(15,834)	(28,241)
State assessments	(30,566)	(24,194)
Net Cash (Used) by Operating Activities	16,715	(74,396)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfers to other funds	-	(429,244)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on investments	15,407	22,583
Net (Decrease) in Cash and Cash Equivalents	32,122	(481,057)
CASH AND CASH EQUIVALENTS, July 1	2,764,978	3,246,035
CASH AND CASH EQUIVALENTS, June 30	\$ 2,797,100	\$ 2,764,978
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (149,020)	\$ (158,687)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Changes in assets and liabilities:		
Accounts receivable	20,524	(51,983)
Due from other funds	(15,306)	(64,471)
Deposits and prepaid expenses	3,266	-
Accounts payable	10,491	(22,046)
Due to other funds	-	239,791
Liability for claims incurred but not reported	201,000	(17,000)
Deferred revenues	(54,240)	-
Total Adjustments	165,735	84,291
Net Cash (Used) by Operating Activities	\$ 16,715	\$ (74,396)

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2015 (WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014)

	PRIVATE PURPOSE TRUST - STUDENT SCHOLARSHIPS	AGENCY - STUDENT ACTIVITY FUNDS	TOTALS	
			2015	2014
ASSETS				
Cash and investments	\$ 880,091	\$ 666,952	\$ 1,547,043	\$ 1,520,398
Due from other funds	-	-	-	7,876
Total Assets	<u>880,091</u>	<u>666,952</u>	<u>1,547,043</u>	<u>1,528,274</u>
LIABILITIES				
Due to other funds	-	-	-	383
Due to student groups	-	666,952	666,952	661,970
Total Liabilities	<u>-</u>	<u>666,952</u>	<u>666,952</u>	<u>662,353</u>
NET POSITION				
Held in trust for student scholarships: Expendable	<u>880,091</u>	<u>-</u>	<u>880,091</u>	<u>865,921</u>
Total Net Position	<u>\$ 880,091</u>	<u>\$ -</u>	<u>\$ 880,091</u>	<u>\$ 865,921</u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	PRIVATE-PURPOSE TRUST STUDENT SCHOLARSHIPS	
	2015	2014
ADDITIONS		
Private donations	\$ 30,000	\$ -
Earnings on investments	<u>6,386</u>	<u>-</u>
Total Additions	36,386	-
DEDUCTIONS		
Scholarships paid	<u>22,216</u>	<u>28,106</u>
Change in Net Position	14,170	(28,106)
NET POSITION, July 1	<u>865,921</u>	<u>894,027</u>
NET POSITION, June 30	<u><u>\$ 880,091</u></u>	<u><u>\$ 865,921</u></u>

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basic Financial Statements – District-Wide Statements

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

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

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

LYON COUNTY SCHOOL DISTRICT

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Basic Financial Statements – Fund Financial Statements

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

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

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

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

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

The District reports the following *major* governmental funds.

General Fund

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

LYON COUNTY SCHOOL DISTRICT

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Special Education Fund

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

Debt Service Fund

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

Bonds Projects Fund

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

The District reports the following *nonmajor* governmental funds:

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

Additionally, the District reports the following fund types:

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

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

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

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

LYON COUNTY SCHOOL DISTRICT

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Measurement Focus

District-Wide Financial Statements

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

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

Fund Financial Statements

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

Basis of Accounting

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

Revenues

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

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

LYON COUNTY SCHOOL DISTRICT

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

Deferred Inflows/Outflows of Resources

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

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

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

Expenses/Expenditures

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

LYON COUNTY SCHOOL DISTRICT

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Cash and Investments

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

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

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

Inventories and Prepaid Items

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

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

Restricted Assets

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

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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Capital Assets

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

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

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

Long-term Obligations

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

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

Vacation Time and Sick Leave Benefits

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

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

LYON COUNTY SCHOOL DISTRICT

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

Postemployment Benefits Other than Pensions

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

Property Taxes

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

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

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

Statement of Cash Flows

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

LYON COUNTY SCHOOL DISTRICT

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JUNE 30, 2015

Use of Estimates

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

Comparative Data

Comparative data shown for the prior year has been extracted from the 2014 financial statements. It has been provided to add comparability, but is not considered full disclosure of transactions for 2014. Such information can only be obtained by referring to the financial report for that year. Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Adoption of New Standard

The Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. Statement No. 71 is a clarification to GASB Statement No. 68 requiring a government to recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The statements also enhance accountability and transparency through revised note disclosures and required supplemental information (RSI). In accordance with the statements, the District has reported a net pension liability of \$97,559,957 and a beginning deferred outflows related to pensions of \$11,471,404, as a result of the change in accounting principle adjustment to unrestricted net position as of July 1, 2014.

Net Position at June 30, 2014	\$ 61,490,121
Net pension liability	(97,559,957)
Deferred outflows for pension contributions	<u>11,471,404</u>
Net Position (Deficit) at June 30, 2014 (as restated)	<u><u>\$ (24,598,432)</u></u>

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

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

1. On or before April 15, the Lyon County School District Board of Trustees files a tentative budget with the Nevada Department of Taxation and the Nevada

LYON COUNTY SCHOOL DISTRICT

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Department of Education for all funds other than Trust and Agency Funds, which are not required to be budgeted. Although not required, management has elected to adopt annual budgets to improve fiscal accountability for private-purpose trust funds.

2. Prior to June 8, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the Board. The final budget is then forwarded to the Nevada Tax Commission to approve the requested ad valorem tax rate.
3. Prior to January 1, each school district must adopt an amendment to its final budget to reflect the change in revenue to be received from actual student enrollment.
4. Formal budgetary integration in the financial records is employed to enhance management control during the year for all funds.
5. Budgets for funds are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Appropriations lapse at year-end.
6. Budgeted amounts within funds, and between funds, may be transferred if amounts do not exceed the amounts originally budgeted. Such transfers are to be approved by the Budget Officer and/or the Board of Trustees, depending on established criteria. Budget augmentations in excess of original budgetary amounts may be made only with prior approval of the Lyon County School District Board of Trustees, following a scheduled and noticed public hearing.

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

NOTE 3 – CASH EQUIVALENTS AND INVESTMENTS

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

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

A portion of the District's cash and investments is restricted by Nevada Statutes. The amount restricted at June 30, 2015, is \$361,577, which is held in a restricted bank account to secure future workers compensation claims.

The following schedule summarizes cash and investments for the District at June 30, 2015:

	Unrestricted	Restricted	Total
Cash and Investments Held By:			
Governmental Funds	\$ 19,500,636	\$ -	\$ 19,500,636
Proprietary (Internal Service) Funds	2,435,523	361,577	2,797,100
	21,936,159	361,577	22,297,736
Fiduciary Funds	1,547,043	-	1,547,043
Total Cash and Investments	<u>\$ 23,483,202</u>	<u>\$ 361,577</u>	<u>\$ 23,844,779</u>
Cash Balances Classified By Depository:			
Cash on hand			\$ 2,140
Demand deposits			<u>5,752,966</u>
Subtotal Cash			5,755,106
Wells Fargo Bank, through State of Nevada's NVEST program			13,307,885
Held in State Treasurer's Investment Pool			<u>4,781,788</u>
Total Cash and Investments			<u>\$ 23,844,779</u>

LYON COUNTY SCHOOL DISTRICT

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The Local Government Investment Pool is authorized by NRS 355.167 and is administered by the State Treasurer. Administrative policies are adopted by the State Board of Finance, which has oversight responsibilities of the Fund. The fair value of the District's position in the pool equals the value of the pool shares. The \$4,781,788 investment in the State Treasurer's Local Government Investment Pool is carried at market. The Pool is an unrated external investment pool with an average weighted maturity of 80 days as of June 30, 2015.

As of June 30, 2015, the District had the following investments and maturities held at Wells Fargo Bank.

	Fair Value	Investment Maturities (In Years)			Moody's	S&P
		< 1	1-3	>3		
Corporate bonds & notes:						
Asset backed securities	\$ 2,418,556	\$ -	\$ 455,122	\$ 1,963,434	Aaa	AAA-AA+
Financials	1,049,975	37,017	1,012,958	-	Aa2-A1	AA+-A-
Industrials	2,108,134	65,111	1,987,773	55,250	Aa1-A3	AA+-A-
Mortgages	849,184	167,521	473,910	207,753	Aaa	AA+
U.S. Government and Agencies:						
Agency mortgage-backed	6,571,753	58,411	6,447,535	65,807	Aaa	AA+
	12,997,602	\$ 328,060	\$ 10,377,298	\$ 2,292,244		
Government money market fund	310,283					
Total Investments	\$ 13,307,885					

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

Interest Rate Risk

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

LYON COUNTY SCHOOL DISTRICT

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Credit Risk

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

Concentration Risk

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

Custodial Credit Risk

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

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The costs of workers' compensation and unemployment benefits are accounted for in the respective internal service fund. All funds from which salaries are paid are charged a percent of gross payroll to recover the cost of benefits. The amount due to/from the Workers Compensation Insurance Fund and the Unemployment Insurance Fund at year end represent amounts which are attributable to year end accrued salaries. Some federal grants had cash deficits at year end due to outstanding cash requests. A total of \$1,935,130 was advanced from the General fund at year end to cover the deficits. Interfund receivable and payable balances at June 30, 2015 are as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Governmental Fund:		
General Fund	\$ 1,935,151	\$ -
Nonmajor Governmental Funds:		
Federal Grants	-	1,425,682
Federal School Lunch Fund	-	59,961
State Grants Fund	-	378,035
	<u>1,935,151</u>	<u>1,863,678</u>
Internal Service Funds:		
Workers Compensation Insurance Fund	-	88,116
Unemployment Insurance Fund	17,979	-
Group Insurance Fund	-	1,336
	<u>17,979</u>	<u>89,452</u>
Total All Funds	<u>\$ 1,953,130</u>	<u>\$ 1,953,130</u>

A transfer of \$8,000,000 was made from the General Fund to the Special Education Fund to cover operating costs in excess of fund revenues. In addition, the District had budgeted for a transfer from the General Fund to the School Lunch Fund of \$450,000; however, the budgeted transfer was not made.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows.

	Balance June 30, 2014	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2015
Nondepreciable Capital Assets				
Land	\$ 8,830,484	\$ -	\$ -	\$ 8,830,484
Construction in progress	1,205,623	-	(1,172,000)	33,623
	<u>10,036,107</u>	<u>-</u>	<u>(1,172,000)</u>	<u>8,864,107</u>
Depreciable Capital Assets				
Buildings and improvements	141,261,827	799,481	(4,597)	\$ 142,056,711
Infrastructure	15,592,269	486,762	-	16,079,031
Equipment and vehicles	23,606,671	504,739	(1,351,881)	22,759,529
	<u>180,460,767</u>	<u>1,790,982</u>	<u>(1,356,478)</u>	<u>180,895,271</u>
Less accumulated depreciation:				
Buildings and improvements	(43,111,724)	(2,356,915)	4,597	(45,464,042)
Infrastructure	(4,091,725)	(667,459)	-	(4,759,184)
Equipment and vehicles	(19,400,383)	(1,265,646)	1,326,999	(19,339,030)
	<u>(66,603,832)</u>	<u>(4,290,020)</u>	<u>1,331,596</u>	<u>(69,562,256)</u>
Depreciable assets, net	<u>113,856,935</u>	<u>(2,499,038)</u>	<u>(24,882)</u>	<u>111,333,015</u>
Governmental Activities				
Capital Assets, net	<u>\$ 123,893,042</u>	<u>\$ (2,499,038)</u>	<u>\$ (1,196,882)</u>	<u>\$ 120,197,122</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Depreciation expense was charged to programs and functions as follows.

Instruction	\$ 217,004
Student Support Services	16,193
Instructional Staff Support	96,230
General Administration	4,630
School Administration	25,845
Central Services	348,493
Plant Maintenance	59,128
Transportation	303,286
Food Services Operations	15,366
Community Services Operations	23,291
Facilities acquisition and construction	3,180,554
	<hr/>
	\$ 4,290,020

NOTE 6 – LONG-TERM DEBT

General Obligation Bonds

Refunding Bonds

In July 2014, the District issued \$15,040,000 in General Obligation Refunding Bonds, Series 2014. Interest payments at a rate of 2.775% began in October 2015; principal and interest payments will begin in April 2016; with a scheduled maturity in April 2028. The bond proceeds were used to refund \$9,300,000 in 2008 Building Bonds and \$4,810,000 in 2005 Building Bonds.

This refunding was undertaken to reduce total debt service payments by \$1,195,824 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,000,736.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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General obligation bond debt consists of the following at June 30, 2015:

Series	Date Issued	Date of Final Maturity	Interest Rate	Original Amount Issued	Balance on June 30, 2015	Due Within One Year
2004	12/1/04	4/1/25	3.25% - 5.0%	\$ 9,000,000	\$ 455,000	\$ 455,000
2005C	9/20/05	4/1/25	3.625% - 5.0%	13,000,000	5,445,000	35,000
2010	8/10/10	6/1/30	2.0% - 4.5%	5,050,000	3,155,000	555,000
2011	6/21/11	6/1/26	3.76%	5,000,000	4,850,000	365,000
2012	4/11/12	6/1/32	0.0% - 3.75%	7,955,000	7,955,000	685,000
2013	3/13/13	4/1/25	1.25% - 2.5%	9,765,000	9,765,000	-
2013B	10/15/13	6/1/29	3.54%	21,705,000	20,340,000	1,065,000
2014	7/16/14	4/1/28	2.775%	15,040,000	14,705,000	1,400,000
					<u>\$ 66,670,000</u>	<u>\$ 4,560,000</u>

At June 30, 2015, the District's limit of bonded indebtedness as defined by NRS 387.400 was \$213,259,845. The District had \$66,670,000 in bonded debt outstanding, leaving an unused bonding capacity of \$146,589,845.

The annual requirements to amortize the general obligation bonds outstanding as of June 30, 2015 are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2016	\$ 4,560,000	\$ 2,053,542	\$ 6,613,542
2017	5,025,000	1,911,991	6,936,991
2018	5,300,000	1,775,066	7,075,066
2019	5,610,000	1,627,641	7,237,641
2020	5,915,000	1,463,242	7,378,242
2021-2025	27,475,000	4,665,249	32,140,249
2024-2028	12,285,000	1,147,880	13,432,880
2031-2032	500,000	27,698	527,698
		<u>\$ 66,670,000</u>	<u>\$ 81,342,309</u>

The principal amounts shown above exclude bond premiums/discounts of \$257,683 as of June 30, 2015.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Advance Refundings

For bond refunds resulting in the defeasance of the debt reported in the district-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The unamortized amount is presented as a deferred outflow of resources. As of June 30, 2015, deferred loss on advance refundings is \$1,443,741. The amortization in 2015 was \$133,123. The amount expected to be amortized in 2016 is \$138,400.

Changes in Long-Term Debt

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Due Within One Year
General obligation bonds	\$ 70,170,000	\$ 15,040,000	\$ 18,540,000	\$ 66,670,000	\$ 4,560,000
Deferred amounts for issuance of premiums	303,026	-	69,888	233,138	23,332
Post-retirement health benefits	7,002,829	1,041,815	-	8,044,644	-
Compensated absences	1,141,689	-	41,606	1,100,083	-
Totals	<u>\$ 78,617,544</u>	<u>\$ 16,081,815</u>	<u>\$ 18,651,494</u>	<u>\$ 76,047,865</u>	<u>\$ 4,583,332</u>

NOTE 8 – RISK FINANCING

Self-Insured Workers Compensation Benefits

Effective July 1, 2003, the District adopted a self-insured program for providing workers compensation benefits paid due to work related injuries. The program is accounted for in the Workers Compensation Insurance Fund. Under the self-insured program, the District contracts with a third party administrator to process claims and purchased reinsurance to cover individual claims that exceed \$250,000. The liability for incurred but unreported claims as of June 30, 2015 is \$1,044,000 as determined by an independent actuary.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

	2015	2014
Balance, July 1	\$ 843,000	\$ 860,000
Current year claims and changes in estimates	740,322	443,130
Claim payments	(539,322)	(460,130)
Balance, June 30	<u>\$ 1,044,000</u>	<u>\$ 843,000</u>

Property and Liability Claims

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

NOTE 9 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

Contributions

Contribution provisions are specified by state statute and may be amended only by action of the state legislature. Each School District's contribution rates are based on biennial actuarial valuations and expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability. New hires, in agencies which did not elect the Employer-Pay Contribution (EPC) plan prior to July 1, 1983, have the option of selecting one of two contribution plans. One

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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plan provides for matching employee and employer contributions, while the other plan provides for employer-pay contributions only. Under the matching Employee/Employer Contribution plan a member may, upon termination of service for which contribution is required, withdraw employee contributions which have been credited to their account. All membership rights and active service credit in the System are canceled upon withdrawal of contributions from the member's account. If EPC was elected, the member cannot convert to the Employee/Employer Contribution plan.

The School District's required and actual contributions to the plan for the years ended June 30, 2015 and 2014 were approximately \$11,237,444 and \$10,046,379, respectively, based on a rate of 25.75% of covered compensation.

Benefits Provided

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

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

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

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

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

Net Pension Liability, Deferrals, and Pension Expense

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

At June 30, 2015, the District reported a liability of \$77,321,756 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At June 30, 2014, the District's proportion regular plans was .742%.

For the year ended June 30, 2015, the District recognized pension expense of \$10,079,550. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources Subsequent to Measurement Date	Net Deferred Inflows (Outflows) of Resources as of the Measurement Date
Difference between expected and actual experience	\$ -	\$ 3,700,272
Change of assumptions	-	-
Net difference between projected and actual earnings on pension plan assets	-	16,240,734
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	268,734
District's contributions subsequent to the measurement date	10,522,399	-
	<u>\$ 10,522,399</u>	<u>\$ 20,209,740</u>

The \$10,522,399 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Years Ending June 30	Amount
2016	\$ 3,462,688
2017	3,462,688
2018	3,462,688
2019	3,462,688
2020	3,462,688
Thereafter	2,896,300
	<u>\$ 20,209,740</u>

Actuarial Assumptions

The System's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation rate	3.50%
Payroll Growth	6.50% per year for regular employees
Investment Rate of Return	8.00%, including 3.5% inflation
Mortality Rates	
Healthy: Regular	RP-2000 Combined Healthy Mortality Table projected to 2013 with Scale AA, set back one year for females (no age setback for males).
Consumer Price Index	3.50%
Productivity pay increase	0.75%

PROJECTED SALARY INCREASES	
YEARS OF SERVICE	REGULAR
LESS THAN 1	5.50%
1	4.25
2	3.50
3	3.25
4	3.00
5	2.75
6	2.40
7	2.25
8	1.85
9	1.75
10	1.50
11	1.00

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

12	0.80
13 OR MORE	0.35

Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June 30, 2015 and June 30, 2014. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

1% Decrease to 7%	Current Discount Rate of 8%	1% Increase to 9%
\$ 120,243,706	\$ 77,321,705	\$ 41,642,592

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$1,639,292, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Plan Descriptions

Nevada Public Employee's Benefits Plan

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

Lyon County School District Health Care Plan

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

Membership of the LCHCP consisted of 927 active plan members and 45 retirees as of June 30, 2014, the date of the latest actuarial valuation. This is the most recent data available.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

Funding Policy

Nevada Public Employee's Benefits Plan

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

Lyon County School District Health Care Plan

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

The annual required contribution rate was 2.4% of payroll for the last actuarial valuation dated July 1, 2014. The District obtains healthcare and life insurance coverage through private insurers. NRS 288.150 specifies insurance benefits are subject to mandatory bargaining. The current agreements with employee associations provide for a committee to review and make recommendations to plan design and the selection of insurers to the Lyon County School District Board of Trustees.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. Information regarding the District's OPEB cost for the current year, the components of that cost and any offsetting amounts (i.e. contributions) was not available at the time these financial statements were prepared; therefore, there is not sufficient information to report what the change in the net OPEB obligation would be had that information been available. The District's net OPEB obligation as of June 30, 2015 was \$36,084 for the PEBP plan and \$8,008,560 for the LCHCP plan, for total of \$8,044,644.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended June 30, 2013 – 2015 were as follows:

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

Funded Status and Funding Progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability was \$5,102,394 for the LCHCP plan and \$6,886,478 for the PEBP plan. The covered payroll was approximately \$43,580,000 and the ratio of unfunded actuarial accrued liability to payroll was 11.7 percent for LCHCP. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the July 1, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4% investment rate of return. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over thirty years for the LCHCP plan and on the level dollar basis over 27 years (closed) for the PEBP plan.

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

District-Wide Financial Statements

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

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

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

Unrestricted net position represent available financial resources of the District.

Fund Financial Statements

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

The District reports the following classifications:

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

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

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

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

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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

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

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

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

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

Unassigned – the residual classification for the General Fund.

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

The following is a summary of the District's fund balances at June 30, 2015:

	Major Funds				Other	Total
	General	Special	Debt Service	Bond	Governmental	Governmental
	Fund	Education	Fund	Projects	Funds	Funds
		Fund		Fund		
Fund Balances						
Nonspendable:						
Inventories	\$ 35,365	\$ -	\$ -	\$ -	\$ 93,627	\$ 128,992
Restricted for:						
Debt service	-	-	4,965,034	-	-	4,965,034
Capital projects	-	-	-	410,899	1,747,193	2,158,092
Assigned to:						
Education services	-	1,531,548	-	-	610,779	2,142,327
Food service	-	-	-	-	(91,575)	(91,575)
Subsequent year's budget	-	-	-	-	-	-
Unassigned	4,655,099	-	-	-	-	4,655,099
Total Fund Balance	<u>\$ 4,690,464</u>	<u>\$ 1,531,548</u>	<u>\$ 4,965,034</u>	<u>\$ 410,899</u>	<u>\$ 2,360,024</u>	<u>\$ 13,957,969</u>

LYON COUNTY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

NOTE 12 – COMPLIANCE WITH NEVADA REVISED STATUTES (NRS)

The following possible violations of NRS 354.626 with respect to expenditures in excess of appropriations were noted as of and for the year ended June 30, 2015:

<u>Fund</u>	<u>Program / Function</u>	<u>Expenditures in Excess of Appropriations</u>
General Fund	Special Programs/Gifted and Talented	\$ 3,433
General Fund	Other Instructional Programs	5,472
General Fund	Co-curricular Activities	39,913
General Fund	Athletics	348,159
Special Education Fund	Special Programs	7,779
Medicaid Fund	Special Programs	16,062
Residential Construction	-	-
Tax Fund	Building Acquisition/Construction	41,563

Additionally, the June 30, 2015 audit report is dated March 1, 2016, which is an apparent violation of NRS 354.624(2).

NOTE 13 – NEW ACCOUNTING PRONOUNCEMENTS (Not yet Adopted)

Accounting Standard	Effective Date	Determination of Effect
GASB Statement #72 – <i>Fair Value Measurement and Application</i>	Periods beginning after June 15, 2015.	Determined to not have a material effect on the District's net position, results of operations, or cash flows.
GASB Statement #73 – <i>Accounting and Financial Reporting for Pensions, et al.</i>	Fiscal years beginning after June 15, 2015.	Management will work with State of Nevada PERS to assess the impact.
GASB Statement #74 – <i>Financial Reporting for Postemployment Benefit Plans Other Than Pensions</i>	Fiscal years beginning after June 15, 2016.	Assessment in progress.
GASB Statement #75 – <i>Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions</i>	Fiscal years beginning after June 15, 2017.	Assessment in progress.
GASB Statement #76 – <i>The Hierarchy of GAAP for State and Local Governments</i>	Fiscal years beginning after June 15, 2015.	Determined to not have a material effect.

LYON COUNTY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION OTHER POSTEMPLOYMENT BENEFITS JUNE 30, 2015

SCHEDULE OF FUNDING PROGRESS

Plan	Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as % of Covered Payroll [(B-A)/C]
LCHCP	6/30/2015	6/30/2014	\$ -	\$ 5,102,394	\$ 5,102,394	0.0%	\$ 43,580,000	11.71%
	6/30/2014	6/30/2014	-	4,587,418	4,587,418	0.0%	43,200,000	10.62%
	6/30/2013	7/1/2011	-	6,252,681	6,252,681	0.0%	43,200,000	14.47%
PEBP	6/30/2015	6/30/2014	\$ -	\$ 6,886,478	\$ 6,886,478	0.0%	N/A	N/A
	6/30/2014	6/30/2014	-	7,038,571	7,038,571	0.0%	N/A	N/A
	6/30/2013	7/1/2011	-	7,860,216	7,860,216	0.0%	N/A	N/A

LYON COUNTY SCHOOL DISTRICT

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

	<u>2014</u>
District's proportion of the Net Pension Liability	0.74191%
District's proportionate share of the Net Pension Liability	\$ 77,321,756
District's covered employee payroll	\$ 44,186,238
District's proportionate share of the Net Pension Liability as a percentage of its covered employee payroll	174.99%
Plan fiduciary net position as a percentage of the Total Pension Liability	76.31%

LYON COUNTY SCHOOL DISTRICT

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

	<u>2015</u>
Statutorily required contribution	\$ 11,377,956
Contributions in relation to the statutorily required contribution	<u>11,377,956</u>
Contribution deficiency (excess)	<u>-</u>
District's covered employee payroll	44,186,238
Contributions as a percentage of covered employee payroll	25.75%

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014)

Page 1 of 3

	SPECIAL REVENUE FUNDS					
	FEDERAL GRANTS	INSURANCE LOSS	FEDERAL SCHOOL LUNCH	ADULT DIPLOMA	CLASS SIZE REDUCTION	PRIVATE DONATIONS & GRANTS
ASSETS						
Cash and investments	\$ -	\$ 127,197	\$ -	\$ 104,133	\$ 387,223	\$ 147,318
Receivables	2,453,632	-	221,507	-	-	-
Inventories	-	-	93,627	-	-	-
Total Assets	<u>\$ 2,453,632</u>	<u>\$ 127,197</u>	<u>\$ 315,134</u>	<u>\$ 104,133</u>	<u>\$ 387,223</u>	<u>\$ 147,318</u>
LIABILITIES						
Accounts payable	\$ 225,116	\$ -	\$ 6,772	\$ 1,374	\$ -	\$ 314
Accrued payroll	554,532	-	136,812	45,730	387,223	-
Due to other funds	1,425,682	-	59,961	-	-	-
Unearned revenues	248,302	-	109,537	-	-	147,004
Total Liabilities	<u>2,453,632</u>	<u>-</u>	<u>313,082</u>	<u>47,104</u>	<u>387,223</u>	<u>147,318</u>
FUND BALANCES						
Nonspendable	-	-	93,627	-	-	-
Restricted	-	-	-	-	-	-
Assigned	-	127,197	(91,575)	57,029	-	-
Total Fund Balances	<u>-</u>	<u>127,197</u>	<u>2,052</u>	<u>57,029</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 2,453,632</u>	<u>\$ 127,197</u>	<u>\$ 315,134</u>	<u>\$ 104,133</u>	<u>\$ 387,223</u>	<u>\$ 147,318</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014)

Page 2 of 3

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS	
	STATE GRANTS	MEDICAID	TOTAL	CAPITAL PROJECTS	BUILDING AND SITES
ASSETS					
Cash and investments	\$ -	\$ 460,243	\$ 1,226,114	\$ 1,222,518	\$ 165,748
Receivables	888,962	160	3,564,261	54,078	-
Inventories	-	-	93,627	-	-
Total Assets	<u>\$ 888,962</u>	<u>\$ 460,403</u>	<u>\$ 4,884,002</u>	<u>\$ 1,276,596</u>	<u>\$ 165,748</u>
LIABILITIES					
Accounts payable	\$ 81,818	\$ 5,756	\$ 321,150	\$ 5,006	\$ 80
Accrued payroll	234,172	28,094	1,386,563	-	-
Due to other funds	378,035	-	1,863,678	-	-
Unearned revenues	194,937	-	699,780	-	1,300
Total Liabilities	<u>888,962</u>	<u>33,850</u>	<u>4,271,171</u>	<u>5,006</u>	<u>1,380</u>
FUND BALANCES					
Nonspendable	-	-	93,627	-	-
Restricted	-	-	-	1,271,590	164,368
Assigned	-	426,553	519,204	-	-
Total Fund Balances	<u>-</u>	<u>426,553</u>	<u>612,831</u>	<u>1,271,590</u>	<u>164,368</u>
Total Liabilities and Fund Balances	<u>\$ 888,962</u>	<u>\$ 460,403</u>	<u>\$ 4,884,002</u>	<u>\$ 1,276,596</u>	<u>\$ 165,748</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR JUNE 30, 2014)

Page 3 of 3

	CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	RESIDENTIAL CONSTRUCTION			
	TAX	TOTAL	2015	2014
ASSETS				
Cash and investments	\$ 285,667	\$ 1,673,933	\$ 2,900,047	\$ 2,628,914
Receivables	25,568	79,646	3,643,907	4,542,088
Inventories	-	-	93,627	57,700
Total Assets	<u>\$ 311,235</u>	<u>\$ 1,753,579</u>	<u>\$ 6,637,581</u>	<u>\$ 7,228,702</u>
LIABILITIES				
Accounts payable	\$ -	\$ 5,086	\$ 326,236	\$ 618,089
Accrued payroll	-	-	1,386,563	1,283,212
Due to other funds	-	-	1,863,678	2,826,530
Unearned revenues	-	1,300	701,080	341,482
Total Liabilities	<u>-</u>	<u>6,386</u>	<u>4,277,557</u>	<u>5,069,313</u>
FUND BALANCES				
Nonspendable	-	-	93,627	57,700
Restricted	311,235	1,747,193	1,747,193	1,530,907
Assigned	-	-	519,204	570,782
Total Fund Balances	<u>311,235</u>	<u>1,747,193</u>	<u>2,360,024</u>	<u>2,159,389</u>
Total Liabilities and Fund Balances	<u>\$ 311,235</u>	<u>\$ 1,753,579</u>	<u>\$ 6,637,581</u>	<u>\$ 7,228,702</u>

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

Page 1 of 3

	SPECIAL REVENUE FUNDS					
	FEDERAL GRANTS	INSURANCE LOSS	FEDERAL SCHOOL LUNCH	ADULT DIPLOMA	CLASS SIZE REDUCTION	PRIVATE DONATIONS & GRANTS
REVENUES						
Local sources	\$ -	\$ -	\$ 587,261	\$ 2,919	\$ -	\$ 117,207
State sources	-	-	10,642	247,004	2,272,998	-
Federal sources	5,039,059	-	2,325,664	-	-	-
Total Revenues	5,039,059	-	2,923,567	249,923	2,272,998	117,207
EXPENDITURES						
Instruction:						
Regular instruction	979,537	-	-	-	2,276,112	33,773
Special instruction	1,272,475	-	-	-	-	911
Vocational instruction	86,435	-	-	-	-	900
Adult instruction	-	-	-	235,798	-	-
Other instruction	615,486	-	-	-	-	-
Extra-curricular activities	-	-	-	-	-	23,775
Support Services:						
Student support	383,830	-	-	-	-	-
Instructional staff support	1,276,844	-	-	-	-	1,388
General administration	-	-	-	-	-	-
School administration	-	-	-	-	-	33,012
Central services	308,721	-	-	-	-	-
Operations and maintenance	-	-	-	-	-	23,448
Student transportation	2,702	-	-	-	-	-
Noninstructional services:						
Food service	105,604	-	3,013,835	-	-	-
Parent and community service	7,425	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total Expenditures	5,039,059	-	3,013,835	235,798	2,276,112	117,207
Revenues Over (Under) Expenditures	-	-	(90,268)	14,125	(3,114)	-
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	-	-	-	-	-
Net Changes in Fund Balances	-	-	(90,268)	14,125	(3,114)	-
FUND BALANCE, July 1	-	127,197	92,320	42,904	3,114	-
FUND BALANCE, June 30	\$ -	\$ 127,197	\$ 2,052	\$ 57,029	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

Page 2 of 3

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS	
	STATE GRANTS	MEDICAID	TOTAL	CAPITAL PROJECTS	BUILDING AND SITES
REVENUES:					
Local sources	\$ -	\$ -	\$ 707,387	\$ 585,012	\$ 6,800
State sources	2,224,515	-	4,755,159	-	-
Federal sources	-	357,635	7,722,358	-	-
Total Revenues	2,224,515	357,635	13,184,904	585,012	6,800
EXPENDITURES:					
Instruction:					
Regular instruction	1,652,705	-	4,942,127	-	-
Special instruction	-	205,062	1,478,448	-	-
Vocational instruction	92,323	-	179,658	-	-
Adult instruction	-	-	235,798	-	-
Other instruction	216,216	-	831,702	-	-
Extra-curricular activities	-	-	23,775	-	-
Support Services:					
Student support	125,774	-	509,604	-	-
Instructional staff support	63,482	-	1,341,714	-	-
General administration	12,739	88,967	101,706	-	-
School administration	-	-	33,012	-	-
Central services	61,276	-	369,997	226,918	-
Operations and maintenance	-	-	23,448	-	16,050
Student transportation	-	-	2,702	-	-
Noninstructional services:					
Food service	-	-	3,119,439	-	-
Parent and community service	-	-	7,425	-	-
Facilities acquisition and construction	-	-	-	79,351	-
Total Expenditures	2,224,515	294,029	13,200,555	306,269	16,050
Revenues Over (Under) Expenditures	-	63,606	(15,651)	278,743	(9,250)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	-
Net Changes in Fund Balances	-	63,606	(15,651)	278,743	(9,250)
FUND BALANCE, July 1	-	362,947	628,482	992,847	173,618
FUND BALANCE, June 30	\$ -	\$ 426,553	\$ 612,831	\$ 1,271,590	\$ 164,368

LYON COUNTY SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

Page 3 of 3

	CAPITAL PROJECTS FUNDS		TOTALS	
	RESIDENTIAL CONSTRUCTION TAX	TOTAL CAPITAL PROJECTS	2015	2014
REVENUES:				
Local sources	\$ 222,560	\$ 814,372	\$ 1,521,759	\$ 1,332,669
State sources	-	-	4,755,159	4,369,802
Federal sources	-	-	7,722,358	7,316,869
Total Revenues	222,560	814,372	13,999,276	13,019,340
EXPENDITURES:				
Instruction:				
Regular instruction	-	-	4,942,127	4,348,579
Special instruction	-	-	1,478,448	1,697,312
Vocational instruction	-	-	179,658	259,127
Adult instruction	-	-	235,798	273,915
Other instruction	-	-	831,702	819,090
Extra-curricular activities	-	-	23,775	-
Support Services:				
Student support	-	-	509,604	213,275
Instructional staff support	-	-	1,341,714	1,218,231
General administration	-	-	101,706	51,624
School administration	-	-	33,012	1,019
Central services	-	226,918	596,915	634,272
Operations and maintenance	-	16,050	39,498	116,432
Student transportation	-	-	2,702	107,813
Noninstructional services:				
Food service	-	-	3,119,439	3,096,494
Parent and community service	-	-	7,425	39,529
Facilities acquisition and construction	275,767	355,118	355,118	402,148
Total Expenditures	275,767	598,086	13,798,641	13,278,860
Revenues Over (Under) Expenditures	(53,207)	216,286	200,635	(259,520)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	-	-	240,000
Net Changes in Fund Balances	(53,207)	216,286	200,635	(19,520)
FUND BALANCE, July 1	364,442	1,530,907	2,159,389	2,178,909
FUND BALANCE, June 30	\$ 311,235	\$ 1,747,193	\$ 2,360,024	\$ 2,159,389

LYON COUNTY SCHOOL DISTRICT

DEBT SERVICE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Ad valorem taxes	\$ 6,962,399	\$ 6,962,399	\$ 6,828,970	\$ (133,429)	\$ 6,389,563
Earnings on investments	-	-	34,310	34,310	67,973
Federal Sources:					
Interest subsidy	-	-	-	-	203,130
Total Revenue	6,962,399	6,962,399	6,863,280	(99,119)	6,660,666
EXPENDITURES					
Debt Service:					
Principal retirement	4,095,000	4,095,000	4,430,000	(335,000)	4,075,000
Interest	2,464,968	2,464,968	1,943,298	521,670	3,038,914
Other	-	-	50,786	(50,786)	60,961
	6,559,968	6,559,968	6,424,084	135,884	7,174,875
Revenues Over (Under)					
Expenditures	402,431	402,431	439,196	36,765	(514,209)
OTHER FINANCING SOURCES (USES)					
Proceeds of refunding bonds	-	15,035,000	15,035,000	-	21,705,000
Payment to refunded bonds escrow agent	-	(14,944,879)	(14,944,879)	-	(21,120,000)
	-	90,121	90,121	-	585,000
Net Change in Fund Balance	402,431	492,552	529,317	36,765	70,791
FUND BALANCE, July 1	4,132,239	4,132,239	4,435,717	303,478	4,364,926
FUND BALANCE, June 30	\$ 4,534,670	\$ 4,624,791	\$ 4,965,034	\$ 340,243	\$ 4,435,717

LYON COUNTY SCHOOL DISTRICT

BOND PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Earnings on investments	\$ 1,000	\$ 1,000	\$ 5,809	\$ 4,809	\$ 58,805
Settlement recovery	-	-	359,019	359,019	118,000
	<u>1,000</u>	<u>1,000</u>	<u>364,828</u>	<u>363,828</u>	<u>176,805</u>
EXPENDITURES					
Undistributed Expenditures:					
General Administration:					
Purchased services	100,000	-	-	-	483,138
Other	-	-	-	-	61,745
	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>544,883</u>
Central Services:					
Purchased services	-	-	-	-	2,818
Supplies	-	-	-	-	138
Property	-	-	-	-	17,274
Other	-	-	-	-	2,783
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,013</u>
Facilities Acquisition & Construction					
Architectural and Engineering Services:					
Purchased services	-	15,000	89,709	(74,709)	-
Building Acquisition & Construction					
Purchased services	<u>130,000</u>	<u>330,000</u>	<u>279,631</u>	<u>50,369</u>	<u>27,863</u>
Site Improvement:					
Purchased services	<u>160,000</u>	<u>160,000</u>	<u>274,385</u>	<u>(114,385)</u>	<u>-</u>
Building Improvements:					
Purchased services	<u>100,000</u>	<u>100,000</u>	<u>101,271</u>	<u>(1,271)</u>	<u>-</u>
Total Facilities Acquisition and Construction	<u>390,000</u>	<u>605,000</u>	<u>744,996</u>	<u>(139,996)</u>	<u>27,863</u>

Continued on next page

LYON COUNTY SCHOOL DISTRICT

BOND PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Debt Service					
Other	\$ -	\$ -	\$ 38,821	\$ (38,821)	\$ -
Total Undistributed Expenditures	490,000	605,000	783,817	(178,817)	595,759
Total Expenditures	490,000	605,000	783,817	(178,817)	595,759
Net Change in Fund Balance	(489,000)	(604,000)	(418,989)	185,011	(418,954)
FUND BALANCE, July 1	503,642	503,642	829,888	326,246	1,248,842
FUND BALANCE, June 30	\$ 14,642	\$ (100,358)	\$ 410,899	\$ 511,257	\$ 829,888

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Federal Sources	\$ -	\$ 5,039,059	\$ 5,039,059	\$ -	\$ 4,903,294
EXPENDITURES					
Regular Instructional Programs:					
Salaries	-	426,539	426,539	-	99,187
Benefits	-	185,470	185,470	-	41,021
Purchased services	-	141,259	141,259	-	207,758
Supplies	-	226,269	226,269	-	163,572
Total Regular Programs	-	979,537	979,537	-	511,538
Special Programs:					
Salaries	-	640,242	640,242	-	708,311
Benefits	-	212,483	212,483	-	219,768
Purchased services	-	299,509	299,509	-	608,691
Supplies	-	120,241	120,241	-	132,335
Total Special Programs	-	1,272,475	1,272,475	-	1,669,105
Vocational Instructional Programs:					
Salaries	-	-	-	-	26,612
Benefits	-	-	-	-	152
Purchased services	-	9,289	9,289	-	10,296
Supplies	-	65,076	65,076	-	97,562
Property	-	12,070	12,070	-	10,138
Total Vocational Programs	-	86,435	86,435	-	144,760
Other Instructional Programs:					
English as a Second Language:					
Salaries	-	8,127	8,127	-	9,350
Benefits	-	644	644	-	890
Purchased services	-	24,888	24,888	-	15,860
Supplies	-	53,225	53,225	-	7,361
	-	86,884	86,884	-	33,461

Continued on next page

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Other Instructional Programs (Cont'd.)					
Remedial:					
Salaries	\$ -	\$ 300,269	\$ 300,269	\$ -	\$ 421,448
Benefits	-	112,780	112,780	-	154,342
Supplies	-	414	414	-	8,291
	-	413,463	413,463	-	584,081
Other:					
Salaries	-	6,318	6,318	-	3,087
Benefits	-	149	149	-	18
Purchased services	-	101,482	101,482	-	87,037
Supplies	-	7,190	7,190	-	22,023
	-	115,139	115,139	-	112,165
Total Other Instructional Programs	-	615,486	615,486	-	762,280
Undistributed Expenditures					
Student Support:					
Salaries	-	6,351	6,351	-	2,365
Benefits	-	234	234	-	122
Purchased services	-	109,101	109,101	-	118,160
Supplies	-	268,144	268,144	-	47,938
	-	383,830	383,830	-	168,585
Instructional Staff Support:					
Salaries	-	857,815	857,815	-	752,351
Benefits	-	283,063	283,063	-	265,868
Purchased services	-	99,713	99,713	-	157,030
Supplies	-	36,253	36,253	-	18,817
	-	1,276,844	1,276,844	-	1,194,066
General Administration:					
Salaries	-	-	-	-	873
Benefits	-	-	-	-	79
	-	-	-	-	952
Central Services:					
Salaries	-	210,166	210,166	-	185,871
Benefits	-	66,138	66,138	-	63,812
Purchased services	-	11,816	11,816	-	23,934
Supplies	-	20,601	20,601	-	1,759
Continued on next page	-	308,721	308,721	-	275,376

LYON COUNTY SCHOOL DISTRICT

FEDERAL GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Student Transportation:					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 7,406
Benefits	-	-	-	-	917
Purchased services	-	2,702	2,702	-	2,063
	-	2,702	2,702	-	10,386
Total Undistributed Expenditures	-	1,972,097	1,972,097	-	1,649,365
Noninstructional Services:					
Food Service:					
Salaries	-	5,077	5,077	-	6,817
Benefits	-	608	608	-	822
Supplies	-	99,919	99,919	-	119,078
	-	105,604	105,604	-	126,717
Community Service:					
Salaries	-	793	793	-	995
Benefits	-	26	26	-	32
Purchased services	-	-	-	-	2,004
Supplies	-	6,606	6,606	-	36,498
	-	7,425	7,425	-	39,529
Total Noninstructional Services	-	113,029	113,029	-	166,246
Total Expenditures	-	5,039,059	5,039,059	-	4,903,294
Revenue Over (Under) Expenditures	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

INSURANCE LOSS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	<u>2015 BUDGET</u>		<u>2015</u>		<u>2014</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
REVENUES					
Local Sources:					
Insurance recoveries	\$ -	\$ -	\$ -	\$ -	\$ -
EXPENDITURES					
Undistributed Expenditures:					
Central Services:					
Purchased services	10,000	10,000	-	10,000	-
Total Expenditures	10,000	10,000	-	10,000	-
Net Change in Fund Balance	(10,000)	(10,000)	-	10,000	-
FUND BALANCE, July 1	117,197	117,197	127,197	10,000	127,197
FUND BALANCE, June 30	<u>\$ 107,197</u>	<u>\$ 107,197</u>	<u>\$ 127,197</u>	<u>\$ 20,000</u>	<u>\$ 127,197</u>

LYON COUNTY SCHOOL DISTRICT

FEDERAL SCHOOL LUNCH FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Daily sales:					
Lunch	\$ 377,000	\$ 377,000	\$ 558,947	\$ 181,947	\$ 476,407
Breakfast	39,000	39,000	-	(39,000)	19,920
Other	124,000	124,000	853	(123,147)	64,638
Community Services Agency	25,000	25,000	26,567	1,567	24,896
In-District sales	-	-	894	894	2,007
	<u>565,000</u>	<u>565,000</u>	<u>587,261</u>	<u>22,261</u>	<u>587,868</u>
State Sources:					
State Match	-	-	10,642	10,642	-
Federal Sources:					
School Nutrition Programs	1,924,367	1,924,367	2,110,692	186,325	1,981,939
Commodity Foods Program	130,000	130,000	214,972	84,972	182,423
	<u>2,054,367</u>	<u>2,054,367</u>	<u>2,325,664</u>	<u>271,297</u>	<u>2,164,362</u>
Total Revenue	<u>2,619,367</u>	<u>2,619,367</u>	<u>2,923,567</u>	<u>304,200</u>	<u>2,752,230</u>
EXPENDITURES					
Food Service Program:					
Salaries	1,198,442	1,198,442	1,026,233	172,209	1,011,292
Benefits	359,533	359,533	328,764	30,769	308,486
Purchased services	56,200	56,200	53,709	2,491	47,479
Supplies, food	1,447,500	1,447,500	1,602,316	(154,816)	1,599,721
Other	2,900	2,900	2,813	87	2,799
	<u>3,064,575</u>	<u>3,064,575</u>	<u>3,013,835</u>	<u>50,740</u>	<u>2,969,777</u>
Total Expenditures	<u>3,064,575</u>	<u>3,064,575</u>	<u>3,013,835</u>	<u>50,740</u>	<u>2,969,777</u>
Revenues Over (Under)					
Expenditures	<u>(445,208)</u>	<u>(445,208)</u>	<u>(90,268)</u>	<u>354,940</u>	<u>(217,547)</u>

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LYON COUNTY SCHOOL DISTRICT

FEDERAL SCHOOL LUNCH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
OTHER FINANCING SOURCES					
Transfers from other funds	\$ 450,000	\$ 450,000	\$ -	\$ (450,000)	\$ 150,000
Net Change in Fund Balance	4,792	4,792	(90,268)	(95,060)	(67,547)
FUND BALANCE, July 1	<u>7,273</u>	<u>7,273</u>	<u>92,320</u>	<u>85,047</u>	<u>159,867</u>
FUND BALANCE, June 30	<u>\$ 12,065</u>	<u>\$ 12,065</u>	<u>\$ 2,052</u>	<u>\$ (10,013)</u>	<u>\$ 92,320</u>

LYON COUNTY SCHOOL DISTRICT

ADULT DIPLOMA FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Tuition	\$ 6,000	\$ 6,000	\$ 2,919		\$ 4,335
State Sources:					
Distributive School Fund	206,083	247,004	247,004	-	206,686
 Total Revenue	<u>212,083</u>	<u>253,004</u>	<u>249,923</u>	<u>-</u>	<u>211,021</u>
EXPENDITURES					
Adult Education Programs:					
Salaries	145,535	152,000	150,124	1,876	181,440
Benefits	53,229	66,000	60,568	5,432	72,843
Purchased services	12,712	16,760	15,695	1,065	10,763
Supplies	4,000	12,144	9,351	2,793	8,779
Other	100	100	60	40	90
 Total Expenditures	<u>215,576</u>	<u>247,004</u>	<u>235,798</u>	<u>11,206</u>	<u>273,915</u>
 Revenues Over (Under) Expenditures	(3,493)	6,000	14,125	11,206	(62,894)
OTHER FINANCING SOURCES					
Transfers from other funds	-	-	-	-	60,000
 Net Change in Fund Balance	(3,493)	6,000	14,125	11,206	(2,894)
 FUND BALANCE, July 1	<u>44,320</u>	<u>44,320</u>	<u>42,904</u>	<u>(1,416)</u>	<u>45,798</u>
 FUND BALANCE, June 30	<u>\$ 40,827</u>	<u>\$ 50,320</u>	<u>\$ 57,029</u>	<u>\$ 9,790</u>	<u>\$ 42,904</u>

LYON COUNTY SCHOOL DISTRICT

CLASS SIZE REDUCTION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources:					
Distributive School Fund	\$ 2,338,871	\$ 2,338,871	\$ 2,272,998	\$ (65,873)	\$ 2,271,951
EXPENDITURES					
Regular Instructional Programs:					
Salaries	1,742,073	1,692,073	1,592,408	99,665	1,680,286
Benefits	630,000	680,000	683,704	(3,704)	670,770
Total Expenditures	2,372,073	2,372,073	2,276,112	95,961	2,351,056
Revenues Over (Under)					
Expenditures	(33,202)	(33,202)	(3,114)	30,088	(79,105)
OTHER FINANCING SOURCES					
Transfer from other funds	-	-	-	-	30,000
Net Change in Fund Balance	(33,202)	(33,202)	(3,114)	30,088	(49,105)
FUND BALANCE, July 1	64,170	64,170	3,114	(61,056)	52,219
FUND BALANCE, June 30	\$ 30,968	\$ 30,968	\$ -	\$ (30,968)	\$ 3,114

LYON COUNTY SCHOOL DISTRICT

PRIVATE DONATIONS AND GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Private donations and grants	\$ -	\$ 117,207	\$ 117,207	\$ -	\$ 17,903
EXPENDITURES					
Regular Instructional Programs:					
Salaries	-	9,975	9,975	-	-
Benefits	-	886	886	-	-
Supplies	-	4,436	4,436	-	9,681
Property	-	18,476	18,476	-	-
Total Regular Programs	-	33,773	33,773	-	9,681
Special Instructional Programs:					
Supplies	-	911	911	-	-
Vocational Instructional Programs:					
Supplies	-	900	900	-	-
Extra-curricular Activities:					
Athletics:					
Purchased services	-	23,775	23,775	-	-
Undistributed Expenditures:					
Instructional Staff Support:					
Supplies	-	1,388	1,388	-	2,203
School Administration:					
Supplies	-	-	-	-	1,019
Property	-	33,012	33,012	-	-
	-	33,012	33,012	-	1,019
Operations and maintenance:					
Purchased services	-	23,448	23,448	-	-
Total Support Services	-	57,848	57,848	-	3,222

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LYON COUNTY SCHOOL DISTRICT

PRIVATE DONATIONS AND GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Noninstructional Services:					
Facilities Acquisition and					
Construction:					
Site Improvement:					
Supplies	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Total Undistributed Expenditures	-	57,848	57,848	-	8,222
Total Expenditures	-	117,207	117,207	-	17,903
Revenues Over (Under)					
Expenditures	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

STATE GRANTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
State Sources	\$ -	\$ 2,224,515	\$ 2,224,515	\$ -	\$ 1,891,165
EXPENDITURES					
Regular Instructional Programs:					
Salaries	-	1,131,266	1,131,266	-	963,348
Benefits	-	478,762	478,762	-	391,169
Purchased services	-	12,488	12,488	-	121,787
Supplies	-	30,189	30,189	-	-
Total Regular Programs	-	1,652,705	1,652,705	-	1,476,304
Vocational Instructional Programs:					
Purchased services	-	2,620	2,620	-	3,351
Supplies	-	58,237	58,237	-	80,366
Property	-	31,466	31,466	-	30,650
Total Vocational Programs	-	92,323	92,323	-	114,367
Other Instructional Programs:					
English as a Second Language:					
Salaries	-	90,329	90,329	-	43,586
Benefits	-	27,727	27,727	-	3,942
Purchased services	-	497	497	-	1,350
Supplies	-	97,663	97,663	-	6,700
	-	216,216	216,216	-	55,578
Remedial:					
Salaries	-	-	-	-	1,130
Benefits	-	-	-	-	102
	-	-	-	-	1,232
Total Other Instructional	-	216,216	216,216	-	56,810
Undistributed Expenditures:					
Student Support:					
Salaries	-	320	320	-	302
Purchased services	-	13,417	13,417	-	2,681
Supplies	-	7,537	7,537	-	41,707
Property	-	104,500	104,500	-	-
	-	125,774	125,774	-	44,690

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LYON COUNTY SCHOOL DISTRICT

STATE GRANTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
Instructional Staff Support:					
Salaries	\$ -	\$ 31,835	\$ 31,835	\$ -	\$ 620
Benefits	-	12,323	12,323	-	21
Purchased services	-	9,997	9,997	-	12,955
Supplies	-	9,327	9,327	-	8,366
	-	63,482	63,482	-	21,962
General Administration:					
Benefits	-	12,739	12,739	-	12,487
Student Transportation:					
Purchased services	-	-	-	-	-
Supplies	-	-	-	-	1,192
	-	-	-	-	1,192
Central Services:					
Salaries	-	46,781	46,781	-	43,299
Benefits	-	14,495	14,495	-	13,704
Property	-	-	-	-	106,350
	-	61,276	61,276	-	163,353
Total Undistributed Expenditures	-	263,271	263,271	-	243,684
Total Expenditures	-	2,224,515	2,224,515	-	1,891,165
Revenue Over (Under)					
Expenditures	-	-	-	-	-
FUND BALANCE, July 1	-	-	-	-	-
FUND BALANCE, June 30	\$ -	\$ -	\$ -	\$ -	\$ -

LYON COUNTY SCHOOL DISTRICT

MEDICAID FUND

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Federal Sources:					
Medicaid Program	\$ 175,000	\$ 348,500	\$ 357,635	\$ 9,135	\$ 249,214
EXPENDITURES					
Special Programs:					
Salaries		125,000	135,716	(10,716)	-
Benefits		40,000	48,517	(8,517)	-
Purchased services	-	15,000	13,650	1,350	27,157
Supplies	-	9,000	7,179	1,821	1,050
	-	189,000	205,062	(16,062)	28,207
Undistributed Expenditures:					
General Administration:					
Salaries	41,168	43,168	42,247	921	33,636
Benefits	17,130	19,630	19,058	572	-
Purchased services	45,000	25,000	26,909	(1,909)	4,431
Supplies	1,500	1,500	753	747	118
	104,798	89,298	88,967	331	38,185
Total Expenditures	104,798	278,298	294,029	(15,731)	66,392
Net Change in Fund Balance	70,202	70,202	63,606	(6,596)	182,822
FUND BALANCE, July 1	263,472	263,472	362,947	99,475	180,125
FUND BALANCE, June 30	\$ 333,674	\$ 333,674	\$ 426,553	\$ 92,879	\$ 362,947

LYON COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Government Services Tax	\$ 505,000	\$ 505,000	\$ 585,012	\$ 80,012	\$ 529,154
EXPENDITURES					
Undistributed Expenditures:					
Operation and Maintenance:					
Purchased services	-	-	-	-	55,220
Central Services:					
Purchased services	150,000	150,000	122,624	27,376	50,000
Supplies	100,000	100,000	72,644	27,356	82,349
Property	-	-	31,650	(31,650)	63,194
	250,000	250,000	226,918	23,082	195,543
Facilities Acquisition and Construction:					
Bldg Acquisition and Constr:					
Purchased services	-	120,000	74,006	45,994	-
Site Improvement:					
Purchased services	100,000	100,000	339	99,661	173,988
Supplies	-	-	5,006	(5,006)	460
Property	405,000	285,000	-	285,000	1,047
	505,000	385,000	5,345	379,655	175,495
Building Improvements:					
Purchased services	-	-	-	-	145,621
Total Facilities Acquisition and Construction	505,000	505,000	79,351	425,649	321,116
Total Expenditures	755,000	755,000	306,269	448,731	571,879

Continued on next page

LYON COUNTY SCHOOL DISTRICT

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	<u>2015 BUDGET</u>		<u>2015</u>		<u>2014</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
Revenues Over (Under)					
Expenditures	\$ (250,000)	\$ (250,000)	\$ 278,743	\$ 528,743	\$ (42,725)
FUND BALANCE, July 1	<u>1,027,572</u>	<u>1,027,572</u>	<u>992,847</u>	<u>(34,725)</u>	<u>1,035,572</u>
FUND BALANCE, June 30	<u>\$ 777,572</u>	<u>\$ 777,572</u>	<u>\$ 1,271,590</u>	<u>\$ 494,018</u>	<u>\$ 992,847</u>

LYON COUNTY SCHOOL DISTRICT

BUILDING AND SITES FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Rents	\$ 9,600	\$ 9,600	\$ 6,800	\$ (2,800)	\$ 9,600
EXPENDITURES					
Undistributed Expenditures:					
Operations and Maintenance:					
Supplies	50,000	50,000	16,050	33,950	61,212
Total Expenditures	50,000	50,000	16,050	33,950	61,212
Revenues Over (Under)					
Expenditures	(40,400)	(40,400)	(9,250)	31,150	(51,612)
OTHER FINANCING SOURCES (USES)					
Contingency	(1,500)	(1,500)	-	1,500	-
Net Change in Fund Balance	(41,900)	(41,900)	(9,250)	32,650	(51,612)
FUND BALANCE, July 1	180,330	180,330	173,618	(6,712)	225,230
FUND BALANCE, June 30	\$ 138,430	\$ 138,430	\$ 164,368	\$ 25,938	\$ 173,618

LYON COUNTY SCHOOL DISTRICT

RESIDENTIAL CONSTRUCTION TAX FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
REVENUES					
Local Sources:					
Residential Construction Tax	\$ 123,760	\$ 123,760	\$ 222,560	\$ 98,800	\$ 183,808
Earnings on investments	300	300	-	(300)	-
Total Revenue	124,060	124,060	222,560	98,500	183,808
EXPENDITURES					
Undistributed Expenditures					
Student Transportation:					
Purchased services	-	5,000	-	5,000	94,380
Supplies	-	-	-	-	760
Other	-	1,200	-	1,200	1,095
	-	6,200	-	6,200	96,235
Facilities Acquisition and Construction:					
Architectural and Engineering Services:					
Purchased services	-	12,000	4,204	7,796	-
Building Acquisition/Construction					
Purchased services	35,000	221,000	265,679	(44,679)	-
Supplies	2,000	7,000	4,772	2,228	-
Property	210,000	-	-	-	-
Other	1,200	2,000	1,112	888	-
	248,200	230,000	271,563	(41,563)	-
Site Improvement:					
Purchased services	-	-	-	-	76,032
Total Expenditures	248,200	248,200	275,767	(27,567)	172,267
Net Change in Fund Balance	(124,140)	(124,140)	(53,207)	70,933	11,541
FUND BALANCE, July 1	424,201	424,201	364,442	(59,759)	352,901
FUND BALANCE, June 30	\$ 300,061	\$ 300,061	\$ 311,235	\$ 11,174	\$ 364,442

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS AS OF JUNE 30, 2014)

	WORKERS			TOTALS	
	COMPENSATION INSURANCE FUND	UNEMPLOYMENT INSURANCE FUND	GROUP INSURANCE FUND	2015	2014
ASSETS					
Cash and cash equivalents	\$ 2,062,825	\$ 351,784	\$ 20,914	\$ 2,435,523	\$ 2,403,401
Accounts receivable	-	-	-	-	20,524
Due from other funds	-	17,979	-	17,979	34,685
Deposits and prepaid expenses	-	-	56,355	56,355	59,621
	2,062,825	369,763	77,269	2,509,857	2,518,231
Restricted cash	361,577	-	-	361,577	361,577
Total Assets	<u>2,424,402</u>	<u>369,763</u>	<u>77,269</u>	<u>2,871,434</u>	<u>2,879,808</u>
LIABILITIES					
Accounts payable	4,604	5,710	-	10,314	205
Due to other funds	88,116	-	1,336	89,452	121,080
Incurred but unreported claims	1,044,000	-	-	1,044,000	843,000
Deferred revenue	-	8,926	-	8,926	63,168
Total Liabilities	<u>1,136,720</u>	<u>14,636</u>	<u>1,336</u>	<u>1,152,692</u>	<u>1,027,453</u>
NET POSITION					
Restricted for employee benefits program	-	-	75,933	75,933	75,943
Unrestricted	1,287,682	355,127	-	1,642,809	1,776,412
Total Net Position	<u>\$ 1,287,682</u>	<u>\$ 355,127</u>	<u>\$ 75,933</u>	<u>\$ 1,718,742</u>	<u>\$ 1,852,355</u>

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOYMENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2015	2014
OPERATING REVENUES					
Charges for services	\$ 590,120	\$ 130,413	\$ -	\$ 720,533	\$ 651,851
OPERATING EXPENSES					
Workers comp claims	740,322	-	-	740,322	699,921
Unemployment claims	-	38,665	-	38,665	19,642
Reinsurance premiums	39,767	-	-	39,767	42,653
Administrative services	20,223	-	10	20,233	24,129
Other	30,566	-	-	30,566	24,193
Total Operating Expenses	830,878	38,665	10	869,553	810,538
Operating Income (Loss)	(240,758)	91,748	(10)	(149,020)	(158,687)
NONOPERATING REVENUES					
Earnings on investments	15,407	-	-	15,407	22,583
Transfers to other funds	-	-	-	-	(429,244)
Change in Net Position	(225,351)	91,748	(10)	(133,613)	(565,348)
NET POSITION, July 1	1,513,033	263,379	75,943	1,852,355	2,417,703
NET POSITION, June 30	\$ 1,287,682	\$ 355,127	\$ 75,933	\$ 1,718,742	\$ 1,852,355

LYON COUNTY SCHOOL DISTRICT

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	WORKERS COMPENSATION INSURANCE FUND	UNEMPLOYMENT INSURANCE FUND	GROUP INSURANCE FUND	TOTALS	
				2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES					
Premiums received from other funds	\$ 523,440	\$ 130,413	\$ 20,924	\$ 674,777	\$ 557,420
Payment of benefits	(539,322)	(32,573)	-	(571,895)	(514,705)
Insurance premiums paid	(39,767)	-	-	(39,767)	(64,676)
Payments for administrative services and supplies	(15,824)	-	(10)	(15,834)	(28,241)
State assessments	(30,566)	-	-	(30,566)	(24,194)
Net Cash Provided (Used) by Operating Activities	(102,039)	97,840	20,914	16,715	(74,396)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers to other funds	-	-	-	-	(429,244)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	15,407	-	-	15,407	22,583
Net Increase (Decrease) in Cash and Cash Equivalents	(86,632)	97,840	20,914	32,122	(481,057)
CASH AND CASH EQUIVALENTS, July 1	<u>2,511,034</u>	<u>253,944</u>	<u>-</u>	<u>2,764,978</u>	<u>3,246,035</u>
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 2,424,402</u>	<u>\$ 351,784</u>	<u>\$ 20,914</u>	<u>\$ 2,797,100</u>	<u>\$ 2,764,978</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (240,758)	\$ 91,748	\$ (10)	\$ (149,020)	\$ (158,687)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	20,524	-	-	20,524	(51,983)
Due from (to) other funds	(32,964)	-	17,658	(15,306)	175,320
Deposits and prepaid expenses	-	-	3,266	3,266	-
Accounts payable	4,399	6,092	-	10,491	(22,046)
Incurred but not reported claims	201,000	-	-	201,000	(17,000)
Deferred revenues	(54,240)	-	-	(54,240)	-
Total Adjustments	138,719	6,092	20,924	165,735	84,291
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (102,039)</u>	<u>\$ 97,840</u>	<u>\$ 20,914</u>	<u>\$ 16,715</u>	<u>\$ (74,396)</u>

LYON COUNTY SCHOOL DISTRICT

WORKERS COMPENSATION INSURANCE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015 (WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
OPERATING REVENUES					
Charges for services	\$ 423,000	\$ 423,000	\$ 590,120	\$ 167,120	\$ 514,666
OPERATING EXPENSES					
Workers compensation claims	300,000	300,000	740,322	(440,322)	699,921
Insurance premiums	90,000	90,000	39,767	50,233	42,653
Administrative services	-	-	20,223	(20,223)	24,129
State assessments	30,000	30,000	30,566	(566)	24,193
	<u>420,000</u>	<u>420,000</u>	<u>830,878</u>	<u>(410,878)</u>	<u>790,896</u>
Operating Income (Loss)	3,000	3,000	(240,758)	(243,758)	(276,230)
NONOPERATING REVENUES					
Earnings on investments	<u>800</u>	<u>800</u>	<u>15,407</u>	<u>14,607</u>	<u>22,583</u>
Change in Net Position	3,800	3,800	(225,351)	(229,151)	(253,647)
NET POSITION, July 1	<u>1,767,480</u>	<u>1,767,480</u>	<u>1,513,033</u>	<u>(254,447)</u>	<u>1,766,680</u>
NET POSITION, June 30	<u>\$ 1,771,280</u>	<u>\$ 1,771,280</u>	<u>\$ 1,287,682</u>	<u>\$ (483,598)</u>	<u>\$ 1,513,033</u>

LYON COUNTY SCHOOL DISTRICT

WORKERS COMPENSATION INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
CASH FLOWS FROM OPERATING ACTIVITIES					
Charges for services	\$ 423,000	\$ 423,000	\$ 523,440	\$ 100,440	\$ 429,671
Payment of benefits	(300,000)	(300,000)	(539,322)	(239,322)	(477,130)
Insurance premiums paid	(50,000)	(50,000)	(39,767)	10,233	(42,653)
Payments for administrative services	(40,000)	(40,000)	(15,824)	24,176	(28,242)
State assessments	(30,000)	(30,000)	(30,566)	(566)	(24,193)
Net Cash Provided (Used) By Operating Activities	3,000	3,000	(102,039)	(105,039)	(142,547)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received on investments	800	800	15,407	14,607	22,583
Net Increase (Decrease) in Cash and Cash Equivalents	3,800	3,800	(86,632)	(90,432)	(119,964)
CASH AND CASH EQUIVALENTS, July 1					
	2,631,798	2,631,798	2,511,034	(120,764)	2,630,998
CASH AND CASH EQUIVALENTS, June 30					
	\$ 2,635,598	\$ 2,635,598	\$ 2,424,402	\$ (211,196)	\$ 2,511,034
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ -	\$ -	\$ (240,758)	\$ (240,758)	\$ (276,230)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Receivables	-	-	20,524	20,524	(84,995)
Accounts payable	-	-	4,399	4,399	(4,113)
Due to other funds	-	-	(32,964)	(32,964)	239,791
Incurred but not reported claims	-	-	201,000	201,000	(17,000)
Deferred revenue	-	-	(54,240)	(54,240)	-
Total Adjustments	-	-	138,719	138,719	133,683
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
	\$ -	\$ -	\$ (102,039)	\$ (102,039)	\$ (142,547)

LYON COUNTY SCHOOL DISTRICT

UNEMPLOYMENT INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	<u>2015 BUDGET</u>		<u>2015</u>		<u>2014</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
OPERATING REVENUES					
Charges for services	\$ 116,000	\$ 116,000	\$ 130,413	\$ 14,413	\$ 137,185
OPERATING EXPENSES					
Unemployment claims	<u>62,000</u>	<u>62,000</u>	<u>38,665</u>	<u>23,335</u>	<u>19,642</u>
Change in Net Position	54,000	54,000	91,748	37,748	117,543
NET POSITION, July 1	<u>199,836</u>	<u>199,836</u>	<u>263,379</u>	<u>63,543</u>	<u>145,836</u>
NET POSITION, June 30	<u>\$ 253,836</u>	<u>\$ 253,836</u>	<u>\$ 355,127</u>	<u>\$ 101,291</u>	<u>\$ 263,379</u>

LYON COUNTY SCHOOL DISTRICT

UNEMPLOYMENT INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Charges for services	\$ 116,000	\$ 116,000	\$ 130,413	\$ 14,413	\$ 127,749
Payment of benefits	(59,000)	(59,000)	(32,573)	26,427	(37,575)
Net Cash Provided (Used) By Operating Activities	57,000	57,000	97,840	40,840	90,174
CASH AND					
CASH EQUIVALENTS, July 1	220,770	220,770	253,944	33,174	163,770
CASH AND					
CASH EQUIVALENTS, June 30	\$ 277,770	\$ 277,770	\$ 351,784	\$ 74,014	\$ 253,944
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ -	\$ -	\$ 91,748	\$ 37,748	\$ 117,543
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	-	-	-	(9,436)
Accounts payable	-	-	6,092	6,092	(17,933)
Total Adjustments	-	-	6,092	6,092	(27,369)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ -	\$ -	\$ 97,840	\$ 43,840	\$ 90,174

LYON COUNTY SCHOOL DISTRICT

GROUP INSURANCE FUND
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	2015 BUDGET		2015		2014
	ORIGINAL	FINAL	ACTUAL	VARIANCE TO FINAL BUDGET	ACTUAL
OPERATING EXPENSES					
Administrative services	\$ -	\$ -	\$ 10	\$ (10)	\$ -
Total Operating Expenses	-	-	10	(10)	-
Operating Income (Loss)	-	-	(10)	(10)	-
NONOPERATING REVENUES					
Earnings on investments	-	-	-	-	-
Net Income (Loss)	-	-	(10)	(10)	-
Transfers (to) other funds	-	-	-	-	(429,244)
Change in Net Position	-	-	(10)	(10)	(429,244)
NET POSITION, July 1	-	-	75,943	75,943	505,187
NET POSITION, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,933</u>	<u>\$ 75,933</u>	<u>\$ 75,943</u>

LYON COUNTY SCHOOL DISTRICT

GROUP INSURANCE FUND SCHEDULE OF CASH FLOWS - BUDGET AND ACTUAL YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2014)

	<u>2015 BUDGET</u>		<u>2015</u>		<u>2014</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET</u>	<u>ACTUAL</u>
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Charges for services	\$ -	\$ -	\$ 20,924	\$ 20,924	\$ -
Insurance premiums paid	-	-	-	-	(22,023)
Payments for services and supplies	-	-	(10)	(10)	-
Net Cash Used By Operating Activities	-	-	20,914	20,914	(22,023)
CASH FLOWS FROM NON-CAPITAL					
FINANCING ACTIVITIES					
Transfers to other funds	-	-	-	-	(429,244)
Net Increase (Decrease) in Cash and Cash Equivalents	-	-	20,914	20,914	(451,267)
CASH AND					
CASH EQUIVALENTS, July 1	-	-	-	-	451,267
CASH AND					
CASH EQUIVALENTS, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,914</u>	<u>\$ 20,914</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS)					
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ -	\$ -	\$ (10)	\$ (10)	\$ -
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Changes in assets and liabilities:					
Accounts receivable	-	-	-	-	(22,023)
Due from (to) other funds	-	-	17,658	17,658	-
Deposits and prepaid expenses	-	-	3,266	3,266	-
Total Adjustments	-	-	20,924	20,924	(22,023)
NET CASH PROVIDED (USED) BY					
OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,914</u>	<u>\$ 20,914</u>	<u>\$ (22,023)</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2015

	<u>BALANCE JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2015</u>
<u>YERINGTON ELEMENTARY</u>				
Assets:				
Cash and investments	\$ 20,635	\$ 10,869	\$ 12,487	\$ 19,017
Liabilities:				
Due to student groups	\$ 20,635	\$ 10,869	\$ 12,487	\$ 19,017
<u>YERINGTON INTERMEDIATE</u>				
Assets:				
Cash and investments	\$ 14,283	\$ 49,852	\$ 43,283	\$ 20,852
Liabilities:				
Due to student groups	\$ 14,283	\$ 49,852	\$ 43,283	\$ 20,852
<u>YERINGTON HIGH</u>				
Assets:				
Cash and investments	\$ 140,591	\$ 267,195	\$ 243,529	\$ 164,257
Liabilities:				
Due to student groups	\$ 140,591	\$ 267,195	\$ 243,529	\$ 164,257
<u>SMITH VALLEY SCHOOLS</u>				
Assets:				
Cash and investments	\$ 20,725	\$ 99,846	\$ 96,124	\$ 24,447
Due from other funds	1,020	-	1,020	-
	\$ 21,745	\$ 99,846	\$ 97,144	\$ 24,447
Liabilities:				
Due to student groups	\$ 21,745	\$ 99,846	\$ 97,144	\$ 24,447
<u>SILVER SPRINGS ELEMENTARY</u>				
Assets:				
Cash and investments	\$ 10,157	\$ 26,043	\$ 28,425	\$ 7,775
Due from other funds	6,036	-	6,036	-
	\$ 16,193	\$ 26,043	\$ 34,461	\$ 7,775

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2015

	<u>BALANCE</u> <u>JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2015</u>
Liabilities:				
Due to other funds	\$ 50		\$ 50	\$ -
Due to student groups	16,143	26,043	34,411	7,775
	<u>\$ 16,193</u>	<u>\$ 26,043</u>	<u>\$ 34,461</u>	<u>\$ 7,775</u>

SILVERLAND INTERMEDIATE

Assets:				
Cash and investments	<u>\$ 20,577</u>	<u>\$ 70,771</u>	<u>\$ 65,562</u>	<u>\$ 25,786</u>
Liabilities:				
Due to student groups	<u>\$ 20,577</u>	<u>\$ 70,771</u>	<u>\$ 65,562</u>	<u>\$ 25,786</u>

SILVER STAGE HIGH

Assets:				
Cash and investments	<u>\$ 41,358</u>	<u>\$ 108,257</u>	<u>\$ 99,703</u>	<u>\$ 49,912</u>
Liabilities:				
Due to student groups	<u>\$ 41,358</u>	<u>\$ 108,257</u>	<u>\$ 99,703</u>	<u>\$ 49,912</u>

FERNLEY ELEMENTARY

Assets:				
Cash and investments	<u>\$ 28,999</u>	<u>\$ 13,265</u>	<u>\$ 25,239</u>	<u>\$ 17,025</u>
Liabilities:				
Due to student groups	<u>\$ 28,999</u>	<u>\$ 13,265</u>	<u>\$ 25,239</u>	<u>\$ 17,025</u>

COTTONWOOD ELEMENTARY

Assets:				
Cash and investments	<u>\$ 11,568</u>	<u>\$ 17,302</u>	<u>\$ 16,045</u>	<u>\$ 12,825</u>
Liabilities:				
Due to student groups	<u>\$ 11,568</u>	<u>\$ 17,302</u>	<u>\$ 16,045</u>	<u>\$ 12,825</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2015

	<u>BALANCE JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2015</u>
<u>EAST VALLEY ELEMENTARY</u>				
Assets:				
Cash and investments	\$ 19,154	\$ 18,568	\$ 16,313	\$ 21,409
Due from other funds	320	-	320	-
	<u>\$ 19,474</u>	<u>\$ 18,568</u>	<u>\$ 16,633</u>	<u>\$ 21,409</u>
Liabilities:				
Due to student groups	<u>\$ 19,474</u>	<u>\$ 18,568</u>	<u>\$ 16,633</u>	<u>\$ 21,409</u>
<u>FERNLEY INTERMEDIATE</u>				
Assets:				
Cash and investments	\$ 13,001	\$ 56,760	\$ 55,114	\$ 14,647
Due from other funds	500	-	500	-
	<u>\$ 13,501</u>	<u>\$ 56,760</u>	<u>\$ 55,614</u>	<u>\$ 14,647</u>
Liabilities:				
Due to other funds	\$ 156		\$ 156	\$ -
Due to student groups	13,345	56,760	55,458	14,647
	<u>\$ 13,501</u>	<u>\$ 56,760</u>	<u>\$ 55,614</u>	<u>\$ 14,647</u>
<u>FERNLEY HIGH</u>				
Assets:				
Cash and investments	<u>\$ 129,819</u>	<u>\$ 467,967</u>	<u>\$ 479,302</u>	<u>\$ 118,484</u>
Liabilities:				
Due to student groups	<u>\$ 129,819</u>	<u>\$ 467,967</u>	<u>\$ 479,302</u>	<u>\$ 118,484</u>
<u>DAYTON ELEMENTARY</u>				
Assets:				
Cash and investments	<u>\$ 17,255</u>	<u>\$ 19,547</u>	<u>\$ 20,911</u>	<u>\$ 15,891</u>
Liabilities:				
Due to student groups	<u>\$ 17,255</u>	<u>\$ 19,547</u>	<u>\$ 20,911</u>	<u>\$ 15,891</u>
<u>SUTRO ELEMENTARY</u>				
Assets:				
Cash and investments	<u>\$ 12,513</u>	<u>\$ 12,773</u>	<u>\$ 12,987</u>	<u>\$ 12,299</u>

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF STUDENT ACTIVITY ACCOUNTS YEAR ENDED JUNE 30, 2015

	<u>BALANCE JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2015</u>
Liabilities:				
Due to other funds	\$ 143		\$ 143	\$ -
Due to student groups	12,370	12,773	12,844	12,299
	<u>\$ 12,513</u>	<u>\$ 12,773</u>	<u>\$ 12,987</u>	<u>\$ 12,299</u>

RIVERVIEW ELEMENTARY

Assets:				
Cash and investments	\$ 8,656	\$ 14,695	\$ 17,903	\$ 5,448
Liabilities:				
Due to other funds	\$ 34		\$ 34	\$ -
Due to student groups	8,622	14,695	17,869	5,448
	<u>\$ 8,656</u>	<u>\$ 14,695</u>	<u>\$ 17,903</u>	<u>\$ 5,448</u>

DAYTON INTERMEDIATE

Assets:				
Cash and investments	\$ 30,576	\$ 58,679	\$ 64,503	\$ 24,752
Liabilities:				
Due to student groups	\$ 30,576	\$ 58,679	\$ 64,503	\$ 24,752

DAYTON HIGH

Assets:				
Cash and investments	\$ 114,610	\$ 202,361	\$ 204,845	\$ 112,126
Liabilities:				
Due to student groups	\$ 114,610	\$ 202,361	\$ 204,845	\$ 112,126

TOTALS

Assets:				
Cash and investments	\$ 654,477	\$ 1,514,750	\$ 1,502,275	\$ 666,952
Due from other funds	7,876	-	7,876	-
	<u>\$ 662,353</u>	<u>\$ 1,514,750</u>	<u>\$ 1,510,151</u>	<u>\$ 666,952</u>
Liabilities:				
Due to other funds	\$ 383	\$ -	\$ 383	\$ -
Due to student groups	661,970	1,514,750	1,509,768	666,952
	<u>\$ 662,353</u>	<u>\$ 1,514,750</u>	<u>\$ 1,510,151</u>	<u>\$ 666,952</u>

LYON COUNTY SCHOOL DISTRICT

SUMMARY OF NET POSITION LAST TEN YEARS (UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 *
Assets and Deferred Outflows										
Current assets	\$ 40,456,913	\$ 33,181,845	\$ 45,353,345	\$ 37,455,930	\$ 42,704,021	\$ 38,816,197	\$ 33,820,363	\$ 28,539,982	\$ 28,738,206	\$ 27,993,083
Noncurrent assets	87,190,166	96,689,592	98,466,960	107,140,379	122,862,884	127,254,584	127,623,044	127,784,102	124,254,619	120,558,699
Deferred outflows	-	-	-	-	-	-	-	-	717,037	11,966,140
Total Assets and Deferred Outflows	<u>127,647,079</u>	<u>129,871,437</u>	<u>143,820,305</u>	<u>144,596,309</u>	<u>165,566,905</u>	<u>166,070,781</u>	<u>161,443,407</u>	<u>156,324,084</u>	<u>153,709,862</u>	<u>160,517,922</u>
Liabilities and Deferred Inflows										
Current liabilities	18,202,125	17,312,770	16,666,621	15,980,506	18,548,471	16,959,759	16,380,367	16,387,422	17,697,197	17,461,162
Noncurrent liabilities	60,172,898	56,285,985	63,855,797	61,411,124	80,560,045	83,714,420	80,070,709	76,847,590	74,522,544	148,810,834
Deferred inflows	-	-	-	-	-	-	-	-	-	20,209,740
Total Liabilities and Deferred Inflows	<u>78,375,023</u>	<u>73,598,755</u>	<u>80,522,418</u>	<u>77,391,630</u>	<u>99,108,516</u>	<u>100,674,179</u>	<u>96,451,076</u>	<u>93,235,012</u>	<u>92,219,741</u>	<u>186,481,736</u>
Net Position										
Net investment in capital assets	34,600,264	36,607,256	39,857,524	45,506,967	46,495,121	49,785,348	55,054,726	55,558,075	53,999,158	53,269,439
Restricted for debt service	4,386,518	5,826,873	7,639,793	9,417,507	10,187,712	8,178,824	4,011,145	4,153,442	4,280,713	4,880,067
Restricted for employee benefits program	1,904,407	1,750,902	1,777,024	1,771,900	1,753,826	1,680,279	1,059,244	505,187	75,943	75,933
Unrestricted	<u>8,380,867</u>	<u>12,087,651</u>	<u>14,023,546</u>	<u>10,508,305</u>	<u>8,021,730</u>	<u>5,752,151</u>	<u>4,867,216</u>	<u>2,872,368</u>	<u>3,134,307</u>	<u>(84,189,253)</u>
Total Net Position	<u>\$ 49,272,056</u>	<u>\$ 56,272,682</u>	<u>\$ 63,297,887</u>	<u>\$ 67,204,679</u>	<u>\$ 66,458,389</u>	<u>\$ 65,396,602</u>	<u>\$ 64,992,331</u>	<u>\$ 63,089,072</u>	<u>\$ 61,490,121</u>	<u>\$ (25,963,814)</u>

* Implementation of GASB 68 and 71.

LYON COUNTY SCHOOL DISTRICT

CHANGES IN NET POSITION LAST TEN YEARS

(UNAUDITED)

Page 1 of 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Instruction:										
Regular instruction	\$ 27,800,118	\$ 30,928,391	\$ 32,295,615	\$ 33,096,764	\$ 32,925,314	\$ 30,873,324	\$ 27,921,369	\$ 29,353,963	\$ 29,654,354	\$ 31,601,081
Special instruction	6,619,505	7,410,294	7,975,702	8,733,900	8,693,988	8,239,241	8,118,430	7,880,417	11,343,491	9,174,960
Vocational instruction	1,114,269	1,176,858	1,434,772	1,387,082	1,512,147	1,662,833	1,606,018	1,664,640	1,595,571	1,632,615
Adult instruction	353,329	407,245	380,702	359,685	302,271	391,318	329,471	330,339	277,888	237,903
Other instruction	1,279,505	1,734,473	1,942,722	1,959,000	1,725,146	2,731,836	2,431,293	2,345,474	2,442,129	2,514,468
Extra-curricular activities	919,614	1,029,440	1,060,315	1,116,976	1,099,546	1,142,215	1,133,045	1,286,139	1,301,731	1,782,905
Total Instruction	38,086,340	42,686,701	45,089,828	46,653,407	46,258,412	45,040,767	41,539,626	42,860,972	46,615,164	46,943,932
Support Services:										
Student support	4,105,077	4,464,711	4,926,054	5,284,605	5,334,083	5,661,695	5,605,671	5,371,626	2,749,471	5,490,437
Instructional staff support	3,268,002	4,555,768	3,936,467	3,887,677	4,098,485	4,720,922	4,383,458	5,374,070	3,236,286	3,587,884
General administration	2,076,936	2,389,895	2,436,133	1,990,608	2,669,797	1,760,659	1,786,555	1,925,936	1,110,877	2,284,458
School administration	4,472,083	4,865,381	5,461,477	5,593,015	5,558,711	5,473,971	6,010,152	6,012,551	6,704,849	6,343,120
Central services	1,387,351	1,615,163	1,707,691	1,843,248	2,102,645	2,290,905	2,685,647	3,230,771	3,246,506	3,840,802
Operation and maintenance of plant	7,174,620	8,094,377	8,582,931	8,502,351	9,038,008	8,485,799	8,374,580	7,596,782	7,767,638	7,644,634
Student transportation	4,478,832	4,814,798	4,908,395	4,866,231	5,038,743	5,083,101	4,806,676	4,414,166	4,013,759	3,800,552
Other support services	-	172,275	192,461	202,094	2,000	-	2,414	2,018	-	-
Noninstructional Services:										
Food service	2,387,042	2,597,415	2,834,835	2,805,796	2,703,539	2,674,816	2,764,952	3,210,482	3,120,355	3,172,426
Parent and community service	-	-	-	-	30,995	143,453	316,698	80,745	61,737	31,927
Interest on long-term debt	2,694,196	2,768,740	2,608,285	2,967,337	3,575,248	4,008,057	4,181,492	3,497,180	3,065,875	1,992,543
Facilities acquisition and construction	1,717,689	1,938,975	2,164,848	2,391,232	2,652,819	3,116,091	3,472,884	2,771,049	3,873,690	4,264,898
Total Expenses	71,848,168	80,964,199	84,849,405	86,987,601	89,063,485	88,460,236	85,930,805	86,348,348	85,566,207	89,397,613

Continued on next page

LYON COUNTY SCHOOL DISTRICT

CHANGES IN NET POSITION LAST TEN YEARS

(UNAUDITED)

Page 2 of 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Program Revenues:										
Charges for services:										
Food service sales	\$ 974,196	\$ 1,099,566	\$ 1,067,588	\$ 1,024,243	\$ 831,566	\$ 719,416	\$ 628,725	\$ 610,504	\$ 587,868	\$ 587,261
Adult tuition	1,602	9,825	12,022	8,098	8,713	8,159	5,072	6,656	4,335	2,919
Operating grants and contributions	8,688,192	10,235,833	9,548,891	8,601,614	8,655,836	12,215,923	11,331,310	12,248,874	11,658,491	12,237,089
Capital grants and contributions	-	-	-	-	240,000	328,289	824,386	-	-	-
Total Program Revenues	9,663,990	11,345,224	10,628,501	9,633,955	9,736,115	13,271,787	12,789,493	12,866,034	12,250,694	12,827,269
Total Net Expense	62,184,178	69,618,975	74,220,904	77,353,646	79,327,370	75,188,449	73,141,312	73,482,314	73,315,513	76,570,344
General Revenues:										
Property taxes, levied for general purposes	8,069,049	9,381,335	10,209,650	11,182,810	11,148,073	9,527,824	9,312,565	8,868,076	8,058,244	9,014,141
Property taxes, levied for debt service	6,316,214	7,337,799	7,987,007	8,747,727	8,720,773	7,443,863	7,288,737	6,937,235	6,333,083	6,913,937
Local school support taxes	6,473,111	5,930,853	6,362,371	4,865,193	5,239,543	5,680,857	7,605,335	7,759,641	8,774,339	9,405,364
Taxes for capital acquisitions	1,274,580	1,409,943	1,017,878	702,962	636,607	611,898	537,606	600,965	529,154	807,572
Other taxes and fees	1,950,959	2,090,444	2,036,336	1,866,067	1,733,689	1,667,247	1,338,972	1,274,275	1,750,225	1,819,259
Interest earnings	1,225,404	1,355,029	1,438,067	757,641	423,650	182,624	163,200	15,591	319,012	117,179
Other local sources	329,151	797,461	126,195	100,048	218,568	76,769	214,665	323,644	207,386	386,693
State aid not restricted to specific purpose	42,511,387	48,290,779	52,054,138	47,337,658	50,267,960	48,764,663	46,016,989	45,464,219	46,051,584	46,079,813
Federal aid not restricted to specific purpose	12,851	25,958	14,467	5,700,332	192,217	170,917	258,972	335,409	442,416	661,004
Total General Revenues	68,162,706	76,619,601	81,246,109	81,260,438	78,581,080	74,126,662	72,737,041	71,579,055	72,465,443	75,204,962
Change in Net Position	5,978,528	7,000,626	7,025,205	3,906,792	(746,290)	(1,061,787)	(404,271)	(1,903,259)	(850,070)	(1,365,382)
Net Position, July 1, as originally stated	43,293,528	49,272,056	56,272,682	63,297,887	67,204,679	66,458,389	65,396,602	64,992,331	63,089,072	61,490,121
Prior Period Adjustment (Notes 1 and 2)	-	-	-	-	-	-	-	-	(748,881)	(86,088,553)
Net Position, June 30, as restated	\$ 49,272,056	\$ 56,272,682	\$ 63,297,887	\$ 67,204,679	\$ 66,458,389	\$ 65,396,602	\$ 64,992,331	\$ 63,089,072	\$ 61,490,121	\$ (25,963,814)

NOTES:

1. Implementation of GASB #65.

2. Implementation of GASB #68 and 71.

LYON COUNTY SCHOOL DISTRICT

FUND BALANCES, GOVERNMENTAL FUNDS LAST TEN YEARS (UNAUDITED)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ 87,047	\$ 330,318	\$ 312,878	\$ 218,067	\$ 217,432	\$ 212,480	\$ 151,431	\$ 89,397	\$ 18,443	\$ 35,365
Assigned	-	-	-	-	-	2,804,098	1,791,770	2,573,667	2,573,667	-
Unassigned	<u>5,041,967</u>	<u>4,537,189</u>	<u>6,217,614</u>	<u>7,158,843</u>	<u>5,304,868</u>	<u>3,101,031</u>	<u>4,553,500</u>	<u>3,133,551</u>	<u>2,939,560</u>	<u>4,655,099</u>
Total General Fund	<u>\$ 5,129,014</u>	<u>\$ 4,867,507</u>	<u>\$ 6,530,492</u>	<u>\$ 7,376,910</u>	<u>\$ 5,522,300</u>	<u>\$ 6,117,609</u>	<u>\$ 6,496,701</u>	<u>\$ 5,796,615</u>	<u>\$ 5,531,670</u>	<u>\$ 4,690,464</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,495	\$ 70,875	\$ 58,899	\$ 57,700	\$ 93,627
Restricted	4,087,935	7,536,585	8,426,293	8,681,346	17,741,007	16,777,642	11,069,292	7,227,471	6,796,512	7,123,126
Assigned	<u>9,281,743</u>	<u>13,399,771</u>	<u>6,286,286</u>	<u>16,776,936</u>	<u>3,192,243</u>	<u>1,947,615</u>	<u>2,131,569</u>	<u>1,188,907</u>	<u>1,644,918</u>	<u>2,050,752</u>
Total Other Governmental Funds	<u>\$ 13,369,678</u>	<u>\$ 20,936,356</u>	<u>\$ 14,712,579</u>	<u>\$ 25,458,282</u>	<u>\$ 20,933,250</u>	<u>\$ 18,813,752</u>	<u>\$ 13,271,736</u>	<u>\$ 8,475,277</u>	<u>\$ 8,499,130</u>	<u>\$ 9,267,505</u>

LYON COUNTY SCHOOL DISTRICT

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

LAST TEN YEARS

(UNAUDITED)

Page 1 of 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:										
Local sources	\$ 26,721,518	\$ 29,403,649	\$ 30,098,751	\$ 28,892,063	\$ 29,088,128	\$ 26,408,273	\$ 27,573,135	\$ 26,471,838	\$ 26,581,532	\$ 28,962,525
State sources	46,217,672	53,921,350	57,094,262	51,707,909	53,418,914	52,045,976	49,063,616	48,243,968	50,549,927	50,834,972
Federal sources	4,881,593	4,596,046	4,441,386	9,833,337	5,841,986	9,378,619	9,098,206	9,729,284	7,713,201	8,025,727
Total Revenues	<u>77,820,783</u>	<u>87,921,045</u>	<u>91,634,399</u>	<u>90,433,309</u>	<u>88,349,028</u>	<u>87,832,868</u>	<u>85,734,957</u>	<u>84,445,090</u>	<u>84,844,660</u>	<u>87,823,224</u>
EXPENDITURES:										
Instruction:										
Regular instruction	27,811,002	31,345,520	32,413,996	32,308,670	31,633,803	29,630,875	27,229,717	28,844,952	29,411,137	30,573,145
Special instruction	6,460,857	7,395,561	8,019,109	8,404,457	8,356,229	7,977,399	7,852,048	7,696,066	8,811,045	8,861,648
Vocational instruction	1,069,230	1,179,940	1,479,379	1,347,262	1,426,766	1,584,230	1,536,426	1,657,441	1,614,395	1,589,266
Adult instruction	348,601	414,252	378,826	350,340	288,721	378,274	320,391	324,413	273,915	235,798
Other instruction	1,271,148	1,765,841	2,010,590	1,895,894	1,653,121	2,603,392	2,363,010	2,315,670	2,437,922	2,452,508
Extra-curricular activities	888,381	1,013,148	1,039,851	1,152,275	1,130,648	1,139,867	1,096,288	1,081,832	1,088,098	1,554,680
Support services:										
Student support	4,278,094	4,477,020	4,967,401	5,190,199	5,183,834	5,550,985	5,488,969	5,304,291	5,182,859	5,469,475
Instructional staff support	3,243,863	4,552,955	3,935,335	3,838,743	4,243,882	4,905,513	4,265,293	5,231,496	3,171,325	3,393,022
General administration	2,271,466	2,387,805	2,480,647	2,024,546	2,518,911	1,907,473	1,932,505	2,111,020	1,634,003	2,110,665
School administration	4,503,629	4,970,669	5,389,337	5,403,844	5,320,347	5,254,432	5,836,174	5,909,661	6,691,615	6,363,838
Central services	1,347,330	1,640,373	1,829,133	1,767,789	2,031,567	2,252,861	2,934,546	3,167,021	3,633,076	3,869,426
Operations and maintenance of plant	7,078,555	8,074,277	8,600,231	8,398,111	8,793,189	8,338,986	8,268,464	7,525,729	7,685,282	7,492,799
Student transportation	4,431,018	4,815,596	5,109,776	4,340,337	4,651,766	4,964,811	4,694,862	3,978,972	3,724,415	3,330,023
Other support services	-	165,432	184,108	196,157	2,000	-	-	-	-	-
Noninstructional services:										
Food service	2,427,771	2,559,325	2,829,871	2,745,688	2,620,155	2,615,696	2,718,580	3,176,056	3,096,494	3,119,439
Parent and community service	-	-	-	-	30,995	353,453	437,676	98,099	39,529	7,425
Facilities acquisition and construction	10,194,681	11,227,983	3,491,124	11,982,125	19,468,962	7,589,243	4,551,243	4,530,694	430,011	1,100,114
Debt service:										
Principal	2,535,000	3,555,000	4,000,000	4,255,000	4,440,000	6,550,000	8,300,000	3,705,000	4,075,000	4,430,000
Interest and call premium	2,305,484	2,866,856	2,580,973	2,856,144	3,483,774	3,858,751	3,900,998	3,510,226	3,099,875	2,032,905
Total Expenditures	<u>82,466,110</u>	<u>94,407,553</u>	<u>90,739,687</u>	<u>98,457,581</u>	<u>107,278,670</u>	<u>97,456,241</u>	<u>93,727,190</u>	<u>90,168,639</u>	<u>86,099,996</u>	<u>87,986,176</u>

LYON COUNTY SCHOOL DISTRICT

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

LAST TEN YEARS

(UNAUDITED)

Page 2 of 2

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Excess (Deficiency) of Revenues over Expenditures	\$ (4,645,327)	\$ (6,486,508)	\$ 894,712	\$ (8,024,272)	\$ (18,929,642)	\$ (9,623,373)	\$ (7,992,233)	\$ (5,723,549)	\$ (1,255,336)	\$ (162,952)
OTHER FINANCING SOURCES (USES)										
Proceeds from property sales	3,802	1,224	13,976	-	-	-	-	-	-	-
Proceeds from bond sales	41,593,486	-	11,500,000	-	21,420,690	10,124,184	8,085,727	9,765,000	21,705,000	15,035,000
Payments from (to) bond escrow agent	(28,244,528)	-	-	-	-	(2,025,000)	(5,186,695)	(9,537,996)	(21,120,000)	(14,944,879)
Net transfers from (to) other funds	-	-	-	-	-	-	(69,723)	-	429,244	-
Total Other Financing Sources (Uses)	13,352,760	1,224	11,513,976	-	21,420,690	8,099,184	2,829,309	227,004	1,014,244	90,121
Net Change in Fund Balances	8,707,433	(6,485,284)	12,408,688	(8,024,272)	2,491,048	(1,524,189)	(5,162,924)	(5,496,545)	(241,092)	(72,831)
FUND BALANCE, July 1	17,357,937	26,065,370	19,580,086	31,988,774	23,964,502	26,455,550	24,931,361	19,768,437	14,271,892	14,030,800
FUND BALANCE, June 30	\$ 26,065,370	\$ 19,580,086	\$ 31,988,774	\$ 23,964,502	\$ 26,455,550	\$ 24,931,361	\$ 19,768,437	\$ 14,271,892	\$ 14,030,800	\$ 13,957,969
Debt service as a percentage of noncapital expenditures	7.2%	8.4%	8.2%	9.0%	9.9%	13.1%	15.9%	9.2%	9.1%	8.0%

LYON COUNTY SCHOOL DISTRICT

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

(UNAUDITED)

Page 1 of 2

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES:											
Local sources	\$ 14,411,141	\$ 16,732,272	\$ 17,464,513	\$ 18,633,756	\$ 17,785,659	\$ 18,479,246	\$ 17,229,092	\$ 18,638,192	\$ 18,220,347	\$ 18,614,522	\$ 20,212,658
State sources	38,221,955	40,433,950	46,149,509	49,765,464	44,815,754	47,754,105	46,259,279	43,479,592	42,849,751	43,558,821	43,368,113
Federal sources	12,561	12,851	25,958	7,029	5,700,332	185,469	170,917	163,970	161,350	193,202	303,369
Total Revenues	52,645,657	57,179,073	63,639,980	68,406,249	68,301,745	66,418,820	63,659,288	62,281,754	61,231,448	62,366,545	63,884,140
EXPENDITURES:											
Instruction programs:											
Regular	22,138,204	24,425,096	27,408,729	28,549,865	29,070,501	28,392,516	26,603,943	25,012,368	24,332,419	25,062,558	25,631,018
Special	-	-	-	-	-	-	-	84,834	160,038	158,336	168,793
Vocational	971,619	972,022	1,047,063	1,254,201	1,277,660	1,289,376	1,263,007	1,310,488	1,445,117	1,355,268	1,409,608
Other	943,547	969,891	1,235,093	1,326,908	1,401,634	1,386,683	1,404,133	1,677,932	1,740,771	1,618,832	1,620,806
Extra-curricular	902,246	886,868	1,006,315	1,038,078	1,086,380	1,127,241	1,110,361	1,083,615	1,081,770	1,088,098	1,530,905
	24,955,616	27,253,877	30,697,200	32,169,052	32,836,175	32,195,816	30,381,444	29,169,237	28,760,115	29,283,092	30,361,130
Undistributed programs:											
Support services:											
Student support	1,709,342	1,799,230	2,063,353	2,336,641	2,482,464	2,473,130	2,417,638	2,452,928	2,604,173	2,565,838	2,633,437
Instructional staff support	1,678,631	1,802,527	1,972,146	2,219,052	2,115,353	2,921,506	2,850,215	2,391,337	2,225,301	1,944,594	2,043,661
General administration	1,612,648	1,761,026	2,079,016	2,092,288	1,733,572	2,054,086	1,389,043	1,238,134	1,395,683	1,316,298	1,767,876
School administration	4,169,524	4,402,958	4,959,420	5,373,824	5,403,844	5,319,404	5,071,649	5,159,550	5,909,661	6,145,713	6,330,826
Central services	1,111,744	1,257,114	1,487,249	1,662,904	1,607,925	1,933,219	1,985,174	2,029,119	2,867,807	2,975,791	3,272,511
Operation and maintenance of plant	6,554,450	7,078,555	8,073,962	8,600,076	8,398,111	8,671,533	8,216,991	8,141,060	7,510,711	7,568,850	7,453,301
Student transportation	3,238,893	3,794,310	4,090,435	4,330,319	3,506,726	3,266,482	3,601,825	3,441,574	2,958,083	3,120,558	2,862,604
Other support services	-	-	165,218	184,108	196,157	-	-	-	-	-	-
Parent and community servi	-	-	-	-	-	1,254	-	-	-	-	-
Facilities acquisition and construction	67,232	313,721	103,488	-	-	97,000	-	-	-	-	-
Other financing uses	6,060,000	6,575,000	8,210,000	7,775,000	9,175,000	9,340,000	7,150,000	7,879,723	7,700,000	7,710,756	8,000,000
Total Expenditures and Other Financing Uses	51,158,080	56,038,318	63,901,487	66,743,264	67,455,327	68,273,430	63,063,979	61,902,662	61,931,534	62,631,490	64,725,346

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LYON COUNTY SCHOOL DISTRICT

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

(UNAUDITED)

Page 2 of 2

	<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>	<u>2014</u>	<u>2015</u>
Net Changes in Fund Balance	\$ 1,487,577	\$ 1,140,755	\$ (261,507)	\$ 1,662,985	\$ 846,418	\$ (1,854,610)	\$ 595,309	\$ 379,092	\$ (700,086)	\$ (264,945)	\$ (841,206)
FUND BALANCE, July 1	<u>2,500,682</u>	<u>3,988,259</u>	<u>5,129,014</u>	<u>4,867,507</u>	<u>6,530,492</u>	<u>7,376,910</u>	<u>5,522,300</u>	<u>6,117,609</u>	<u>6,496,701</u>	<u>5,796,615</u>	<u>5,531,670</u>
FUND BALANCE, June 30	<u>\$ 3,988,259</u>	<u>\$ 5,129,014</u>	<u>\$ 4,867,507</u>	<u>\$ 6,530,492</u>	<u>\$ 7,376,910</u>	<u>\$ 5,522,300</u>	<u>\$ 6,117,609</u>	<u>\$ 6,496,701</u>	<u>\$ 5,796,615</u>	<u>\$ 5,531,670</u>	<u>\$ 4,690,464</u>

LYON COUNTY SCHOOL DISTRICT

ASSESSED VALUATION LAST TEN YEARS (UNAUDITED)

Fiscal Year	Assessed Valuation	Net Proceeds of Mines	Total Assessed Valuation	Percent Change
2006	\$ 1,052,893,222	\$ 200,000	\$ 1,053,093,222	17.31%
2007	1,364,367,737	250,000	1,364,617,737	29.58%
2008	1,665,751,811	200,000	1,665,951,811	22.08%
2009	1,857,024,881	300,000	1,857,324,881	11.49%
2010	1,653,405,504	7,000	1,653,412,504	-10.98%
2011	1,336,287,467	-	1,336,287,467	-19.18%
2012	1,332,206,340	-	1,332,206,340	-0.31%
2013	1,220,795,178	-	1,220,795,178	-8.36%
2014	1,193,638,395	-	1,193,638,395	-2.22%
2015	1,421,732,302	-	1,421,732,302	19.11%

LYON COUNTY SCHOOL DISTRICT

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

Fiscal Year	Net Levy Roll*		Current Collection		Delinquent Tax Collected	Cumulative Tax Collected	Collected as a % of Net Levy Roll
			Amount	Percent of Levy			
2006	\$	27,494,746	\$ 26,980,748	98.13%	\$ 358,868	\$ 27,339,616	99.44%
2007		32,718,013	32,086,692	98.07%	547,715	32,634,407	99.74%
2008		36,187,712	34,776,778	96.10%	1,336,041	36,112,819	99.79%
2009		39,412,730	37,273,856	94.57%	2,051,140	39,324,996	99.78%
2010		40,087,910	38,211,828	95.32%	1,788,997	40,000,825	99.78%
2011		34,129,356	32,971,201	96.61%	1,085,630	34,056,831	99.79%
2012		33,956,440	33,111,928	97.51%	833,441	33,945,369	99.97%
2013		32,011,119	31,337,407	97.90%	612,663	31,950,070	99.81%
2014		31,491,714	30,791,695	97.78%	524,872	30,791,695	97.78%
2015		32,516,862	31,980,541	98.35%	-	31,980,541	98.35%

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

Updated from
previous publication.

LYON COUNTY SCHOOL DISTRICT

STATEWIDE AVERAGE AND OVERLAPPING TAX RATES LAST TEN YEARS

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

Fiscal Year	Lyon County	School District	State of Nevada	Combined Special Districts	Total Combined Rate	Statewide Average
2006	0.8644	1.3367	0.1700	1.2246	3.5957	3.1182
2007	0.8644	1.3367	0.1700	1.2246	3.5957	3.1124
2008	0.8644	1.3367	0.1700	1.2246	3.5957	3.1526
2009	0.8644	1.3367	0.1700	1.2246	3.5957	3.1727
2010	0.8644	1.3367	0.1700	1.2246	3.5957	3.2162
2011	0.8644	1.3367	0.1700	1.2246	3.5957	3.1320
2012	0.8644	1.3367	0.1700	1.2246	3.5957	3.1171
2013	0.8644	1.3367	0.1700	1.2246	3.5957	3.1304
2014	0.9287	1.3367	0.1700	1.2246	3.6600	3.1212
2015	0.9287	1.3367	0.1700	1.2246	3.6600	3.1232

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

LYON COUNTY SCHOOL DISTRICT

PRINCIPAL PROPERTY TAX PAYERS YEARS ENDED JUNE 30, 2015 AND JUNE 30, 2006 (UNAUDITED)

Taxpayer	2015		2006	
	Assessed Value	Percent of Assessed Value	Assessed Value	Percent of Assessed Value
Gradient Resources (Patua Project LLC)	\$ 83,762,413	5.89%	\$ -	-
NV Energy	63,746,466	4.48%	34,544,893	3.28%
Southwest Gas Corp.	17,019,055	1.20%	9,102,881	0.86%
Trex Company Inc.	10,525,830	0.74%	6,703,783	0.64%
Nevada Cement Company	10,555,730	0.74%	7,216,930	0.69%
Peri & Peri / Desert Pearl Farms	9,287,693	0.65%	4,487,101	0.43%
Sherwin-Williams Accept. Corp.	8,974,550	0.63%	-	-
Quebecor World Nevada	8,599,526	0.60%	-	-
1600 East Newlands Dr. LLC	8,369,299	0.59%	15,933,251	1.51%
Union Pacific	8,263,383	0.58%	-	-
Sonterra Development Co. Inc.	-	-	7,117,399	0.68%
BMO Leasing US Inc.	-	-	14,554,933	1.38%
SBC	-	-	5,114,021	0.49%
MSC Industrial Direct Co. Inc.	-	-	4,971,539	0.47%
	<u>\$ 229,103,945</u>	<u>16.11%</u>	<u>\$ 109,746,731</u>	<u>10.43%</u>

LYON COUNTY SCHOOL DISTRICT

STATUTORY DEBT LIMITATION LAST TEN YEARS (UNAUDITED)

Fiscal Year	Assessed Valuation	Debt Limit	Outstanding General Obligation Debt	Additional Statutory Debt Capacity	Percent of Legal Debt Margin to Legal Debt Limit
2006	\$ 1,053,093,222	\$ 157,963,983	\$ 63,995,000	\$ 93,968,983	59.49%
2007	1,364,617,737	204,692,661	60,440,000	144,252,661	70.47%
2008	1,665,951,811	249,892,772	67,940,000	181,952,772	72.81%
2009	1,857,324,881	278,598,732	63,685,000	214,913,732	77.14%
2010	1,653,412,504	248,011,876	80,790,000	167,221,876	67.42%
2011	1,336,287,467	200,443,120	82,265,000	118,178,120	58.96%
2012	1,332,206,340	199,830,951	76,810,000	123,020,951	61.56%
2013	1,220,795,178	183,119,277	73,660,000	109,459,277	59.77%
2014	1,193,638,395	179,045,759	70,170,000	108,875,759	60.81%
2015	1,421,732,302	213,259,845	66,670,000	146,589,845	68.74%

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

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

LYON COUNTY SCHOOL DISTRICT

DIRECT GENERAL OBLIGATION DEBT RATIOS LAST TEN YEARS (UNAUDITED)

Fiscal Year	Population	Assessed Valuation	Gross Direct General Obligation Debt				As Percent of	
			Taxable Valuation	Amount	Per Capita	Assessed Valuation	Taxable Valuation	
2006	48,860	\$ 1,053,093,222	\$ 3,008,837,777	\$ 63,995,000	1,310	6.08%	2.13%	
2007	54,031	1,364,617,737	3,898,907,820	60,440,000	1,119	4.43%	1.55%	
2008	55,903	1,665,951,811	4,759,862,317	67,940,000	1,215	4.08%	1.43%	
2009	55,820	1,857,324,881	5,306,642,517	63,685,000	1,141	3.43%	1.20%	
2010	53,825	1,653,412,504	4,724,035,726	80,790,000	1,501	4.89%	1.71%	
2011	52,334	1,336,287,467	3,817,964,191	82,265,000	1,572	6.16%	2.15%	
2012	52,443	1,332,206,340	3,806,303,829	76,810,000	1,465	5.77%	2.02%	
2013	52,245	1,220,795,178	3,487,986,223	73,660,000	1,410	6.03%	2.11%	
2014	52,960	1,193,638,395	3,410,395,414	70,170,000	1,325	5.88%	2.06%	
2015	53,344	1,421,732,302	4,062,092,291	66,670,000	1,250	4.69%	1.64%	

LYON COUNTY SCHOOL DISTRICT

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUES										
Ad valorem taxes	\$ 6,313,304	\$ 7,318,743	\$ 7,881,432	\$ 8,512,588	\$ 8,734,929	\$ 7,639,229	\$ 7,380,244	\$ 6,937,235	\$ 6,389,563	\$ 6,828,970
Earnings on investments	183,367	365,935	456,396	309,355	254,616	107,460	99,614	94	67,973	34,310
Federal sources	-	-	-	-	-	442,838	442,838	442,838	203,130	-
	<u>6,496,671</u>	<u>7,684,678</u>	<u>8,337,828</u>	<u>8,821,943</u>	<u>8,989,545</u>	<u>8,189,527</u>	<u>7,922,696</u>	<u>7,380,167</u>	<u>6,660,666</u>	<u>6,863,280</u>
EXPENDITURES										
Bonds:										
Principal retirement	2,535,000	3,555,000	4,000,000	4,255,000	4,440,000	6,550,000	8,300,000	3,705,000	4,075,000	4,430,000
Interest	2,305,484	2,866,856	2,580,973	2,856,144	3,483,774	3,858,751	3,900,998	3,510,226	3,038,914	1,943,298
Other	174,398	2,000	2,750	2,250	1,750	46,230	1,000	22,643	60,961	50,786
	<u>5,014,882</u>	<u>6,423,856</u>	<u>6,583,723</u>	<u>7,113,394</u>	<u>7,925,524</u>	<u>10,454,981</u>	<u>12,201,998</u>	<u>7,237,869</u>	<u>7,174,875</u>	<u>6,424,084</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,481,789</u>	<u>1,260,822</u>	<u>1,754,105</u>	<u>1,708,549</u>	<u>1,064,021</u>	<u>(2,265,454)</u>	<u>(4,279,302)</u>	<u>142,298</u>	<u>(514,209)</u>	<u>439,196</u>
OTHER FINANCING SOURCES (USES)										
Proceeds from bond sales	28,502,495	-	-	-	-	2,080,114	-	-	21,705,000	15,035,000
Payments (to) from refunded bond escrow agent	<u>(28,244,528)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,025,000)</u>	<u>-</u>	<u>-</u>	<u>(21,120,000)</u>	<u>(14,944,879)</u>
	<u>257,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,114</u>	<u>-</u>	<u>-</u>	<u>585,000</u>	<u>90,121</u>
Net Change in Fund Balance	1,739,756	1,260,822	1,754,105	1,708,549	1,064,021	(2,210,340)	(4,279,302)	142,298	70,791	529,317
FUND BALANCE, July 1	<u>3,185,017</u>	<u>4,924,773</u>	<u>6,185,595</u>	<u>7,939,700</u>	<u>9,648,249</u>	<u>10,712,270</u>	<u>8,501,930</u>	<u>4,222,628</u>	<u>4,364,926</u>	<u>4,435,717</u>
FUND BALANCE, June 30	<u>\$ 4,924,773</u>	<u>\$ 6,185,595</u>	<u>\$ 7,939,700</u>	<u>\$ 9,648,249</u>	<u>\$ 10,712,270</u>	<u>\$ 8,501,930</u>	<u>\$ 4,222,628</u>	<u>\$ 4,364,926</u>	<u>\$ 4,435,717</u>	<u>\$ 4,965,034</u>

LYON COUNTY SCHOOL DISTRICT

STUDENT ENROLLMENT LAST TEN YEARS (UNAUDITED)

FISCAL YEAR	2005-06		2006-07		2007-08		2008-09		2009-10		2010-11		2011-12		2012-13		2013-14		2014-15	
	#	AGP ¹	#	AGP	#	AGP	#	AGP	#	AGP	#	AGP	#	AGP	#	AGP	#	AGP	#	AGP
ATTENDANCE AREA																				
Dayton	2,466	5.8	2,605	5.6	2,656	2.0	2,555	(3.8)	2,526	(1.1)	2,406	(4.8)	2,374	(1.3)	2,364	(0.4)	2,340	(1.0)	2,301	(1.7)
Fernley	3,271	15.5	3,586	9.6	3,752	4.6	3,632	(3.2)	3,609	(0.6)	3,525	(2.3)	3,449	(2.2)	3,357	(2.7)	3,434	2.3	3,472	1.1
Smith Valley	241	(1.6)	241	-	224	(7.1)	221	(1.3)	208	(5.9)	198	(4.8)	200	1.0	207	3.5	209	1.0	221	5.7
Silver Springs/Stagecoach	1,243	(1.7)	1,265	1.8	1,225	(3.2)	1,164	(5.0)	1,097	(5.8)	1,008	(8.1)	942	(6.5)	902	(4.2)	877	(2.8)	874	(0.3)
Yerington	1,459	(2.7)	1,460	0.1	1,400	(4.1)	1,347	(3.8)	1,313	(2.5)	1,343	2.3	1,262	(6.0)	1,229	(2.6)	1,230	0.1	1,197	(2.7)
Regional Youth Center	<u>16</u>	(11.1)	<u>18</u>	12.5	<u>18</u>	-	<u>18</u>	-	<u>13</u>	(27.8)	<u>20</u>	53.8	<u>25</u>	25.0	<u>17</u>	(32.0)	<u>18</u>	5.9	<u>17</u>	(5.6)
Total	<u>8,696</u>	6.2	<u>9,175</u>	5.5	<u>9,275</u>	1.1	<u>8,937</u>	(3.6)	<u>8,766</u>	(1.9)	<u>8,500</u>	(3.0)	<u>8,252</u>	(2.9)	<u>8,076</u>	(2.1)	<u>8,108</u>	0.4	<u>8,082</u>	(0.3)
GRADE LEVEL																				
Pre-kindergarten	119	(14.4)	107	(10.1)	143	33.6	121	(15.4)	124	2.5	81	(34.7)	74	(8.6)	75	1.4	67	(10.7)	67	-
Kindergarten	659	16.0	665	0.9	672	1.1	662	(1.5)	647	(2.3)	606	(6.3)	579	(4.5)	639	10.4	651	1.9	604	(7.2)
1st-4th	2,549	6.4	2,756	8.1	2,821	2.4	2,733	(3.1)	2,681	(1.9)	2,591	(3.4)	2,474	(4.5)	2,439	(1.4)	2,511	3.0	2,544	1.3
5th-8th	2,783	3.1	2,964	6.5	2,933	(1.0)	2,797	(4.6)	2,709	(3.1)	2,600	(4.0)	2,561	(1.5)	2,491	(2.7)	2,506	0.6	2,559	2.1
9th-12th	2,586	8.3	2,683	3.8	2,706	0.9	2,624	(3.0)	2,605	(0.7)	2,622	0.7	2,564	(2.2)	2,432	(5.1)	2,373	(2.4)	2,291	(3.5)
Ungraded	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>-</u>	-	<u>17</u>	-
	<u>8,696</u>	6.2	<u>9,175</u>	5.5	<u>9,275</u>	1.1	<u>8,937</u>	(3.6)	<u>8,766</u>	(1.9)	<u>8,500</u>	(3.0)	<u>8,252</u>	(2.9)	<u>8,076</u>	(2.1)	<u>8,108</u>	0.4	<u>8,082</u>	(0.3)

Notes:

Enrollment figures are presented as of count day

¹= AGP = Annual Growth Percentage.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lyon County School District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 1, 2016.

Internal Control over Financial Reporting

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

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. We did identify certain deficiencies in internal control, as described in the accompanying schedule of findings and questioned costs as *Finding #2015-1* that we consider to be a material weakness.

Compliance and Other Matters

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

District's Response to Findings

The District's response to *Finding #2015-1* identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Silva & Co., LLC

Reno, Nevada
March 1, 2016

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133.**

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

Report on Compliance for Each Major Federal Program

We have audited the Lyon County School District's 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, 2015. The District's major federal programs are identified in the Summary of Auditors' 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.

Auditors' 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, 2015.

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 a 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as *Finding # 2015-2* that we consider to be a material weakness.

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 subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Silva & Co., LLC

Reno, Nevada
March 1, 2016

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015

PAGE 1 OF 2

FEDERAL/PASS THROUGH GRANTOR AND PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
U.S. DEPARTMENT OF EDUCATION			
<i>Passed through the State of Nevada Department of Education</i>			
Individuals with Disabilities Education Act - Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027	15-639-10	\$ 1,239,044
Special Education - Preschool Grants (IDEA, Preschool)	84.173	15-665-10	39,633
Special Education - Special Projects (IDEA, Part B)	84.027	15-667-10	5,465
Total Special Education Cluster			<u>1,284,142</u>
 Title I, Part A - Grants to Local Educational Agencies	 84.010	 15-633-10	 1,424,348
 Title I, Part C - Education of Migrant Children	 84.011	 15-629-10	 8,348
 Title I, Part D - Neglected and Delinquent Children	 84.013	 15-630-10	 23,532
 Carl D. Perkins Career and Technical Education - Basic Grants to States	 84.048	 15-631-10	 86,435
 Title II, Part A - Improving Teacher Quality State Grants	 84.367	 15-709-10	 171,868
 Title II, Part B - Mathematics and Science Partnerships	 84.366	 15-706-10	 118,018
 Title III, Part B - Immigrant-English Language Acquisition	 84.365	 15-659-10	 86,884
 Rural and Low Income School Program	 84.358B	 15-681-10	 36,861
 Striving Readers	 84.371	 15-657-10	 1,552,563
 Twenty-First Century Community Learning Centers	 84.287	 15-770-10	 116,540
 <i>Total Passed through the State of Nevada Department of Education</i>			 <u>4,909,539</u>
 <i>Total U.S. Department of Education</i>			 <u>4,909,539</u>

Continued on next page

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2015

PAGE 2 OF 2

FEDERAL/PASS THROUGH GRANTOR AND PROGRAM	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AMOUNT
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through the State of Nevada Department of Agriculture</i>			
Child Nutrition Cluster:			
National School Lunch Program - Commodities	10.555	N/A	\$ 214,972
School Breakfast Program	10.553	15-801-10	522,821
National School Lunch Program	10.555	15-802-10	1,587,871
Total Child Nutrition Cluster			2,325,664
Fresh Fruits and Vegetables Program	10.582	15-808-10	110,520
CACFP Wellness	10.579	15-812-10	19,000
<i>Passed through Lyon County</i>			
Schools and Roads - Grants to Counties	10.666	N/A	161,696
Total U.S. Department of Agriculture			2,616,880
Total Federal Financial Assistance			\$ 7,526,419

See accompanying notes.

LYON COUNTY SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2015

NOTE 1 – REPORTING ENTITY

The accompanying *Schedule of Expenditures of Federal Awards* presents the expenditure activity of all federal award programs of the Lyon County School District (the District) for the year ended June 30, 2015. The District's reporting entity is defined in Note 1 to its basic financial statements. All expenditures of federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the *Schedule of Expenditures of Federal Awards*.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying *Schedule of Expenditures of Federal Awards* is prepared on the modified accrual basis of accounting. The amounts shown as expenditures of CFDA #10.555 – National School Lunch Program Commodities represents the fair value of commodity food received by the District for the year ended June 30, 2015

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LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015

A. SUMMARY OF AUDIT RESULTS

Financial Statements

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

Federal Awards

Internal Control over Major Programs	
Material weaknesses identified:	Yes
Significant deficiencies identified:	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Audit findings that are required to be reported in accordance with	
Section 510(a) of OMB Circular A-133:	None

Major Programs

The major programs for the year ended June 30, 2015 are as follows:

- Striving Readers (84.371)
- Child Nutrition Cluster (10.555 and 10.553)

The threshold for distinguishing Types A and B programs was \$300,000.

Lyon County School District was determined to be a low-risk auditee.

LYON COUNTY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2015

B. FINDINGS – FINANCIAL STATEMENTS

Finding #2015-1 – Material Weakness

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

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

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

District's Response to the Finding:

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

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

Finding #2015-2

Potentially applies to all major federal programs.

This finding is a material weakness in internal control and is described in detail in Section B, above.

District's Response to the Finding:

The District's response to this finding is also provided in Section B, above.



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INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined management's assertion, included in its representation letter dated March 1, 2016, that the Lyon County School District (District) complied with Nevada Revised Statutes Chapter 354.624(5)(a) during the year ended June 30, 2015. Management is responsible for the District's compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the District's compliance based on our examination.

Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants, and, accordingly, included 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination of the District's compliance with specified requirements.

In our opinion, management's assertion that the Lyon County School District complied with the aforementioned requirements for the year ended June 30, 2015 is fairly stated, in all material respects.

This report is intended solely for the information and use of management, the Board of Trustees, and the appropriate agencies of the State of Nevada and is not intended to be and should not be used by anyone other than these specified parties.

Silva & Co., LLC

Reno, Nevada
March 1, 2016

LYON COUNTY SCHOOL DISTRICT

INDEPENDENT AUDITORS' COMMENTS

JUNE 30, 2015

STATUTE COMPLIANCE

Current Year

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

Prior Year

Potential violations due to overexpenditures were also reported in the financial statements for the year ended June 30, 2014.

AUDIT RECOMMENDATIONS

Current Year

We reported Findings #2015-1 and #2015-2 in Sections B and C, respectively, of the Schedule of Findings and Questioned Costs.

Prior Year

Finding #2014-1 -*Significant Deficiency* was reported in Section B of the Schedule of Findings and Questioned Costs within the audit report for the year ended June 30, 2014. The *District's Response to the Finding* was also included in the report. In connection with the June 30, 2015 audit we noted that there was not sufficient progress related to this previous finding.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Lyon County School District, Nevada (the “Issuer”) in connection with the issuance of the Issuer’s Lyon County School District, Nevada, General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed), Series 2016A, in the aggregate principal amount of \$6,400,000 (the “Bonds”). The Bonds are being issued pursuant to the bond resolution of the Issuer adopted May 18, 2016 (the “Resolution”). The Issuer covenants and agrees as follows:

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

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

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

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

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

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

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

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

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer’s fiscal year of each year, commencing nine (9) months following the end of the Issuer’s fiscal year ending June 30, 2016, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with

the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

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

(c) The Dissemination Agent shall:

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

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

(iii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer’s Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit “B” hereto, which is contained in the tables and under the second paragraph under the heading “SECURITY FOR THE BONDS--State Guarantee of Debt Service Payments - Information About the Permanent School Fund” in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB’s Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall provide or cause to be provided, in a timely manner, not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Bonds, to the MSRB:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (g) Modifications to rights of bondholders, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Defeasances;
- (j) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;
- (l) Bankruptcy, insolvency, receivership or similar event of the obligated person*;
- (m) The consummation of a merger, consolidation, or acquisition involving an obligation person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms if material; and
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

* For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12) of the Rule, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the State of Nevada Permanent School Fund (the "State"), the Dissemination Agent, the Participating Underwriter, the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE June 21, 2016.

LYON COUNTY SCHOOL DISTRICT, NEVADA

Director of Finance and Facilities

EXHIBIT "A"

**NOTICE TO MSRB
OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Lyon County School District, Nevada

Name of Bond Issue: General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed), Series 2016A

CUSIP:

Date of Issuance: June 21, 2016

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 May 18, 2016 and the Continuing Disclosure Certificate executed on June 21, 2016 by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

LYON COUNTY SCHOOL DISTRICT,
NEVADA

By: _____

Its: _____

EXHIBIT “B”

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

See page -iv- of this Official Statement

APPENDIX D

FORM OF APPROVING OPINION OF BOND COUNSEL

June 21, 2016

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

\$6,400,000
Lyon County School District, Nevada
General Obligation (Limited Tax)
School Improvement and Refunding Bonds (PSF Guaranteed)
Series 2016A

Ladies and Gentlemen:

We have acted as bond counsel to the Lyon County School District (the “District”), Nevada (the “State”), in connection with the issuance of its General Obligation (Limited Tax) School Improvement and Refunding Bonds (PSF Guaranteed), Series 2016A, in the aggregate principal amount of \$6,400,000 (the “Bonds”) pursuant to an authorizing resolution of the Board of Trustees of the District adopted and approved on May 18, 2016 (the “Bond Resolution”). In such capacity, we have examined the District’s certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Resolution.

Regarding questions of fact material to our opinions, we have relied upon the District’s certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute valid and binding limited tax general obligations of the District.
2. All of the taxable property in the District is subject to the levy of annual general (ad valorem) taxes to pay the Bonds, subject to the limitations imposed by the Constitution and laws of the State.

3. As provided in the Bond Resolution and in accordance with the provisions of NRS 361.463, taxes levied for the payment of the bonded indebtedness (including the Bonds) of all overlapping units within the boundaries of the District (i.e., the State, the District, and any other political subdivision in the District) and for the payment of interest on such indebtedness enjoy a priority over taxes levied by each such unit (including, without limitation, the State and the District) for all other purposes (subject to any exception implied by law in the exercise of the police power) where reduction is necessary in order to comply with NRS 361.453.

4. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and continued accuracy of the representations contained in the District's certified proceedings and in certain other documents and certain other certifications furnished to us.

5. Under laws of the State in effect on the date hereof, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the District pursuant to the Bonds and the Bond Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

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

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein. We are not passing upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Bonds or upon any federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is rendered as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in laws that may hereafter occur.

Respectfully submitted,

APPENDIX E

LIST OF PSF PARTICIPANTS AND FORM OF STATE PERMANENT SCHOOL FUND GUARANTEE AGREEMENT

State Permanent School Fund
List of Participants
Summary of Outstanding Bonds with Guarantee
As of May 1, 2016

Project No.	Base CUSIP Number	District	Bond Series	Original Amount Guaranteed	Amount Outstanding
PSF-27	145814	Carson City School District	2007	\$ 15,500,000	\$ 2,220,000
PSF-28	670692	Nye County School District	2007	15,000,000	1,475,000
PSF-30	862166	Storey County School District	2008	3,150,000	315,000
PSF-31	NONE	Lincoln County School District	2009	2,025,000	1,805,000
PSF-32	445204	Humboldt County School District	2009	2,950,000	2,270,000
PSF-33	259381	Douglas County School District	2009	3,500,000	2,765,000
PSF-34	715297	Pershing County School District	2009	3,000,000	2,400,000
PSF-35	171466	Churchill County School District	2009	7,000,000	5,595,000
PSF-38	259381	Douglas County School District	2010	15,000,000	13,445,000
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	1,725,000
PSF-41	NONE	Lincoln County School District	2010	650,000	625,000
PSF-42	171466	Churchill County School District	2010	10,535,000	6,980,000
PSF-43	964321	White Pine County School Dist.	2010	3,890,000	1,600,000
PSF-44	145814	Carson City School District	2011	16,000,000	15,050,000
PSF-45	NONE	Lyon County School District	2011	5,000,000	4,850,000
PSF-46	145814	Carson City School District	2011B	10,000,000	9,335,000
PSF-47	171466	Churchill County School District	2011	7,000,000	6,245,000
PSF-48	NONE	Mineral County School District	2011	2,825,000	980,000
PSF-49	552002	Lyon County School District	2012A	7,955,000	7,955,000
PSF-50	670692	Nye County School District	2012	4,535,000	3,720,000
PSF-51	NONE	Lincoln County School District	2012	3,350,000	2,416,200
PSF-52	259381	Douglas County School District	2012	9,000,000	8,600,000
PSF-53	670692	Nye County School District	2013	9,080,000	7,680,000
PSF-54	NONE	Storey County School District	2013	4,720,000	4,620,000
PSF-55	171466	Churchill County School District	2013	9,520,000	9,270,000
PSF-56	259381	Douglas County School District	2014	8,500,000	8,000,000
PSF-57	NONE	Lyon County School District	2014	21,705,000	20,340,000
PSF-58	940858	Washoe County School District	2015	40,000,000	40,000,000
PSF-59	964321	White Pine County School Dist.	2015	7,000,000	7,000,000
PSF-60	171466	Churchill County School District	2015	9,315,000	9,315,000
PSF-61	670692	Nye County School District	2015	8,235,000	8,235,000
PSF-62	NONE	Storey County School District	2015	3,385,000	3,213,600
					<u>\$235,314,800</u>

APPENDIX F

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Population and Age Distribution

Population. The table below shows the population growth of Lyon County and the State since 1970. Between 2000 and 2010, Lyon County's population increased 50.7%, and the State increased 35.1%.

<u>Population</u>				
Year	Lyon County	Percent Change	Nevada	Percent Change
1970	8,221	--	488,738	--
1980	13,594	65.4%	800,493	63.8%
1990	20,001	47.1	1,201,833	50.1
2000	34,501	72.5	1,998,257	66.3
2010	51,980	50.7	2,700,551	35.1
2011	52,443	0.9	2,721,794	0.8
2012	52,245	(0.4)	2,750,217	1.0
2013	52,960	1.4	2,800,967	1.8
2014	53,344	0.7	2,843,301	1.5
2015	53,277	(0.1)	2,897,585	1.9

Sources: United States Department of Commerce, Bureau of the Census (1970–2010) and Nevada State Demographer's Office (2011-2015 estimates).

Age Distribution. The following table sets forth a projected comparative age distribution profile for Lyon County, the State and the nation as of January 1, 2016.

Age Distribution

Age	Lyon County	Nevada	United States
0-17	22.3%	23.3%	23.0%
18-24	8.1	9.0	9.8
25-34	10.4	13.8	13.4
35-44	11.0	13.5	12.6
45-54	13.0	13.4	13.3
55-64	15.0	12.3	12.8
65-74	13.3	9.1	8.8
75 and Older	6.9	5.6	6.3

Source: © 2016 The Nielsen Company.

Income

The following two tables reflect the Median Household Effective Buying Income (“EBI”), and also the percentage of households by EBI groups. EBI is defined as “money income” (defined below) less personal tax and nontax payments. “Money income” is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income, unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as “disposable” or “after-tax” income.

Median Household Effective Buying Income Estimates⁽¹⁾

Year	Lyon County	Nevada	United States
2012	\$40,734	\$45,512	\$41,253
2013	34,035	40,617	41,358
2014	41,673	42,480	43,715
2015	41,482	44,110	45,448
2016	41,502	46,230	46,738

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

Source: © The Nielsen Company, *SiteReports*, 2012-2016.

Percent of Households by Effective Buying Income Groups – 2016 Estimates

Effective Buying Income Group	Lyon County Households	Nevada Households	United States Households
Under \$24,999	24.9%	23.8%	24.8%
\$25,000 - 49,999	37.6	30.5	28.8
\$50,000 - 74,999	19.3	20.7	19.1
\$75,000 - 99,999	12.2	12.4	12.2
\$100,000 - 124,999	3.8	5.7	5.8
\$125,000 - 149,999	1.1	2.6	3.7
\$150,000 or More	1.1	4.3	5.6

Source: © 2016 The Nielsen Company.

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

Per Capita Personal Income⁽¹⁾

Year	Lyon County	Nevada	United States
2010	\$28,493	\$36,918	\$40,277
2011	29,650	37,745	42,453
2012	29,679	39,436	44,266
2013	30,210	39,223	44,438
2014	31,720	40,742	46,049

⁽¹⁾ County figures posted November 2015, state and national figures posted September 2015. All figures are subject to periodic revisions.

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

Employment

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

Average Annual Labor Force Summary Lyon County, Nevada

Calendar Year	2011	2012	2013	2014	2015	2016 ⁽¹⁾
TOTAL LABOR FORCE	23,013	22,522	22,863	23,006	21,678	21,794
Unemployment	3,848	3,327	2,843	2,341	2,047	1,881
Unemployment Rate ⁽²⁾	16.7%	14.8%	12.4%	10.2%	9.4%	8.6%
Total Employment ⁽³⁾	19,165	19,195	20,020	20,665	19,631	19,913

(1) Figures through March 31, 2016.

(2) The U.S. unemployment rates for the years 2011-2015 were 8.9%, 8.1%, 7.4%, 6.2%, and 5.3%, respectively.

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

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

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

Establishment Based Industrial Employment Lyon County, Nevada

Calendar Year	2011	2012	2013	2014	2015 ⁽¹⁾
Natural Resources and Mining	160	220	280	340	970
Construction	480	450	450	470	600
Manufacturing	2,010	2,010	2,020	1,970	2130
Trade, Transportation and Utilities	2,690	2,810	3,090	3,190	2280
Information	30	30	20	20	30
Financial Activities	260	260	320	350	350
Professional and Business Services	710	650	660	670	800
Education and Health Services	550	520	470	480	470
Leisure and Hospitality	1,330	1,350	1,380	1,460	1,450
Other Services	440	310	300	280	310
Government	<u>2,260</u>	<u>2,170</u>	<u>2,130</u>	<u>2,000</u>	<u>2080</u>
TOTAL ALL INDUSTRIES ⁽²⁾	<u>10,900</u>	<u>10,770</u>	<u>11,120</u>	<u>11,190</u>	<u>11,470</u>

(1) Reflects averaged figures through 3rd quarter 2015.

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

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

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

Largest Employers - Lyon County, Nevada
As of 3rd Quarter - 2015

Employer	Employees	Industry
Lyon County School District	1,000-1,499	Public education
Lyon County	400 - 499	Local government
MSC Industrial Supply Co.	300 - 399	General warehousing
Wal-Mart Supercenter	200 - 299	Retail supercenter
Production Pattern & Foundry	200 - 299	Aluminum foundry
Nevada Automotive Testing Center	100 - 199	Testing laboratory
South Lyon Medical Center	100 - 199	Medical hospital
The Webstaurant Store Inc.	100 - 199	General warehousing
Medallic Art	100 - 199	Jewelry manufacturing
Trex Company Inc.	100 - 199	Wood product manufacturing
QG Printing Corp.	100 - 199	Commercial printing
Lowes Home Centers LLC	100 - 199	Home center
Smith's	100 - 199	Supermarket
Nevada Cement Company	100 - 199	Cement manufacturing
David Peri Family Farms LLC	100 - 199	Farming

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

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

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

CALENDAR YEAR	3 rd Qtr. 2015	3 rd Qtr. 2014	Percent Change 2015/2014	Employment Totals 3 rd Qtr. 2015
TOTAL NUMBER OF WORKSITES	961	941	2.1%	9,435
Less Than 10 Employees	747	734	1.8%	2,036
10-19 Employees	110	103	6.8	1,517
20-49 Employees	65	63	3.2	1,903
50-99 Employees	25	25	0.0	1,770
100-249 Employees	12	13	(7.7)	1,603
250-499 Employees	2	2	0.0	606
500-999 Employees	0	0	0.0	0
1000+ Employees	0 ⁽²⁾	1	100.0	0

⁽¹⁾ Subject to revisions.

⁽²⁾ Private employer, Amazon.com, relocated its fulfillment center to an industrial park approximately 30 miles west of its former location in the City of Fernley. The move shifted hundreds of jobs from Lyon to Washoe County. The company reported that most of the Fernley employees have continued employment at the new facility.

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

Retail Sales

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

Taxable Sales in the County

Fiscal Year ⁽¹⁾	Lyon County Total ⁽²⁾	Percent Change	State Total ⁽²⁾	Percent Change
2011	\$300,843,506	--	\$39,935,016,227	--
2012	346,511,052	15.2%	42,954,750,131	7.6%
2013	305,525,152	(11.8)	45,203,408,413	5.2
2014	356,889,794	16.8	47,440,345,167	4.9
2015	396,524,754	11.1	50,347,535,591	6.1
Jul 14 – Feb 15	\$234,922,272	--	\$32,891,309,523	--
Jul 15 – Feb 16	243,457,850	3.6%	34,453,184,470	4.7%

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

(2) Subject to revision.

Source: State of Nevada, Department of Taxation.

Agriculture

Ranching and farming have been a cornerstone of the County's economy for more than 100 years. Lyon County farms produce most of the onion and garlic crops grown in the State. According to the 2015 publication, *An Economic Analysis of the Food and Agriculture Sector – Nevada Counties*, prepared by the Nevada Department of Agriculture, Lyon County agricultural production industries had a production level of \$189.2 million in 2012, accounting for 6.8 percent of the total output value of all industries of Lyon County. The agricultural production industries hired 761 people, and paid labor income in the amount of \$54.85 million. The 2012 total economic impact of the agricultural production sector in Lyon County was \$252.5 million. The top 20 exporting industries in Lyon County in 2012 made up approximately 63.6 percent of the county's total exports. The vegetables and melons industry was in the top 20, with export sales of \$45.1 million, and ranked as the 11th largest exporter. The agriculture production sector of Lyon County is a positive economic sector contributing to the favorable balance of trade.

Construction

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

Building Permits - Lyon County, Nevada

Year	New Single Family		New Commercial		All Permits	
	Permits	Valuation	Permits	Valuation	Permits	Valuation
2011	46	\$8,953,166	8	\$ 367,685	424	\$15,967,250
2012	51	9,634,712	9	5,135,820	479	25,029,980
2013	94	17,798,644	18	2,846,628	523	27,231,750
2014	128	25,639,060	25	8,715,464	581	41,152,517
2015	142	29,909,738	12	4,848,565	653	42,259,642
2016 ⁽¹⁾	25	5,980,863	4	1,329,077	102	9,326,079

(1) As of February 29, 2016.

Source: Lyon County Building Division.

Transportation

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

Both Yerington and Dayton have airports capable of handling corporate jets. In addition, Yerington has full service fixed base operations (FBO) with fuel, maintenance, avionics, café, lighted runway, beacon, and unicom. Charter air service is available to Yerington. Commercial air service is available in Reno. Rail service is provided to Fernley, Silver Springs, and Wabuska by Union Pacific.

Development Activity

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

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