



# Summary of Washoe County School District Debt

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# Types of Debt

1. General Obligation Bonds – Pledged by Property Taxes (“Rollover” Bonds)
2. General Obligation Bonds – Pledged by Sales Tax (aka, WC-1 Debt)
3. Medium Term Notes



# Summary of Debt

Type	Amount (millions)
“Rollover” Bonds” (all issued before 2018)	\$504.8
“WC-1” Sales Tax-Pledged Bonds	\$285.0
Medium Term Notes	<u>\$4.9</u>
TOTAL	\$794.7
Proposed “Rollover” Bond (2019-2021)	\$200.0
Proposed WC-1 Bonds (2019-2021)	<u>\$265.0</u>
TOTAL	\$565.0





# Rollover Bonds

- Payable from and secured by revenues from the Property Tax Rate set for WCSD Debt
- Rate = \$0.3885 per \$100 Assessed Valuation
- Tax rate expected to generate \$61.76 million in FY20
- District's ability to issue rollover bonds expires in May 2025
  - Was reauthorized by legislature for 10 years in 2015



# Rollover Bonds

- Property tax revenues are collected by County and accounted for in Debt Service Fund – not General Fund
- Tax rates levied for bond repayment have a priority on the tax rate
- District can utilize DSF balance in excess of required reserve for pay-as-you-go projects
- Full faith and credit of District is pledged







# Rollover Bonds

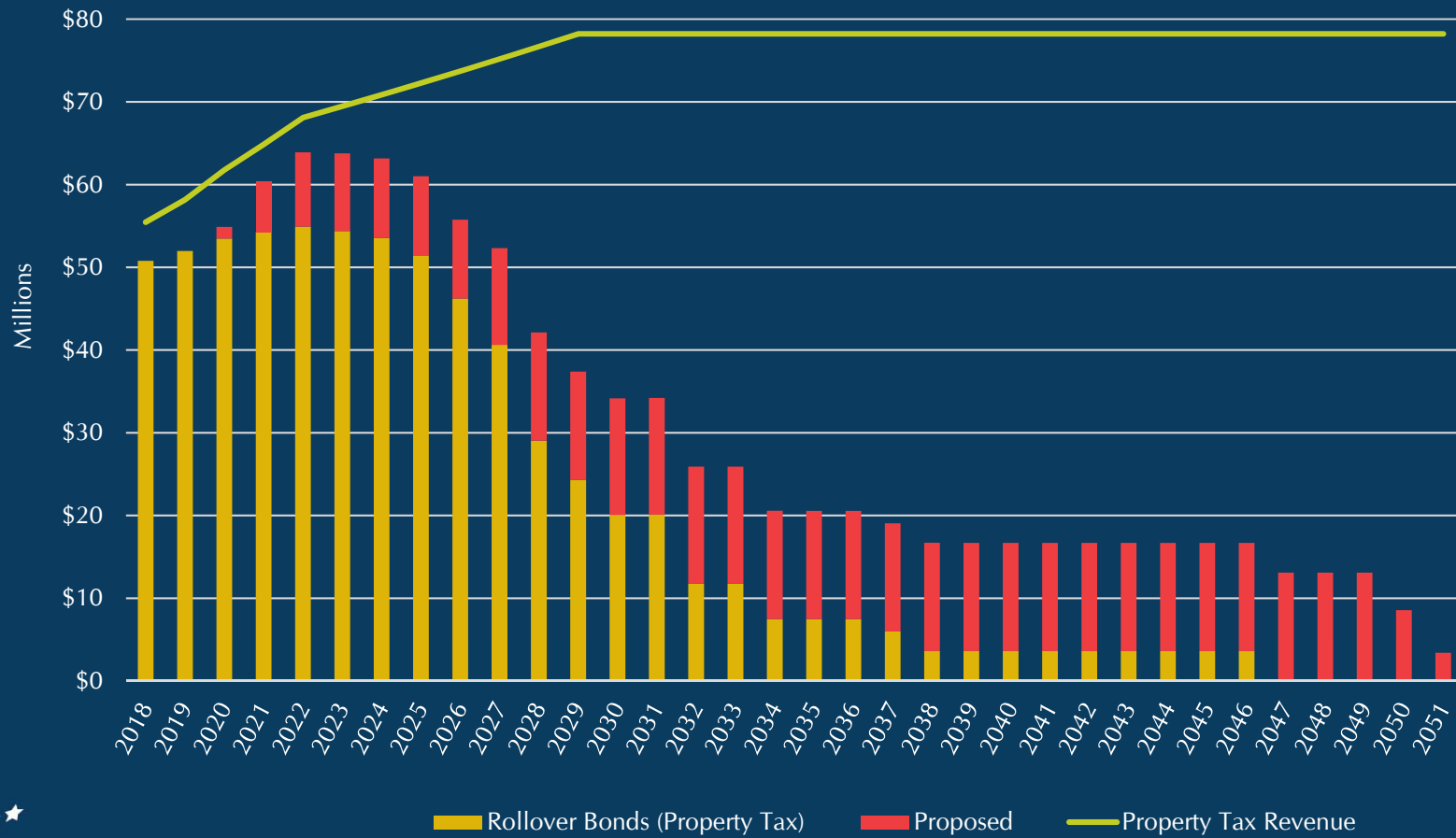
## Coverage of Debt Paid by Property Tax <sup>1</sup>

Fiscal Year	2017 Audited	2018 Audited	2019 Budgeted	2020 Proposed
Property Tax Revenues	\$53,049,837	\$55,455,087	\$58,160,509	\$61,764,490
Earnings on Investments	125,003	1,929,001	1,688,018	1,580,087
<b>TOTAL REVENUE</b>	<b>53,174,840</b>	<b>125,412,293</b>	<b>59,848,527</b>	<b>63,344,577</b>
Annual Debt Service (excl proposed bonds)	\$49,493,265	\$54,362,682	\$51,966,772	\$53,473,405
<b>Coverage</b>	<b>1.07</b>	<b>1.02</b>	<b>1.13</b>	<b>1.18</b>

<sup>1</sup>The District estimates an ending balance in the Debt Service Fund related to the property tax paid bonds of \$31,100,000 as of June 30, 2018. This amount is in excess of the statutorily required reserve.



# Roll Over Bonds



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# Sales Tax-Pledged Bonds

- Payable from and secured by revenues of WC-1 sales tax
  - 0.54% Sales and Use Tax, approved by Washoe County voters in November 2016
- Monthly average of \$3.6M collected since inception
- Budgeted revenues of \$48.14 M in FY20





# Sales Tax-Pledged Bonds

- Sales tax revenues are collected by State and accounted for in a Capital Fund – not General Fund
- District can utilize sales taxes either for debt service or pay-as-you-go projects
- Full faith and credit of District is pledged
  - However, District could choose to issue Revenue Bonds



# Sales Tax-Pledged Bonds

## Pledged Revenue and Coverage of Sales Tax Bonded Debt

Fiscal Year	2017 Audited	2018 Audited	2019 Budgeted	2020 Proposed
Sales Tax Pledged Revenues <sup>1</sup>	\$10,145,752	\$43,662,801	\$45,845,941	\$48,138,238
Outstanding Debt Service	0	2,892,101	9,209,415	11,734,650
Coverage	n/a	15.10	4.98	4.10
Maximum Proposed Debt Service <sup>2</sup>	n/a	n/a	18,754,850	18,754,850
Total Debt Service	n/a	2,892,101	27,964,265	30,489,500
Coverage	n/a	15.10	1.64	1.58

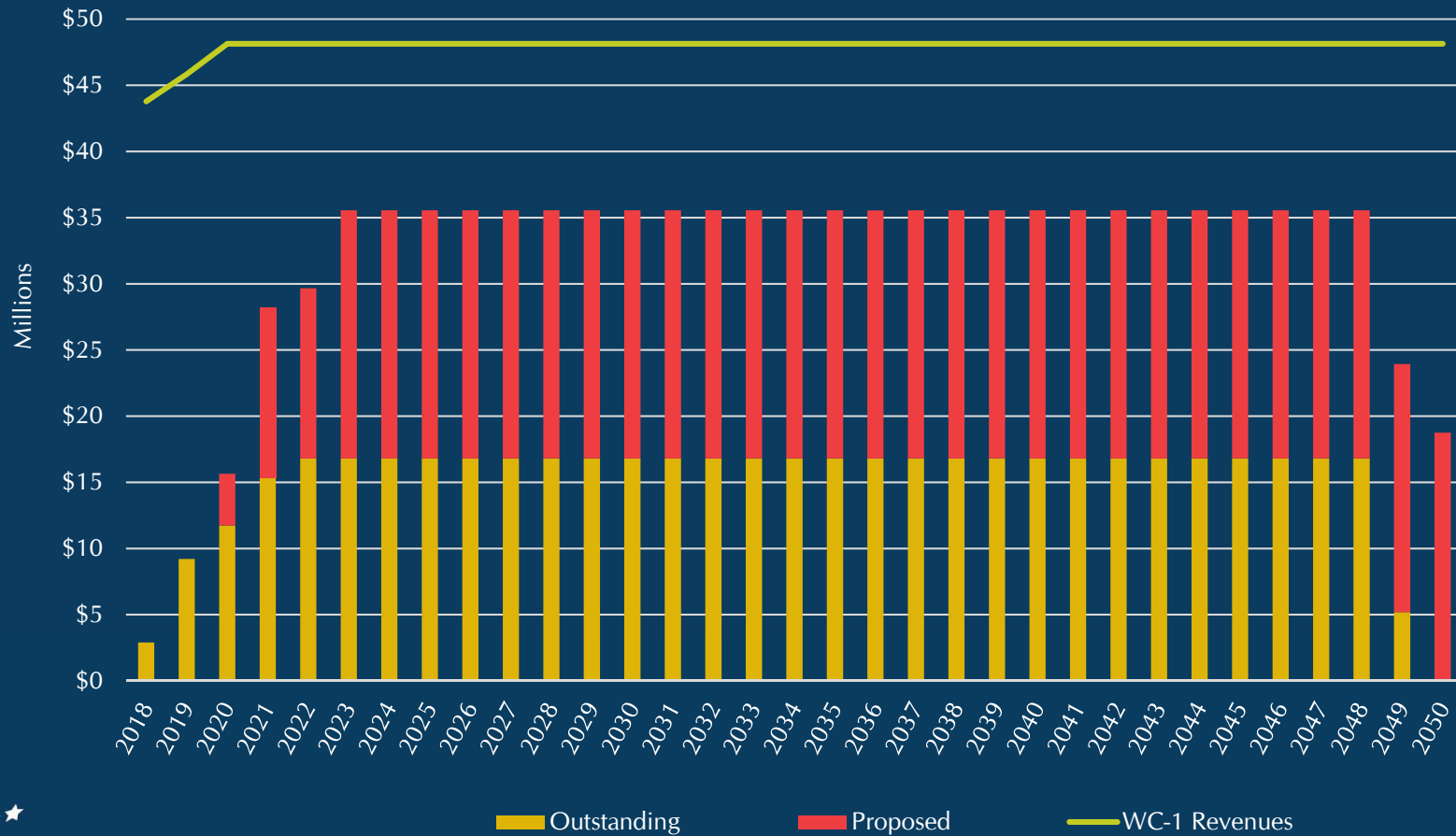
<sup>1</sup>Based on a 0.54% tax rate; tax was imposed 04/01/2017.

<sup>2</sup>Maximum annual debt service on the proposed WC-1 bonds is shown for fiscal years 2019 and 2020.





# Sales Tax-Pledged Bonds



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■ Outstanding

■ Proposed

— WC-1 Revenues



# Medium Term Bonds

- Allowed by State law for debt < 10 year term
- Historically used by District to pay for buses and other vehicles, but can be used for any capital expense
- Debt service used to be paid by General Fund, but will be paid by Government Services Tax (GST) Capital Fund





# Statutory Debt Limit

## General Obligation Debt Limit Based on Fiscal Year 2018 Assessed Value

Total Assessed Value	\$16,136,670,732
Redevelopment Agencies	<u>337,229,465</u>
	Total Assessed Value 16,473,900,197
General Obligation Debt Limit (15%)	2,471,085,030
Outstanding General Obligation Debt	<u>709,722,475</u>
Available General Obligation Debt Limit After Currently Outstanding GO Debt	1,761,362,555
Proposed and Authorized General Obligation Debt	<u>0</u>
Proposed but Unauthorized General Obligation Debt	<u>307,771,000</u>
Total Proposed General Obligation Debt	<u>307,771,000</u>
Available General Obligation Debt Limit After Outstanding and Proposed Debt	\$1,453,591,555

SOURCE Nevada Department of Taxation, the District; compiled by JNA Consulting Group, LLC

Other factors also limit the amount of debt the District can issue. These factors include, but are not limited to, overlapping tax rates, available revenues, bond market conditions and type of projects to be funded.





# G.O. Debt Comparison

Debt comparisons and comparative debt levels can be useful, but there are many caveats:

- In Nevada, school districts' property tax debt rates vary and are all across the board. Some districts have no debt rate.
- Districts' capital funding sources also vary. Other districts don't have a dedicated sales tax for capital like WCSD.
- Coverage and reserve levels are more important when considering whether an agency can afford its debt.



# G.O. Debt Comparison

General Obligation Debt Comparison  
June 30, 2018

District	General Obligation Debt	Population <sup>1</sup>	FY 2018 Assessed Value <sup>2</sup>	GO Debt Per Capita	GO Debt as a % of Assessed Value
Carson City School District	\$56,574,000	55,885	\$1,502,046,933	\$1,012.33	3.77%
Churchill County School District	34,760,700	25,844	820,038,393	1,345.02	4.24%
Clark County School District	1,813,405,000	2,229,396	78,890,801,494	813.41	2.30%
Douglas County School District	37,175,000	48,447	2,908,641,064	767.33	1.28%
Elko County School District	0	53,734	2,100,000,798	0.00	0.00%
Esmeralda County School District	0	972	83,790,387	0.00	0.00%
Eureka County School District	0	1,954	1,034,728,897	0.00	0.00%
Humboldt County School District	2,220,000	17,065	1,331,495,805	130.09	0.17%
Lander County School District	1,455,000	6,230	1,465,577,371	233.55	0.10%
Lincoln County School District	4,235,400	5,128	286,580,877	825.94	1.48%
Lyon County School District	56,136,000	54,893	1,682,761,005	1,022.64	3.34%
Mineral County School District	2,500,000	4,652	172,060,924	537.40	1.45%
Nye County School District	66,359,000	46,472	1,910,358,824	1,427.94	3.47%
Pershing County School District	3,650,000	6,702	317,408,981	544.61	1.15%
Storey County School District	7,098,300	4,118	686,763,955	1,723.73	1.03%
<b>Washoe County School District</b>	<b>504,835,000</b>	<b>457,112</b>	<b>16,136,670,732</b>	<b>1,104.40</b>	<b>3.13%</b>
White Pine County School District	7,816,000	10,716	454,121,947	<u>729.38</u>	<u>1.72%</u>
			Average:	\$718.69	1.68%



# Outlook Through 2030

- Will use a combination of debt and pay-as-you-go funding for capital projects
- WC-1 Sales Tax
  - \$900M in new debt + \$290M in additional revenue
- Property Tax (“rollover”) – depends on reauthorization by 2025
  - \$676M in new debt assuming reauthorization
- The phasing and number of new schools after 2021-2025 is more growth-dependent



# Questions?



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