



Washoe County
School District

Popular Annual Financial Report



Washoe County School District
Reno, Nevada
Fiscal year ended June 30, 2021

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Washoe County School District

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Board of Trustees: Angela D. Taylor, President * Ellen Minetto, Vice President * Diane Nicolet, Clerk *
Jeff Church * Adam Mayberry * Joe Rodriguez * Beth Smith * Kristen McNeill, Ed.D., Superintendent

December 23, 2021

To the Citizens and Taxpayers of Washoe County:

We are pleased to present the Washoe County School District's (WCSD) Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2021. The intent of this report is to clearly communicate the financial operations of the District in an open, transparent, and easy-to-understand format. This is accomplished through the use of infographics to distill the complex financial information related to our District's \$1 billion operation into key facts for each fund group.

Fiscal Year 2020-21 saw the continuation of the global COVID-19 pandemic that began in Nevada in March 2020. This tested our resiliency and flexibility like no other event in recent history. For the 2020-21 school year, the District made the commitment to provide full in-person learning at all of our elementary schools and a hybrid schedule for middle and high schools, in which students alternated between distance learning and in-person instruction, generally on alternating days. The District was one of the largest school districts in the nation to do this, as opposed to many districts that only offered remote learning. The District also offered a full online K-12 school. During the 2020-21 school year, approximately one-third of students in the District were on full distance learning, one-third were on full in-person learning, and one-third were on a hybrid schedule.

The coronavirus also had many other unanticipated impacts. A significant impact, both locally and nationally, was a labor shortage, which affected our ability to fill many support positions and which also led to supply chain issues for many school supplies. The need for students to work from home also highlighted the "digital divide" for many families, which the District worked hard to address.

Despite these challenges, the District's General Fund had a surplus for the third year in a row, and our Capital Projects Department continued the work to build new schools and renovate and upgrade many of our existing schools. Two new schools opened in August 2020, and a new elementary school in Cold Springs was essentially completed this fiscal year, opening in August 2021. Most importantly, more than 4,000 students graduated in 2021, and our graduation rate remained strong at 82.5 percent, despite the challenges our students faced this year.

The PAFR summarizes the financial and operating results reported in our Annual Comprehensive Financial Report (ACFR); however, the PAFR is prepared on a non-GAAP basis and is unaudited. The report includes information on all of the District's governmental and proprietary funds but it excludes information on fiduciary funds. The PAFR does not provide full disclosure of all material events, or notes to the financial statements. Persons who would like to review the full financial statements should refer to the ACFR, which is available online on the Business & Finance Department section of WCSD's website at www.washoeschools.net.

We hope you find the format of the PAFR "user friendly", and we look forward to any comments on the document.

Respectfully submitted,

Kristen McNeill
Superintendent

Mark Mathers
Chief Financial Officer



SUMMARY OF THE DISTRICT'S FUNDS

In accordance with State law and government accounting principles, the District tracks its revenues and expenditures in separate funds. Each fund is like a separate bank account, which is used to keep monies in each fund from being commingled with other monies.

4 Types of Governmental Funds

There are four types of governmental funds and two types of proprietary funds, as shown below. Information on each type of fund is provided in the following pages of this document.

INSIGHTS

- The General Fund is the primary operating fund of the District. Most of the District's expenditures, such as teachers' salaries and benefits, are paid from this fund.
- In FY21, total expenditures and other uses of all funds were just over \$1 billion, at \$1,091,554,715.

Special Revenue Funds \$190,043,337

Special revenue funds are restricted to the specific purpose of the grantor or donor. The district reported on 28 special revenue funds in FY21.

Debt Service Funds \$90,095,656

Debt service funds are restricted by law for the payment of school district debt. The district reported on 2 debt service funds in FY21.

General Fund \$478,567,428

The general fund is used for general operating expenditures such as salaries, benefits, supplies and equipment.

Capital Project Funds \$225,388,342

Capital project funds are used to track capital projects such as the construction of new schools. The district reported on 17 capital project funds in FY21.

Internal Services Funds \$85,139,746

Internal Services funds are used to account for activities that provide goods or services to other funds, as well as to departments or agencies of the primary government or to other government entities for cost-reimbursement.

Enterprise Funds \$22,320,206

Enterprise funds are used to account for activities for which external users are charged a fee for goods or services.

2 Types of Proprietary Funds

The district uses two types of proprietary funds, an enterprise fund to track food services provided to schools, and internal services funds that are restricted to the self-insurance of health, workers' compensation and property/casualty insurance of the district.

FY21 Annual Statement of Revenues, Expenditures & Fund Balances

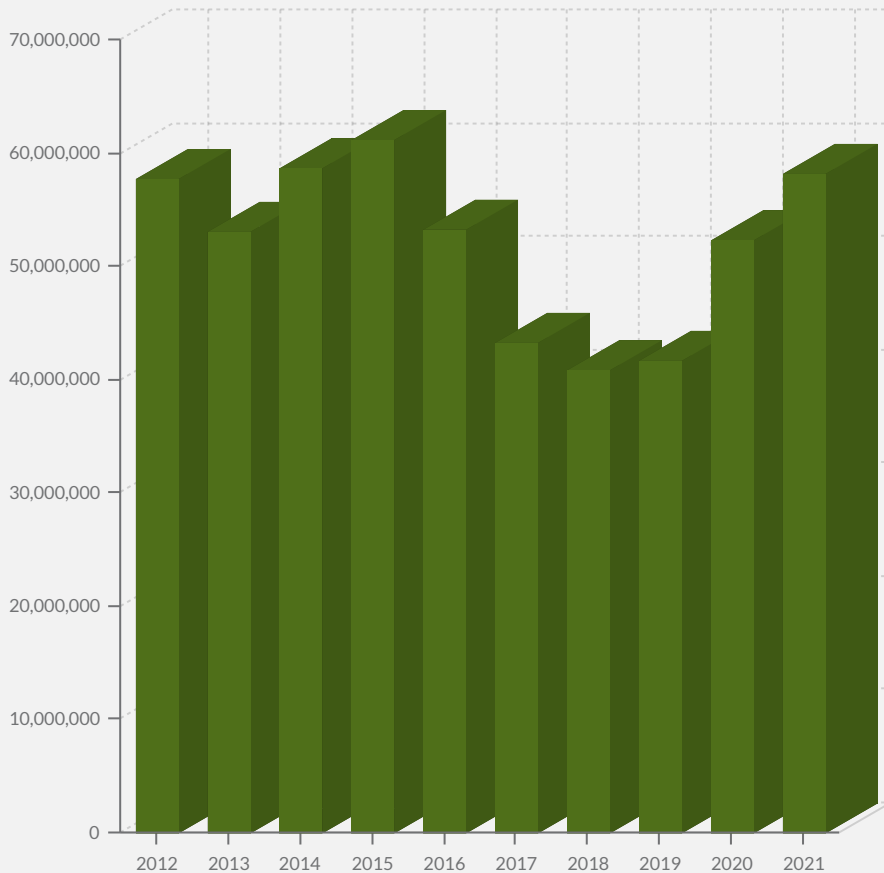


	<u>Original Budget</u>	<u>Adjusted Budget</u>	<u>Actuals</u>
GOVERNMENTAL TYPE FUNDS			
<u>General Fund</u>			
Beginning Fund Balance	\$ 38,707,976	\$ 52,346,398	\$ 52,346,398
Revenues/Sources	502,626,227	489,266,012	484,438,690
Expenditures/Uses	502,626,227	502,890,099	478,567,428
Ending Fund Balance	38,707,976	38,722,311	58,217,660
<u>Special Revenue Funds</u>			
Beginning Fund Balance	2,573,007	1,420,774	13,144,196
Revenues/Sources	190,611,525	252,875,556	191,481,506
Expenditures/Uses	191,490,085	253,764,115	190,043,337
Ending Fund Balance	1,694,447	532,215	14,582,366
<u>Capital Project Funds</u>			
Beginning Fund Balance	125,053,018	414,786,900	414,786,900
Revenues/Sources	178,517,601	185,232,449	216,005,649
Expenditures/Uses	222,536,230	510,907,809	225,388,342
Ending Fund Balance	81,034,389	89,111,540	405,404,207
<u>Debt Service Funds</u>			
Beginning Fund Balance	38,922,046	69,801,075	70,346,017
Revenues/Sources	96,550,114	93,378,542	95,096,664
Expenditures/Uses	88,332,649	91,350,771	90,095,656
Ending Fund Balance	47,139,511	71,828,846	75,347,025
PROPRIETARY TYPE FUNDS			
<u>Enterprise Fund</u>			
Beginning Net Position	(2,504,357)	(2,504,357)	(5,073,894)
Revenues/Sources	27,716,927	27,716,927	28,106,586
Expenses	27,164,823	27,164,822	22,320,206
Ending Net Position	(1,952,253)	(1,952,252)	712,486
<u>Internal Service Funds</u>			
Beginning Net Position	18,929,231	18,929,231	31,036,410
Revenues/Sources	90,726,211	91,726,211	95,001,032
Expenses	92,360,483	93,360,483	85,139,746
Ending Net Position	17,294,959	17,294,959	40,897,696
TOTAL OF ALL FUNDS			
Beginning Fund Balance/Net Position	\$ 221,680,921	\$ 554,780,021	\$ 576,586,027
Revenues/Sources	1,086,748,605	1,140,195,697	1,110,130,127
Expenditures/Uses	1,124,510,497	1,479,438,099	1,091,554,715
Net Surplus/(Loss)	183,919,029	215,537,619	595,161,440

Note: The figures above include interfund transfers.

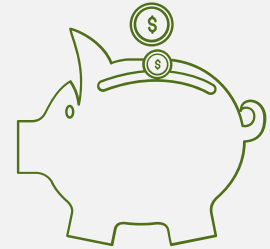
GENERAL FUND

Fund Balance by Fiscal Year



General Fund Balance

As a Percent of Expenditures and Transfers Out



FY 17	9.8%
FY 18	8.8%
FY 19	9.0%
FY 20	10.9%
FY 21	12.2%

By making more than \$60 million in budget cuts from 2018-20, the District stopped deficit spending and due to its conservative fiscal approach is rebuilding its reserves.

INSIGHTS

A budget is a financial plan of revenues and expenditures for an agency. State law prohibits school districts and other governments from expending funds in excess of the approved budget.

Budget variances occur every year on both the revenue and expenditure side of the ledger. Revenues may exceed or fall below budgeted amounts due to the strength or weakness of the economy, changes in enrollment, or many other factors. Similarly, expenditures usually are lower than the budget due to vacant positions, an inability to make certain purchases, or other circumstances.

Any actual savings results in a surplus for the fiscal year, which increases the fund balance, or reserves, of a fund. A deficit may occur when revenues fall short of budget, such as due to falling enrollment, or when an agency has to cover expenditures with reserves.

UNDERSTANDING FY21 GENERAL FUND REVENUE

\$484,438,690

General Fund Total Revenues and Other Sources

How Much Was State Funded?

 **75%** = **\$6,109**
General Fund State Funded = Per Pupil Guaranteed Funding

Approximately 75% of General Fund revenues are received by the District through per-pupil funding from the State. In FY 21, Washoe County School District received \$6,109 per student. This funding comes to the District via the following revenue sources.

How Much Was Locally/Other Funded?

25%

General Fund

Locally/Other Funded

The remaining 25% of the General Fund's revenues are considered "local revenues." For these revenues, the District either keeps any excess revenues (i.e., when actual revenues exceed budget) or has to make up any shortfalls in revenues.



Guaranteed

FY 21 State Funding Sources



Funded by the State	\$364,958,942
---------------------	---------------

1/3 from Property Taxes	\$ 42,000,850
Local School Support Sales Tax	230,125,642
Direct School Funding (DSA)	92,832,450

Variable

FY 21 Local/Other Funding Sources



Funded Locally/Other	\$119,479,748
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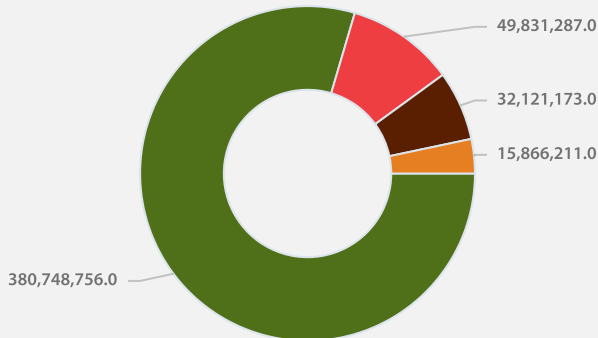
2/3 from Property Taxes	\$84,001,700
Motor Vehicles Registration	21,246,163
Special State Funding	5,168,185
Investment Earnings	96,425
Federal Revenues	352,056
Miscellaneous	5,451,974
Other Sources	3,163,245

INSIGHTS

The funding formula that Nevada uses to distribute monies to school districts is commonly called "the Nevada Plan." This hybrid funding model was created in 1967, and is set to be replaced with the new Pupil Centered Funding Plan in FY 22.

UNDERSTANDING FY21 GENERAL FUND EXPENDITURES

Where does the money go?



79.6%

General Fund expenditures directly support schools. With the addition of the Student Transportation and Maintenance Costs, that total increases to over 93%.

INSIGHTS

In FY21, total General Fund expenditures and interfund transfers were only 0.04% higher than FY20.

A significant reason for this was a decrease in enrollment of more than 2,000, compared to budgeted estimates. Due to COVID-19, many families chose to homeschool their students or left Washoe County, in part due to rising housing prices. Kindergarten enrollment fell by nearly 800, as many kindergarten-aged students were held back from attending school, due to concerns about the pandemic. This led to an associated reduction of teacher positions and other cost reductions.

Due to the "Great Resignation", the District also was challenged in filling many school support positions, resulting in additional vacancy savings.

General Fund Spending

Total Uses	FY 2020	FY 2021
Funding Directly to Schools	382,331,524	380,748,756
Operations & Maintenance	49,082,387	49,831,287
Student Transportation	16,489,799	15,866,211
Administrative Costs	30,482,069	32,121,173
Total	\$478,385,779	\$478,567,427

91%

General Fund expenditures go to salaries and benefits of district employees.

Salaries & Benefits	FY 2021	%
Salaries & Benefits	393,279,800	91
Non-Personnel Costs	38,969,005	9
Total	\$432,248,805	100

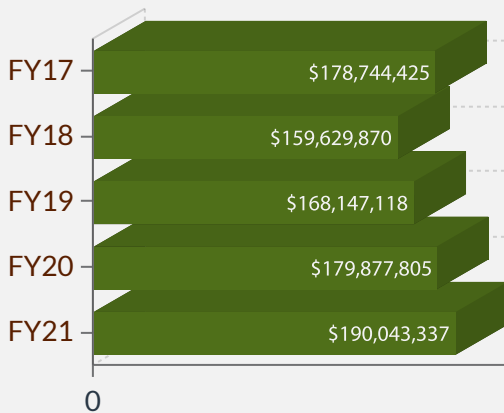
This includes only expenditures and not interfund transfers.

UNDERSTANDING FY 21 SPECIAL REVENUE FUNDS

\$190,043,337
Special Revenue Expenditures

Largest Funds

Special Revenue Expenditures



Special Education
\$89,732,401

Class Size Reduction
\$20,336,326

Federal Grants
\$17,735,746

State Grants
\$16,592,186

Title I
\$12,676,615

Other Special Revenue Funds
\$32,970,063

INSIGHTS

Total Special Education expenditures include Medicaid costs, costs covered by federal funding related to the Individuals with Disabilities Education Act (IDEA), and costs reported in the District's Special Education Fund.

The District met its Maintenance of Effort (MOE) requirement for special education services in FY21.

Because of the hybrid schedule at middle and high schools and the decrease in enrollment in FY21, the total number of Medicaid-eligible services and therefore costs for these services were slightly lower than in FY20. For the same reason, transportation costs for students with disabilities were also lower than the prior year.

Due to GASB Pronouncement 84, student activity funds are now reported as special revenue funds instead of fiduciary funds. This change increased special revenue fund expenditures by \$6.6 million in FY21.

Special Revenue Funds

Special Education: Educational services provided to students with special needs. Special education expenditures accounted for 47% of special revenue fund expenditures. A transfer from the general fund in the amount of \$43.3 million was required in FY21 to cover expenditures that exceeded federal and state special education support.

Class Size Reduction: To reduce class sizes in grades K - 3 by providing funding for additional teachers.

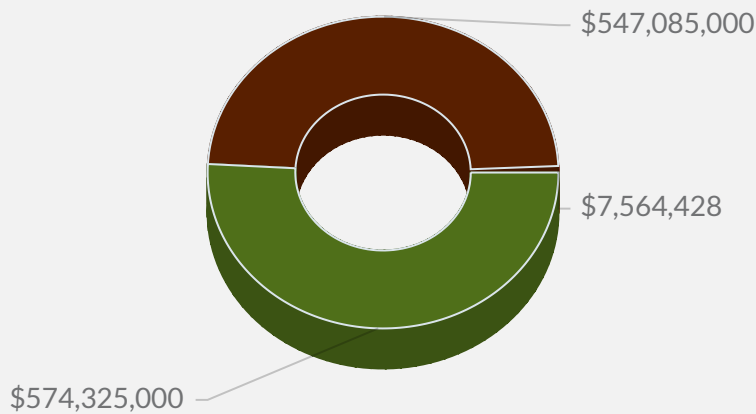
Federal Grants: Federal funding to support a variety of different initiatives. The district received \$15.3 million of federal relief through the Coronavirus Aid, Relief, and Economic Security Act (CARES) and Coronavirus Relief Funding (CRF). These funds were used to cover expenditures that were incurred due to the public health emergency with respect to the Coronavirus outbreak.

State Grants: State funding to support a variety of different initiatives. Victory Schools, Zoom, and Social Workers were some of the programs supported with these funds in FY21.

Title I: Financial assistance to schools with high numbers or high percentages of children from low-income families to help improve the academic achievement of disadvantaged students.

UNDERSTANDING OUR DEBT

Outstanding Indebtedness



General Obligation Bonds (Paid by Property Tax)	\$574,325,000
General Obligation Revenue Bonds (Paid by WC-1 Sales Tax)	\$547,085,000
Medium Term Bonds (for Fleet Purchases)	\$7,564,428

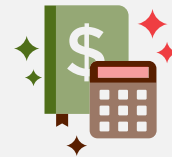
WCSD Debt Ratings

AA
Standard & Poors

Held Steady
December 2020

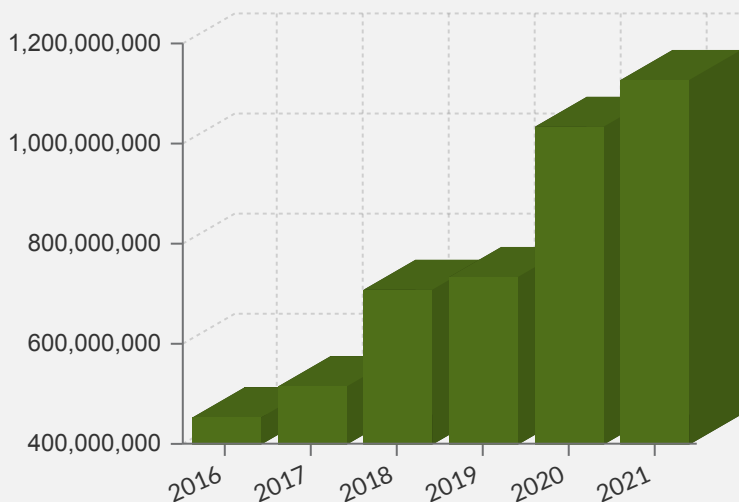
Aa3
Moody's

Held Steady
December 2020



District Debt is Increasing to Build New Schools

2016-2021



How Does the District Pay its Debt?



Property Tax
Revenues to Pay Debt:
\$67,872,850



WC-1 Sales Tax
Revenues to Pay Debt:
\$56,634,696

Annual Debt Service

\$60,244,911



**Paid by
Property Tax**

\$25,255,860



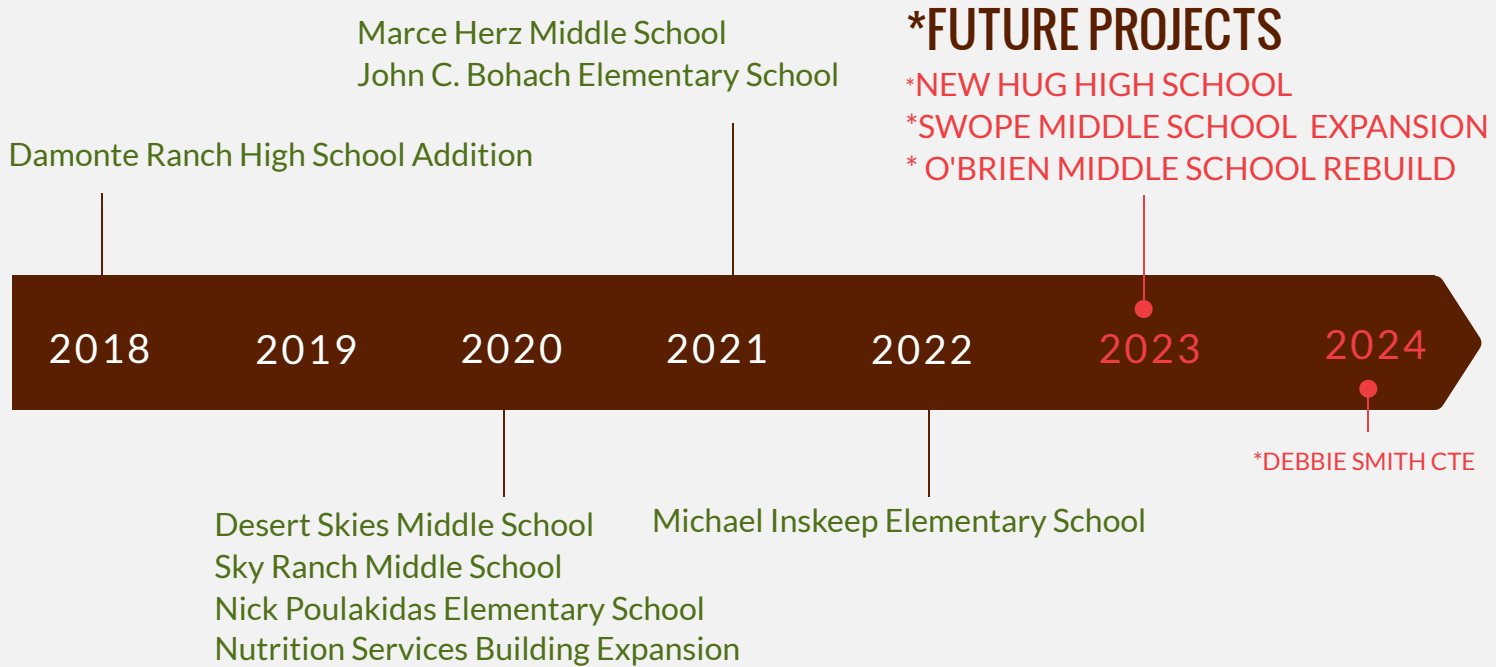
**Paid by WC-1
Sales Tax**

1.13 Ratio Revenue to
Debt Payments (FY21)

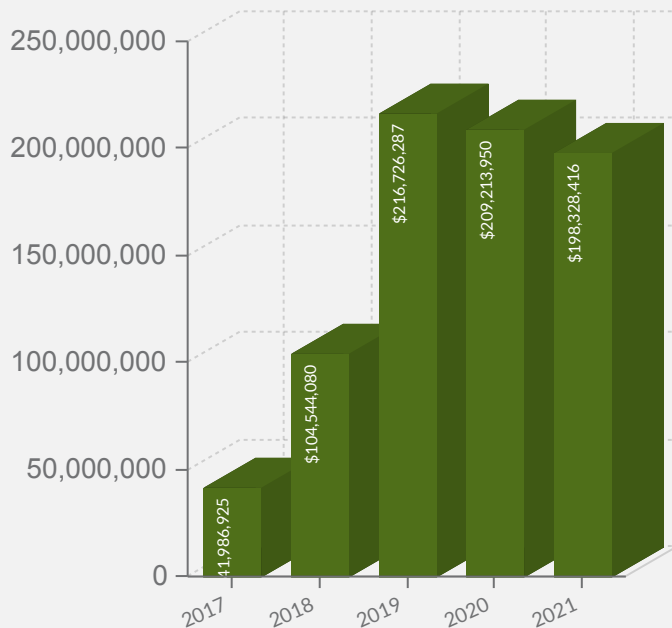
2.24 Ratio of Revenue to
Debt Payments (FY21)

CAPITAL PROJECTS

Promises Made, Promises Kept



Capital Project Spending



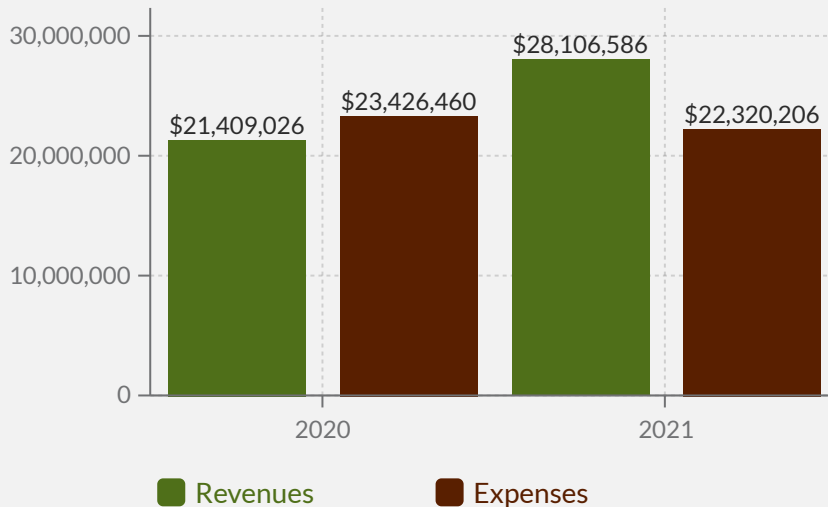
Includes expenditures only. Does not include interfund transfers.

INSIGHTS

The District uses a combination of long-term debt (see prior page) and cash reserves to build its new schools. Washoe County voters' passage of a 0.54% sales tax for school capital projects has allowed the District to address long-overdue overcrowded conditions at schools, as well to upgrade and repair many older schools.

FY 21 NUTRITION SERVICES at a GLANCE

Revenues & Expenses



INSIGHTS

- The Nutrition Services Fund pays for transactions relating to the food services provided to schools and other locations.
- The main objective is to provide healthy, nutritious meals to students.
- Due to the Families First Coronavirus Response Act, all Washoe County School District students received free meals during the second half of the school year.

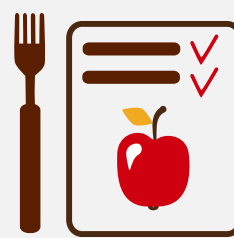
1

Last fiscal year the Nutrition Services fund had a loss of \$2,017,434 due to a pandemic related statewide lock-down. Schools were physically closed resulting in a cessation of meal service.

2

In FY21 the fund rebounded with an increase in net position of \$5,786,380 primarily due to the extra support and pandemic flexibilities extended by the federal government.

Meals Served



Breakfast
2,235,622

Lunch
3,399,495

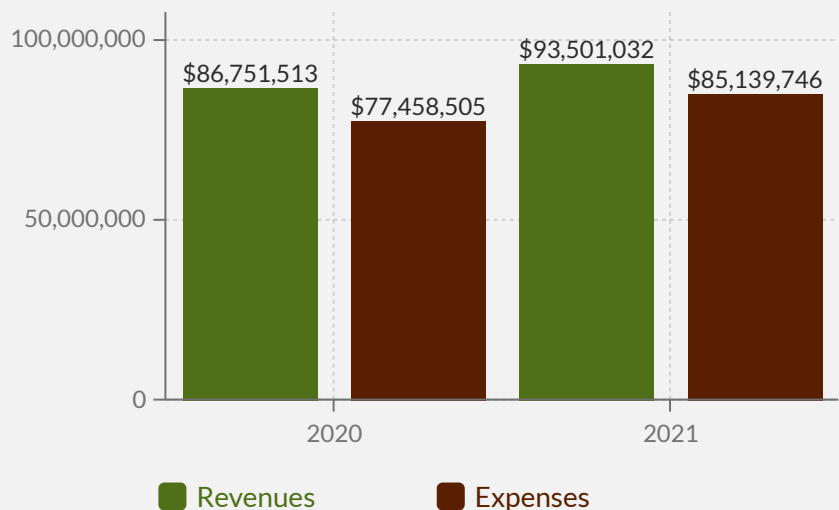
FY 21 INTERNAL SERVICES at a GLANCE

Internal Revenue Funds = Insurance Funds

INSIGHTS

- Property & Casualty Funds are for the self insured property and casualty costs of the District.
- Covers losses due to acts of nature, damage to property, etc.
- Health Insurance Funds account for the self insured employee health benefit costs of the District.
- Types of insurance provided are medical, dental, vision, life, and long term disability.

Revenues & Expenses



WASHOE COUNTY SCHOOL DISTRICT-FY21 FAST FACTS

2nd Largest School District in Nevada

2

New Schools Opened

7

Sponsored Charter Schools

109

Total Buildings Owned

75

Among the Seventy-five
Largest School Districts

6,342

Total Square Miles

Student Population by Race/Ethnicity



41.8%

Hispanic

2.5%

African American

1.4%

Pacific Islander

1.3%

American Indian

6.2%

Multiracial

4.2%

Asian

42.6%

White

Students = 61,599

27,406

Elementary Students in

Sixty-five

Schools

19,313

High School Students in

Fourteen

Comprehensive High Schools

13,811

Middle School Students in

Eighteen

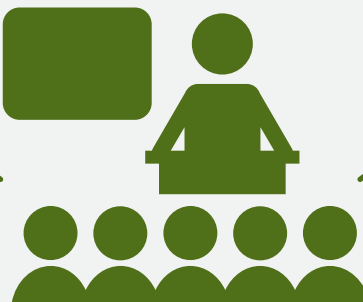
Schools

1,069

Students in

Five

Other Schools



**ONE HUNDRED & TWO
SCHOOLS**



Questions concerning any of the information provided in this report may be addressed by phone at 775-348-0312. Written inquiries and requests for copies of the Annual Comprehensive Financial Report (ACFR) should be addressed to:
Office of Business & Financial Services
PO Box 30425
Reno, NV 89512



Government Finance Officers Association

**Award for
Outstanding
Achievement in
Popular Annual
Financial Reporting**

Presented to

Washoe County School District

Nevada

For its Annual Financial Report
for the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO