

RatingsDirect®

Summary:

Washoe County School District, Nevada; General Obligation; School State Program

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Summary:

Washoe County School District, Nevada; General Obligation; School State Program

Credit Profile		
US\$100.0 mil GO bnds ser 2025 due 10/01/2055		
Long Term Rating	AA/Stable	New
Washoe Cnty Sch Dist GO		
Long Term Rating	AA/Stable	Affirmed

Credit Highlights

- S&P Global Ratings assigned its 'AA' long-term rating to Washoe County School District, Nev.'s roughly \$100 million series 2025 limited-tax general obligation (GO) school-improvement bonds.
- At the same time, S&P Global Ratings affirmed its 'AA' long-term rating and underlying rating (SPUR) on the district's existing GO debt.
- The outlook is stable.

Security

The district's full-faith-and-credit pledge, including the option to levy sufficient ad valorem taxes to cover annual principal-and-interest payments, secures the GO bonds. The ad valorem tax levy is subject to the state's statutory limit of \$3.64 per \$100 of assessed value. Despite tax-rate limitations, we rate the district's limited-tax pledge on par with its general creditworthiness, reflecting our view of its willingness and ability to pay debt service.

A lien on a 0.54% sales-and-use tax imposed in Washoe County additionally secures the series 2025 bonds and a portion of the district's existing GO debt. Based on the application of our criteria, "Methodology: Rating Approach To Obligations With Multiple Revenue Streams," published Nov. 29, 2011, we ultimately rate to the strength of the district's limited-tax GO pledge, which we view as the stronger security.

Officials intend to use series 2025 bond proceeds to finance the modernization of specific elementary and high-school facilities.

Credit overview

The rating reflects our view of the district's healthy economy, maintenance of balanced budgetary operations, and healthy reserves despite decreasing enrollment and growing fixed costs. It also reflects our belief that as the district consolidates and makes facility improvements, it could experience savings in operational costs over time.

The district is the second largest district in the state, centering around the Reno area in the north. It has seen ongoing income; employment; and property tax base growth recently, including a significant assessed value increase for 2024 following a countywide revaluation. Due to housing demand, home prices have become less affordable, which, coupled

with lower birthrates, has resulted in decreasing enrollment that the district expects will continue.

Despite enrollment decreases, the district has experienced positive operating results during the past several fiscal years. General statewide-education-funding increases led to an approximately 19% general fund revenue increase in fiscal 2024, offsetting negative effects of decreasing enrollment. The district posted surplus operating results in fiscal 2024, and per-pupil revenue has increased by 5% from fiscal years 2024-2025.

The district has outperformed recent budgetary projections, and it expects to end fiscal 2025 with surplus operations. It does not currently plan to draw on reserves; it has access to approximately \$100 million of debt-service funds, providing additional flexibility to fund potential capital needs. We view this as a credit strength since it insulates the operating fund from the burden of one-time costs. Due to the strength of district state aid, substantial reserves, and availability of its debt-service fund, we think the district will likely maintain balanced-to-positive operations during the next two fiscal years.

The rating reflects our view of the district's:

- Participation in a relatively large regional economy with income slightly more than national levels;
- Conservative budget practices and improved per-pupil-based state aid, which have helped support budget stability and positive operating results despite enrollment decreases;
- Use of comprehensive budget planning and forward-looking analysis when developing the budget--The district maintains a rolling five-year capital plan and standard investment- and debt-management and reserve policies, including a 12%-of-expenditures fund-balance target; it also maintains, and continues to enhance, cybersecurity measures; and
- Large nominal debt load that it expects to grow with likely debt issuances in 2026, as much as \$160 million, which we do not view as materially affecting our view of its debt profile--Pension and other postemployment benefit liabilities are well funded.
- For more information on our institutional framework assessment for Nevada school districts, see "Institutional Framework Assessment: Nevada Local Governments," published Sept. 9, 2024.

Environmental, social, and governance

We view the district as exposed to acute and long-term environmental factors that include regional exposure to drought, wildfires, and extreme heat. Although the district maintains an office of risk management, specific measures appear limited. We view social and governance factors as credit-neutral in our analysis. We note the district maintains enhanced cybersecurity practices and procedures to mitigate the risk of cyber-attacks.

Outlook

The stable outlook reflects S&P Global Ratings' expectation that the district will likely continue to manage its budget in a way that sustains balanced budgetary operations during the next two fiscal years despite a recent trend of decreasing enrollment.

Downside scenario

We could lower the rating if the district were to sustain budgetary imbalance or materially draw down available reserves.

Upside scenario

With all else equal, we could raise the rating if the district were to improve available reserves to levels we consider comparable with higher-rated peers and if the district were to improve its fixed-cost profile, which we view as a credit weakness.

Table 1

Washoe County School District, Nevada--credit summary	
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Management	1.70
Debt and liabilities	3.75

Table 2

Washoe County School District, Nevada--key credit metrics				
	Most recent	2024	2023	2022
Economy				
Real GCP per capita as a % of U.S.	98.0	--	--	98.0
County PCPI as a % of U.S.	119.0	--	--	119.0
Market value (\$000s)	90,576,677	83,453,083	63,705,737	60,963,691
Market value per capita (\$)	180,362	166,177	126,855	126,838
Top 10 taxpayers as a % of taxable value	3.2	3.2	4.1	3.9
County unemployment rate (%)	4.5	4.5	4.1	3.4
Local median household EBI as a % of U.S.	110.0	--	110.0	111.0
Local per capita EBI as a % of U.S.	109.0	--	109.0	108.0
Local population	502,193	--	502,193	480,642
Financial performance				
Operating fund revenue (\$000s)	--	633,199	524,728	522,225
Operating fund expenditures (\$000s)	--	533,675	470,476	463,487
Net transfers and other adjustments (\$000s)	--	(91,091)	(53,165)	(55,395)
Operating result (\$000s)	--	8,433	1,087	3,343
Operating result as a % of revenue	--	1.3	0.2	0.6
Operating result three-year average (%)	--	0.7	0.7	1.3
Enrollment	--	60,057	61,130	62,353
Reserves and liquidity				
Available reserves as a % of operating revenue	--	11.0	11.7	11.6
Available reserves (\$000s)	--	69,805	61,330	60,324

Summary: Washoe County School District, Nevada; General Obligation; School State Program

Table 2

Washoe County School District, Nevada--key credit metrics (cont.)				
	Most recent	2024	2023	2022
Debt and liabilities				
Debt service cost as a % of revenue	--	9.9	11.6	11.3
Net direct debt per capita (\$)	2,867	2,478	2,214	2,457
Net direct debt (\$000s)	1,440,035	1,244,452	1,111,981	1,181,165
Direct debt 10-year amortization (%)	40.0	43.0	--	--
Pension and OPEB cost as a % of revenue	--	6.0	7.0	8.0
NPLs per capita (\$)	--	1,820	1,820	1,935
Combined NPLs (\$000s)	--	914,235	914,235	929,863

Note: Financial data may reflect analytical adjustments and is sourced from issuer audit reports or other annual disclosures. Economic data is generally sourced from S&P Global Market Intelligence, the Bureau of Labor Statistics, Claritas, and issuer audits and other disclosures. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings Detail (As Of February 11, 2025)		
Washoe Cnty Sch Dist sch imp bnds (ltd tax) ser 2019B dtd 12/19/2019 due 10/01/2022-2049		
Long Term Rating	AA/Stable	Affirmed
Washoe Cnty Sch Dist GO		
Long Term Rating	AAA/Stable	Affirmed
Underlying Rating for Credit Program	AA/Stable	Affirmed
Washoe Cnty Sch Dist GO		
Long Term Rating	AA/Stable	Affirmed
Washoe Cnty Sch Dist GO bnds (ltd tax) rfdg bnds		
Long Term Rating	AA/Stable	Affirmed
Washoe Cnty Sch Dist GO ltd tax sch imp and rfdg bnds ser 2016A due 06/01/2036		
Long Term Rating	AA/Stable	Affirmed
Washoe Cnty Sch Dist GO (ltd tax) sch imp bnds		
Long Term Rating	AA/Stable	Affirmed
Washoe Cnty Sch Dist GO (ltd tax) sch imp bnds		
Long Term Rating	AA/Stable	Affirmed
Washoe Cnty Sch Dist GO (ltd tax) sch imp bnds ser 2020A dtd 05/07/2020 due 10/01/2022-2040 2045 2049		
Long Term Rating	AA/Stable	Affirmed
Washoe Cnty Sch Dist GO (AGI)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Washoe Cnty Sch Dist GO (BAM)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Washoe Cnty Sch Dist GO (BAM)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed
Washoe Cnty Sch Dist GO (BAM) (SECMKT)		
Unenhanced Rating	AA(SPUR)/Stable	Affirmed

Many issues are enhanced by bond insurance.

Summary: Washoe County School District, Nevada; General Obligation; School State Program

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