Research Update:

Washoe County School District, NV $124 Million Series 2026A-B Bonds Assigned 'AA' Rating

January 6, 2026

Overview

- S&P Global Ratings assigned its 'AA' long-term rating to Washoe County School District, Nev.'s $50 million series 2026A limited-tax general obligation (GO) school-improvement bonds and roughly $73.4 million series 2026B WC1 limited-tax bonds (additionally secured by pledged revenues).
- 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.

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Rationale

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 district's outstanding GO debt, and both the 2026A and 2026B 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 2026B bonds, which is how the district intends to service the debt. It also secures the district's existing WC1 GO debt. Based on the application of our criteria, "Methodology: Rating Approach To Obligations With Multiple Revenue Streams," 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 2026A and 2026B bond proceeds to finance the modernization of specific elementary and high school facilities.

Credit highlights

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 adjusts staff, continues to consolidate, and makes facility improvements, it will experience savings in operational costs over time.

The district is the second-largest district in the state, centering on the Reno area in the north, and it has seen ongoing income, population, and property tax base growth over the last several years. The district has navigated declining enrolment, which directly affects revenue for the district due to growing home prices and worsening affordability, coupled with lower birthrates.

Even so, the district has experienced positive operating results during the past several fiscal years due in part to general statewide education funding increases leading to an approximately 19% general fund revenue increase in fiscal 2024, offsetting negative effects of decreasing enrollment. The district has since continued to conservatively budget for enrollment, which, although still negative, outperformed in fiscal 2025, with breakeven results. Budgetary pressures have continued into fiscal 2026 as the district had to reduce a $9.7 million budget gap to $2.1 million prior to budget adoption. The district expects to end the year outperforming its budget with another balanced year given its conservative assumptions, vacancy savings, recently cut positions, and facility consolidation efforts, which will save the district about $1 million in fiscal year 2027 and about $7 million by fiscal year 2030.

The district's operating reserves have been sustained at similar levels over the last several years, and it does not currently plan to draw on that fund balance. It also has access to approximately $80 million in debt service reserve funds outside of the general fund that it can use for capital improvements on a pay-as-you-go basis. We believe this provides additional flexibility in case of emergency capital expenditures and insulates the operating fund from the burden of these one-time costs. Although the district continues to increase its fixed-cost burden, we believe prudent management and a dedicated sales tax levy allow for additional flexibility for the district to support its fixed-cost burden. We also believe savings from facility modernizations and capital footprint and staff rightsizing will lead to sustainable longer-term savings for the district and allow operations to remain balanced over the next two years.

The rating reflects our view of the following:

- The district participates in a relatively large regional economy, and incomes are slightly higher than the national levels.
- Conservative budget practices and improved per-pupil-based state aid have helped support budget stability and positive operating results despite enrollment decreases.
- The district uses comprehensive budget planning and forward-looking analysis when developing the budget. It 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.
- The debt load is large on a nominal basis and routinely grows with annual debt issuances, but amounts are not yet clear for future issuances. 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," 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, which in severe circumstances could damage the underlying tax base. 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 our expectation that the district will continue to manage its budget in a way that sustains its balanced budgetary operations over the next two years despite a recent trend of declining enrollment.

Downside scenario

We could lower the rating if the district were to sustain budgetary imbalance or materially draw down available reserve balance, or if future debt issuances cause current cost to materially increase above current levels.

Upside scenario

All else equal, we could raise the rating if the district were to improve available reserves to a level comparable with those of higher-rated peers nationally and improved its fixed costs profile, which we view as a credit weakness.

Washoe County School District, Nevada--credit summary

Institutional framework (IF)	2
Individual credit profile (ICP)	2.29
Economy	1.5
Financial performance	2
Reserves and liquidity	2
Management	1.70
Debt and liabilities	3.75

Washoe County School District, Nevada--key credit metrics

	Most recent	2025	2024	2023
Economy				
Real GCP per capita % of U.S.	99	--	--	99
County PCPI % of U.S.	117	--	--	117
Market value ($000s)	95,048,926	90,576,677	83,453,083	63,705,737
Market value per capita ($)	188,294	179,434	165,322	126,855
Top 10 taxpayers % of taxable value	3.3	3.3	3.2	4.1
County unemployment rate (%)	4.5	4.5	4.7	4.4
Local median household EBI % of U.S.	111	--	111	110

Washoe County School District, Nevada--key credit metrics

	Most recent	2025	2024	2023
Local per capita EBI % of U.S.	110	--	110	109
Local population	504,790	--	504,790	502,193
Financial performance				
Operating fund revenues ($000s)	--	651,073	633,199	524,728
Operating fund expenditures ($000s)	--	554,775	533,675	470,476
Net transfers and other adjustments ($000s)	--	(93,221)	(91,091)	(53,165)
Operating result ($000s)	--	3,077	8,433	1,087
Operating result % of revenues	--	0.5	1.3	0.2
Operating result three-year average %	--	0.7	0.7	0.7
Enrollment	--	59,677	60,057	61,130
Reserves and liquidity				
Available reserves % of operating revenues	--	11.1	11.0	11.7
Available reserves ($000s)	--	72,326	69,805	61,330
Debt and liabilities				
Debt service cost % of revenues	--	11.1	9.9	11.6
Net direct debt per capita ($)	3,056	2,759	2,465	2,214
Net direct debt ($000s)	1,542,650	1,392,650	1,244,452	1,111,981
Direct debt 10-year amortization (%)	36	42	43	44
Pension and OPEB cost % of revenues	--	9.0	6.0	7.0
NPLs per capita ($)	--	1,879	1,879	1,820
Combined NPLs ($000s)	--	948,631	948,631	914,235

Financial data may reflect analytical adjustments and are 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. Local population is sourced from Claritas. Claritas estimates are point in time and not meant to show year-over-year trends. GCP--Gross county product. PCPI--Per capita personal income. EBI--Effective buying income. OPEB--Other postemployment benefits. NPLs--Net pension liabilities.

Ratings List	
New Issue Ratings	
US$50.0 mil GO (ltd tax) sch imp bnds ser 2026A dtd 01/28/2026 due 06/01/2055	
Long Term Rating	AA/Stable
US$73.37 mil GO (ltd tax) sch imp bnds ser 2026B dtd 01/28/2026 due 10/01/2055	
Long Term Rating	AA/Stable
Ratings Affirmed	
Local Government	
Washoe Cnty Sch Dist, NV Limited Tax General Operating Pledge	AA/Stable
Pooled	
Washoe Cnty Sch Dist, NV Limited Tax General Operating Pledge and Gross Receipts Tax	AA/Stable

The ratings appearing below the new issues represent an aggregation of debt issues (ASID) associated with related maturities. The maturities similarly reflect our opinion about the creditworthiness of the U.S. Public Finance obligor's legal pledge for payment of the financial obligation. Nevertheless, these maturities may have different credit ratings than the rating presented next to the ASID depending on whether or not additional legal pledge(s) support the specific maturity's payment obligation, such as credit enhancement, as a result of defeasance, or other factors.

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