

PRELIMINARY OFFICIAL STATEMENT DATED MAY 29, 2019

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: S&P: "A+"
Moody's: "A1"
See "RATINGS"**

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Clark County School District, Nevada, General Obligation (Limited Tax) Building Bonds, Series 2019A (the "2019A 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 2019A Bonds (the "Tax Code"), and interest on the 2019A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See "TAX MATTERS – Federal Tax Matters" herein.

**\$200,000,000
Clark County School District, Nevada
General Obligation (Limited Tax)
Building Bonds
Series 2019A**

Dated: Date of Delivery

Due: June 15, as shown herein

The 2019A Bonds are issued as fully registered bonds in denominations of \$5,000, or any integral multiples thereof. The 2019A 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 2019A Bonds. Purchases of the 2019A Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2019A Bonds. See "THE 2019A BONDS--Book-Entry Only System." The 2019A Bonds bear interest at the rates set forth herein, payable semiannually on June 15 and December 15 of each year, commencing December 15, 2019, to and including the maturity dates shown herein (unless the 2019A Bonds are redeemed earlier), to the registered owners of the 2019A Bonds (initially Cede & Co.). The principal of the 2019A Bonds will be payable upon presentation and surrender at the principal operations office of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its successor as the paying agent for the 2019A Bonds. See "THE 2019A BONDS." Capitalized terms used on this cover page have the definitions stated herein.

The maturity schedule for the 2019A Bonds appears on the inside cover page of this Official Statement.

The 2019A Bonds are subject to redemption prior to maturity at the option of the District as described in "THE 2019A Bonds—Prior Redemption." The 2019A Bonds are also subject to mandatory sinking fund redemption as described in "THE 2019A Bonds – Prior Redemption."

Proceeds of the 2019A Bonds will be used to: (i) acquire, construct, improve, and equip school facilities of the District; and (ii) pay the costs of issuing the 2019A Bonds. See "SOURCES AND USES OF FUNDS."

The 2019A 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, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes and further subject to statutory limitations on the amount of redemption premium that may be paid. See "SECURITY FOR THE 2019A BONDS."

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 2019A Bonds are offered when, as, and if issued by the District, subject to the approval of legality of the 2019A Bonds by Sherman & Howard L.L.C., Las Vegas, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Sherman & Howard L.L.C., also has acted as special counsel to the District in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the District by its General Counsel. Zions Public Finance, Las Vegas, Nevada, is acting as Municipal Advisor to the District. It is expected that the 2019A Bonds will be available for delivery through the facilities of DTC, on or about June 26, 2019.

Official Statement dated June , 2019.

MATURITY SCHEDULES
(CUSIP® 6-digit issuer number: _____)

\$200,000,000
CLARK COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) BUILDING BONDS
SERIES 2019A

Maturing (June 15)	Principal <u>Amount*</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP® Issue <u>Number</u>	Maturing (June 15)	Principal <u>Amount*</u>	Interest <u>Rate</u>	<u>Yield</u>	CUSIP® Issue <u>Number</u>
2021	\$6,610,000				2031	\$10,665,000			
2022	6,875,000				2032	11,195,000			
2023	7,220,000				2033	11,755,000			
2024	7,580,000				2034	12,345,000			
2025	7,960,000				2035	12,965,000			
2026	8,355,000				2036	13,610,000			
2027	8,775,000				2037	14,290,000			
2028	9,210,000				2038	15,005,000			
2029	9,675,000				2039	15,755,000			
2030	10,155,000								

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the 2019A 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 2019A 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 2019A 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 2019A 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 2019A Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2019A 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 2019A 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 2019A BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASERS (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 PURCHASERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2019A BONDS, THE INITIAL PURCHASERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2019A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME

CLARK COUNTY SCHOOL DISTRICT, NEVADA

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MUNICIPAL ADVISOR

Zions Public Finance
Las Vegas, Nevada

BOND AND SPECIAL COUNSEL

Sherman & Howard L.L.C.
Las Vegas, Nevada

REGISTRAR AND PAYING AGENT

The Bank of New York Mellon Trust Company, N.A.
Dallas, Texas

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OFFICIAL STATEMENT

\$200,000,000

**CLARK COUNTY SCHOOL DISTRICT, NEVADA
GENERAL OBLIGATION (LIMITED TAX) BUILDING BONDS
SERIES 2019A**

INTRODUCTION

General

This Official Statement, including the cover page, the inside cover page and the appendices, is furnished by the Clark County School District, Nevada (the “District” and the “State,” respectively), to provide information about the District and its \$200,000,000 General Obligation (Limited Tax) Building Bonds, Series 2019A (the “2019A Bonds”). The 2019A Bonds will be issued pursuant to a bond resolution adopted by the Board of Trustees of the District (the “Board”) on May 16, 2019. The Board resolution which approved the 2019A Bonds is referred to herein as the “2019A Bond Resolution.”

The offering of the 2019A 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 2019A 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.

The Issuer

General. The District is a political subdivision of the State organized pursuant to Nevada Revised Statutes (“NRS”) Chapter 386. The District’s boundaries are coterminous with those of Clark County, Nevada (the “County”). The District covers an area of approximately 8,012 square miles in the southern portion of the State. The District serves the unincorporated areas of the County and the following incorporated municipalities located within the District: Las Vegas, North Las Vegas, Henderson, Boulder City and Mesquite. See “CLARK COUNTY SCHOOL DISTRICT.”

Ongoing Reorganization. Pursuant to Assembly Bill No. 394 (“AB 394”), enacted in 2015, Assembly Bill No. 469 (“AB 469”) enacted in 2017 and a Plan of Reorganization adopted by the Nevada Legislative Counsel Bureau on September 9, 2016 (the “Reorganization Plan”), the District is being reorganized beginning with the 2017-2018 school year. Although the District has incurred and is expected to continue to incur expenses in connection with the reorganization, the reorganization is not expected to have any impact on the security for the 2019A Bonds or the District’s ability to repay the 2019A Bonds or its outstanding debt. See “CLARK COUNTY SCHOOL DISTRICT—District Organization and Divisions--Ongoing Reorganization.”

Authority for Issuance

The 2019A Bonds are issued pursuant to the constitution and laws of the State, including: the Local Government Securities Law, NRS 350.500 through 350.720, as amended; NRS 350.020 through 350.070, as amended; chapter 348 of NRS; NRS 350.105 through 350.195; and the 2019A Bond Resolution.

Purpose

Proceeds of the 2019A Bonds will be used to (i) finance the acquisition, construction, improvement, and equipment of school facilities within the District (the “2019A Improvement Project”); and (ii) pay the costs of issuing the 2019A Bonds. See “SOURCES AND USES OF FUNDS.”

Security for the 2019A Bonds

All of the 2019A Bonds, as to principal and interest and any prior redemption premiums thereon (the “Bond Requirements”), shall constitute general obligations of the District. The full faith and credit of the District is pledged for the payment of the Bond Requirements, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes and further subject to statutory limitations on the amount of redemption premium that may be paid, as described herein. Generally, the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation. See “SECURITY FOR THE 2019A BONDS--General Obligations.” Pursuant to State law, taxes levied for the payment of bonded indebtedness, including the 2019A Bonds, enjoy a priority over taxes levied by each overlapping taxing unit for all other purposes where reduction is necessary in order to comply with the statutory limitations described in “PROPERTY TAX INFORMATION--Property Tax Limitations.”

For information on the District’s currently outstanding general obligation bonds, see “DEBT STRUCTURE--Outstanding Bonded Indebtedness and Other Obligations.” The District may issue additional bonds, including refunding bonds, at any time legal requirements are satisfied.

The 2019A Bonds; Prior Redemption

The 2019A Bonds are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiples thereof. The 2019A 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 2019A Bonds. Purchases of the 2019A Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2019A Bonds. See “THE 2019A BONDS--Book-Entry Only System.” The 2019A 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 2019A Bonds is described in “THE 2019A BONDS--Payment Provisions.”

The 2019A Bonds are subject to redemption prior to maturity at the option of the District as described in “THE 2019A BONDS--Prior Redemption.” The 2019A Bonds are also

subject to mandatory sinking fund redemption as described in “THE 2019A Bonds – Prior Redemption.”

Professionals

Sherman & Howard L.L.C., Las Vegas, Nevada, has acted as Bond Counsel in connection with the 2019A Bonds and also has acted as special counsel to the District in connection with the preparation of this Official Statement. Certain legal matters will be passed on for the District by its General Counsel. Zions Public Finance, Las Vegas, Nevada, is acting as the municipal advisor (the “Municipal Advisor”) to the District. See “MUNICIPAL ADVISOR.” The audited basic financial statements of the District, attached to this Official Statement as Appendix A, include the report of Eide Bailly LLP, certified public accountants, Las Vegas, Nevada. See “INDEPENDENT AUDITORS.” The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, will act as Registrar and Paying Agent for the 2019A Bonds (the “Registrar” and “Paying Agent”).

Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2019A 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 2019A Bonds (the “Tax Code”), and interest on the 2019A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See “TAX MATTERS--Federal Tax Matters.”

In the opinion of Bond Counsel, the 2019A 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 “Disclosure Certificate”) at the time of the closing for the 2019A Bonds. See “CONTINUING DISCLOSURE” and Appendix C – Form of Continuing Disclosure Certificate.

Certain Risks

General. The purchase of the 2019A Bonds involves certain investment risks that are discussed throughout this Official Statement. Accordingly, each prospective purchaser of the 2019A Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision.

Risks Related to Ongoing District Reorganization. The Reorganization Plan was initiated for the 2017-2018 school year. See “INTRODUCTION--The Issuer--Ongoing Reorganization” above. It is not yet possible to determine the final impact of the Reorganization Plan and AB 469 on the District. The Reorganization Plan is described in more detail in

“CLARK COUNTY SCHOOL DISTRICT—District Organization and Divisions--Ongoing Reorganization.”

General Risks Related to Property Taxes. Due to the statutory process required for the levy of taxes, there may be a delay in the availability of revenues to pay debt service on the 2019A Bonds. Such delays could result in a delay in the payment of debt service on the 2019A Bonds. See “PROPERTY TAX INFORMATION--Property Tax Collections.” Numerous other 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.

Limitations on Remedies - No Acceleration. There is no provision for acceleration of the maturity of the principal of the 2019A Bonds in the event of a default in the payment of principal of, or interest on, the 2019A Bonds. Consequently, remedies available to the owners of the 2019A Bonds may have to be enforced from year to year.

Limitations on Remedies - Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2019A Bonds and the obligations incurred by the District in issuing the 2019A 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 2019A 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.

Changes in Laws. Various State laws apply to the imposition, collection, and expenditure of ad valorem property taxes as well as to the operation and finances of the District, including State funding of education.

The Nevada Legislature determines the amount of State funds that will be distributed to school districts in each year pursuant to statutory funding formulas. In response to the difficult economic situation experienced in the State during approximately 2008-2013, the Nevada Legislature took action to reduce the amount of State funding to school districts (including the District). These actions included reducing the per-pupil amounts paid to the District and providing that specified amounts on deposit in the District’s Capital Projects Fund could be applied as local funds in the General Fund and used for operating purposes for the 2009-2011 and 2011-2013 bienniums rather than for capital projects. For fiscal years 2014-2019, however, State funding for school districts has maintained consistently higher levels than in the 2009-2013 period, and is expected to increase in fiscal year 2020, based upon the 2020 Final

Budget. See “DISTRICT FINANCIAL INFORMATION--General Operating Fund.” 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 property taxes.

Fiscal Watch Status. In January 2018, the Committee on Local Government Finance approved a recommendation of the State Department of Taxation to place the District on “fiscal watch status,” which requires the District to send monthly statements and provide periodic updates to the Committee on Local Government Finance. The recommendation was based in part on the District’s recent declines in ending fund balances in the General Operating Fund. See “History of Revenues and Expenditures and Budget Information – General Operating Fund.”

Forward-Looking Statements

This Official Statement, particularly (but not limited to) the sections entitled “CERTAIN RISKS,” “DISTRICT FINANCIAL INFORMATION--Chief Financial Officer’s Analysis of Material Financial Trends and Recent Developments,” and statements throughout this Official Statement referring to budgeted or estimated information for fiscal years 2019, 2020 or future years, contains 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 2019A Bonds and could impact the availability of revenues to pay debt service on the 2019A Bonds.

Additional Information

This introduction is only a brief summary of the provisions of the 2019A Bonds and the 2019A Bond Resolution; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2019A Bonds, the 2019A Bond Resolution and the District are included in this Official Statement. All references herein to the 2019A Bonds, the 2019A 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 Municipal Advisor:

District:

Clark County School District, Nevada
Attn: Chief Financial Officer
5100 West Sahara Avenue
Las Vegas, Nevada 89146
Telephone: (702) 799-5452

Municipal Advisor:

Zions Public Finance
230 Las Vegas Boulevard South
Suite 200
Las Vegas, Nevada 89101
(702) 796-7080

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds of the 2019A Bonds are expected to be applied in the manner set forth in the following table.

Sources and Uses of Funds

	<u>2019A Bonds</u>
SOURCES:	
Principal amount.....	\$200,000,000.00
Net reoffering premium/discount	_____
Total	=====
USES:	
2019A Project.....	_____
Costs of issuance (including underwriting discount) ⁽¹⁾	_____
Total	=====

⁽¹⁾ See "UNDERWRITING."

Source: The Municipal Advisor.

The 2019A Improvement Project

The net proceeds of the 2019A Bonds will be used to acquire, construct, improve, and equip school facilities of the District pursuant to the 2015 Capital Improvement Program. See "CLARK COUNTY SCHOOL DISTRICT--District Facilities and Capital Improvement Plan."

THE 2019A BONDS

General

The 2019A Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiples thereof. The 2019A Bonds will be dated as of their date of delivery and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) and mature as set forth on the inside cover page of this Official Statement. The 2019A Bonds initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the 2019A Bonds. Purchases of the 2019A Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2019A Bonds. See “Book-Entry Only System” below.

Payment Provisions

Interest on the 2019A Bonds is payable on each June 15 and December 15, commencing December 15, 2019. Payment of interest on any 2019A Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or, if such 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 as shown on the registration records kept by the Registrar as of the close of business on the last day of the calendar month next preceding such interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the “Regular Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the registered owner thereof as shown on the registration records of the Registrar as of the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof, as shown on the registration records of the Registrar as of the close of business on a special record date fixed for the purpose of paying any such defaulted interest (the “Special Record Date”). Such Special Record Date shall be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given not less than ten days prior thereto by first-class mail to each registered owner as shown on the Registrar’s registration records as of 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 2019A Bond by such alternative means as may be mutually agreed upon between the registered owner of such 2019A Bond and the Paying Agent (but the District shall not be required to make funds available to the Paying Agent prior to the date on which such funds are due for payment to the owners of the 2019A Bonds). The principal of and redemption premium, if any, on any 2019A Bond shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption and upon presentation and surrender at the corporate trust office of the Paying Agent, or such other office as designated by the Paying Agent. If any 2019A Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by the 2019A Bond until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

Notwithstanding the foregoing, payments of the principal of and interest on the 2019A 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 2019A 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.

Prior Redemption

Optional Redemption.* The 2019A Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after June 15, 2028, shall be subject to redemption prior to their respective maturities, at the option of the District, as directed by the Chief Financial Officer, on and after June 15, 2027, in whole or in part at any time, from such maturities as are selected by the District, as directed by the Chief Financial Officer, and if less than all of the 2019A Bonds of a maturity are to be redeemed, the 2019A Bonds of such maturity are to be redeemed by lot within a maturity (giving proportionate weight to 2019A Bonds in denominations larger than \$5,000), in such manner as the Paying Agent may determine, at a price equal to the principal amount of each 2019A Bond or portion thereof so redeemed and accrued interest thereon to the redemption date, without a redemption premium.

Mandatory Sinking Fund Redemption.* The 2019A Bonds maturing on June 15, 20__ (the "Term Bonds"), are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof and accrued interest to the redemption date. As and for a sinking fund for the redemption of the Term Bonds, there shall be deposited into the Principal Account on or before each June 15, a sum which, together with other moneys available therein is sufficient to redeem (after credit is provided below) on the following dates and the principal amounts, plus accrued interest to the redemption date:

<u>June 15</u>	<u>Amount</u>
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Not more than 60 days nor less than 20 days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such a manner as the Registrar may determine) from all outstanding Term Bonds, a principal amount of the Term Bonds equal to the aggregate principal amount of the Term Bonds redeemable with the required sinking fund payments, and shall call such Term Bonds or portions thereof for redemption from the sinking fund on the next principal payment date, and give notice of such call as provided in the Bond Resolution.

At the option of the District to be exercised by delivery of a written certificate to the Registrar not less than sixty days next preceding any sinking fund redemption date, it may (i) deliver to the Registrar for cancellation Term Bonds, or portions thereof (\$5,000 or any integral

* Subject to change.

multiple thereof) in an aggregate principal amount desired by the District or, (ii) specify a principal amount of Term Bonds, or portions thereof (\$5,000 or any integral multiple thereof) which prior to said date have been redeemed (otherwise than through the operation of the sinking fund) and canceled by the Registrar and not theretofore applied as a credit against any sinking fund redemption obligation. Each Term Bond or portion thereof so delivered or previously redeemed which is a part of the maturity which would be subject to mandatory redemption on the following principal payment date shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the District on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the District determines. In the event the District shall avail itself of the provisions of clause (i) of the first sentence of this paragraph, the certificate required by the first sentence of this paragraph shall be accompanied by the respective Term Bonds or portions thereof to be canceled, or in the event the Term Bonds are registered in the name of Cede & Co., as provided in the Bond Resolution, the certificate required by the first sentence of this paragraph shall be accompanied by such direction and evidence of ownership as is satisfactory to The Depository Trust Company.

Notice of Redemption. Unless waived by any registered owner of a 2019A Bond to be redeemed, notice of prior redemption shall be given by the Registrar, electronically as long as the nominee of DTC or a successor depository is the registered owner of the 2019A Bonds, and otherwise by first class mail, at least 20 days but not more than 60 days prior to the redemption date to the Municipal Securities Rulemaking Board (the "MSRB") via its Electronic Municipal Market Access System and to the registered owner of any 2019A 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. The notice shall identify the applicable 2019A Bonds and state that on such date the principal amount thereof, and premium, if any, thereon will become due and payable at the office designated by the Paying Agent (accrued interest to the redemption date being payable by mail or as otherwise provided in the 2019A Bond Resolution), and that after such redemption date interest will cease to accrue. After such notice and presentation of said 2019A Bonds, the 2019A Bonds called for redemption will be paid. Actual receipt of the notice by the MSRB or any registered owner of 2019A Bonds shall not be a condition precedent to redemption of such 2019A Bonds. Failure to give such notice to the MSRB or to the registered owner of any 2019A Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2019A Bond. A certificate by the Registrar that notice of call and redemption has been given as provided in the 2019A Bond Resolution shall be conclusive as against all parties; and no owner whose 2019A Bond is called for redemption or any other owner of any 2019A 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 provisions of the 2019A Bond Resolution, any notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the 2019A 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 2019A Bonds called for redemption in the same manner as the original redemption notice was given.

Tax Covenant

In the 2019A Bond Resolution, the District covenants for the benefit of the registered owners of the 2019A Bonds that it will not take any action or omit to take any action with respect to the 2019A Bonds, the proceeds thereof, any other funds of the District or any project financed or refinanced with the proceeds of the 2019A Bonds if such action or omission (i) would cause the interest on the 2019A Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the 2019A Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2019A 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 (as defined in the 2019A Bond Resolution) of any 2019A Bond have been duly paid, the pledge and lien and all obligations thereunder as to that 2019A Bond shall thereby be discharged and the 2019A Bonds shall no longer be deemed to be Outstanding within the meaning of the 2019A Bond Resolution. There shall be deemed to be due payment of any Outstanding 2019A Bond or other security when the District has placed in escrow or in trust with a trust bank 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 2019A Bond or other security, as the same become due to the final maturity of the 2019A Bond or other security, 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 2019A Bond or other security for payment then. 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 purpose of the previous paragraph, "Federal Securities" means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States, shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the holder thereof.

Book-Entry Only System

The 2019A 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 2019A Bonds. The ownership of one fully registered 2019A Bond for each maturity in each series, as set forth on the inside cover page of this Official Statement, in the aggregate principal amount of such maturity coming due thereon, 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 2019A BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE OWNERS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

Neither the District nor the Registrar and 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 2019A 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 2019A Bonds in each fiscal year. See “DEBT STRUCTURE--District Debt Service Requirements” for information on the debt service due on all of the District’s outstanding general obligation bonds.

Debt Service Requirements^{(1)*}

<u>Fiscal Year⁽²⁾</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ --		
2021	6,610,000		
2022	6,875,000		
2023	7,220,000		
2024	7,580,000		
2025	7,960,000		
2026	8,355,000		
2027	8,775,000		
2028	9,210,000		
2029	9,675,000		
2030	10,155,000		
2031	10,665,000		
2032	11,195,000		
2033	11,755,000		
2034	12,345,000		
2035	12,965,000		
2036	13,610,000		
2037	14,290,000		
2038	15,005,000		
2039	15,755,000		
Total	<u>\$200,000,000</u>	<u></u>	<u></u>

(1) Totals may not add due to rounding.

(2) The District’s fiscal year ends on June 30 of each calendar year shown. Debt service in each fiscal year includes the payment of principal and interest on June 15 in each calendar year shown and the payment of interest on the preceding December 15.

Source: The Municipal Advisor.

* Subject to change.

SECURITY FOR THE 2019A BONDS

General Obligations

General. The 2019A 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 2019A Bonds, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “PROPERTY TAX INFORMATION--Property Tax Limitations.” The 2019A 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. Historically, the District has paid debt service on its general obligation (limited tax) bonds with proceeds of its \$0.5534 tax rate for debt service (described below), and expects to pay debt service on the 2019A Bonds in a similar manner; however, in the event that such legally available sources of funds are insufficient, the District is obligated to levy a general (ad valorem) tax (the “General Tax”) on all taxable property within the District for payment of the 2019A Bonds, subject to the limitations provided in the constitution and statutes of the State. Due to the statutory process required for the levy of taxes, in any year in which the District is required to levy a General Tax, there may be a delay in the availability of revenues to pay debt service on the 2019A Bonds. See “PROPERTY TAX INFORMATION--Property Tax Collections.”

Limitations on Property Tax Revenues; Priorities for 2019A Bonds. 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 County, any city, any special district, and the District) in each year. For example, generally, pursuant to NRS 387.195(1), the combined overlapping tax rate is limited by statute to \$3.64 per \$100 of assessed valuation. 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 the 2019A Bonds), including interest on such indebtedness. See “PROPERTY TAX INFORMATION--Property Tax Limitations.”

District Tax Levies

The District’s property tax rate has been \$1.3034 since fiscal year 1998, consisting of the \$0.5534 tax rate for debt service and the District’s statutorily mandated \$0.7500 tax rate for operating purposes (tax rates generally are expressed herein as a number equal to \$x.xxxx per \$100 of assessed value). See “PROPERTY TAX INFORMATION.” At an election held on November 3, 1998 (the “1998 Election”), District voters approved a proposal that allowed the District to issue general obligation bonds for school construction purposes until June 30, 2008 (extended through March 4, 2025, as explained below), provided that the Board made a finding that the proposed bonds (including the 2019A Bonds) could be paid within the existing \$0.5534 tax rate for debt service. Those findings required approval of the County Debt Management Commission and the County Oversight Panel for School Facilities. The District currently expects to repay all outstanding bonds issued pursuant to such authorization (including the 2019A Bonds) without increasing its tax rate for debt service of \$0.5534. However, 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. In 2015, the Nevada Legislature adopted Senate Bill No. 119 (“SB 119”) and Senate Bill No. 207 (“SB 207”), which authorize school districts with prior voter approval (such as the 1998 Election) to issue general obligation bonds in certain circumstances for an additional ten year period (which expires on March 4, 2025) so long as existing tax rates are not increased to pay such bonds. See the discussion in “DISTRICT FINANCIAL INFORMATION—Chief Financial Officer’s Analysis of Material Financial Trends and Recent Developments.” The 2019A Bonds are issued pursuant to SB 119 and SB 207.

2019A Bond Resolution Irrepealable

The 2019A Bond Resolution provides that after the 2019A Bonds are issued, the 2019A Bond Resolution shall constitute an irrevocable contract between the District and the registered owner or owners of the 2019A Bonds; and the 2019A Bond Resolution shall be and shall remain irrepealable until the related 2019A Bonds, as to all 2019A Bond Requirements, shall be fully paid, canceled and discharged as provided in the 2019A Bond Resolution.

Other 2019A Bond Security Matters

No Repealer. State statutes provide that no act concerning the 2019A Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2019A Bonds or their security until all of the 2019A Bonds have been discharged in full or provision for their payment and redemption has been fully made.

No Pledge of Property. The 2019A Bonds are general obligations of the District, subject to the limitations described herein, but the payment of the 2019A Bonds is not secured by an encumbrance, mortgage or other pledge of property of the District.

No Recourse. No recourse shall be had for the payment of the 2019A Bond Requirements or for any claim based thereon or otherwise upon the 2019A 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.

Amendment of 2019A Bond Resolution

The 2019A Bond Resolution may be amended by the District without the consent of or notice to the holders of the 2019A Bonds for the purpose of curing any ambiguity or formal defect or omission therein. No such amendment, unless consented to by the 2019A Bondholder adversely affected thereby, shall permit: (1) a change in the maturity or in the terms of redemption of the principal of any outstanding 2019A Bond or any installment of interest thereon; (2) a reduction in the principal amount of any 2019A Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or (3) the establishment of priorities as between 2019A Bonds issued and outstanding under the provisions of the 2019A Bond Resolution.

PROPERTY TAX INFORMATION

Property Tax Base

The State Department of Taxation reports the assessed valuation of property within the District for the fiscal year ending June 30, 2019, to be \$87,432,856,574 (including the valuation attributable to the Redevelopment Agencies). That assessed valuation represents an increase of 7.5% from the assessed valuation for fiscal year 2018. The State Department of Taxation reports the assessed valuation of property within the District for the fiscal year ending June 30, 2020, to be \$95,588,746,597 (including the valuation attributable to the Redevelopment Agencies and as of March 24, 2019; subject to change). That assessed valuation represents an increase of 9.3% from the assessed valuation for fiscal year 2019.

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 State Tax Commission). While the 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, it is the policy of the Clark County Assessor to reappraise all real and secured personal property in the District each year. State law requires that property be assessed at 35% of taxable value; that percentage may be adjusted upward or downward by the Nevada Legislature. Based on the assessed valuation for fiscal year 2019, the taxable value of all taxable property within the District is \$249,808,161,640 (including the taxable value attributable to the Redevelopment Agencies. Based on the assessed valuation for fiscal year 2020, the taxable value of all taxable property within the District is \$273,110,704,563 (including the taxable value attributable to the Redevelopment Agencies and as of March 24, 2019; subject to change).

“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 State 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, including the assessed values attributable to the Boulder City Redevelopment Agency, the Clark County Redevelopment Agency, the Henderson Redevelopment Agency, the Las Vegas

Redevelopment Agency, the Mesquite Redevelopment Agency and the North Las Vegas Redevelopment Agency (collectively, the “Redevelopment Agencies”). However, due to property tax abatement laws enacted in 2005 (described in “Required Property Tax Abatements” below) the taxes collected by taxing entities within the County are capped and there is no longer a direct correlation between changes in assessed value and property tax revenue.

History of Assessed Value and Property Tax Revenues

Fiscal Year ⁽²⁾	Assessed Value			Property Tax Revenues ⁽¹⁾		
	District	Redevelopment Agencies	Total	Percent Change	Amount	Percent Change
2011	\$63,926,261,627	\$1,832,364,244	\$65,758,625,870	--	\$812,060,101	--
2012	57,878,335,897	1,176,499,255	59,054,835,152	(10.2)%	742,388,877	(8.6)%
2013	54,195,268,097	1,030,444,078	55,225,712,175	(6.5)	695,417,741	(6.3)
2014	55,220,637,749	1,076,210,139	56,296,847,888	1.9	694,355,521	(0.2)
2015	62,904,942,089	1,347,691,561	64,252,633,650	14.1	718,576,365	3.5
2016	69,266,468,466	1,788,784,767	71,055,253,233	10.6	754,356,464	5.0
2017	74,597,622,262	2,035,576,833	76,633,199,095	7.9	776,047,719	2.9
2018	78,890,801,494	2,415,329,758	81,306,131,252	6.1	818,051,992	5.4
2019	84,428,728,091	3,004,128,483	87,432,856,574	7.5	861,280,512 ⁽⁴⁾	5.3
2020	92,239,056,371 ⁽³⁾	3,349,690,226 ⁽³⁾	95,588,746,597 ⁽³⁾	9.3	914,943,000 ⁽⁴⁾	6.2

- (1) Represents the District’s total ad valorem property tax revenues (General Fund and Debt Service Fund) each fiscal year, presented in this table to show the relationship between the annual percentage change in assessed value and the annual percentage change in ad valorem property tax revenues. See “Property Tax Collections--Effect of Abatement” below.
- (2) Represents fiscal years ending June 30 of each year indicated.
- (3) As of March 24, 2019; subject to change.
- (4) Reflects budgeted property tax revenues for fiscal years 2018-2019 and 2019-2020; actual property tax revenues are likely to vary from the amount budgeted. See “INTRODUCTION—Forward-Looking Statements.”

Sources: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2010-2011 through 2019-2020 (as of March 24, 2019), District financial statements and 2020 Final Budget.

Property taxes received as a result of the District’s \$0.7500 tax rate for operating purposes on the assessed value of Redevelopment Agencies (as shown in the table above) are not transferred to the District, but rather are transferred to the Redevelopment Agencies to be used for redevelopment purposes; however, property taxes levied on the assessed value of the Redevelopment Agencies for all bonded indebtedness approved by the voters (currently consisting of the District’s current \$0.5534 tax rate for debt service) have been retained by the District since the beginning of fiscal year 2017.

Property Tax Collections

In Nevada, county assessors are responsible for assessments in the counties except for property centrally assessed by the State. 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 2019A*

Bonds. The table below provides information with respect to the historic collection rates for the County and 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 - Clark County, Nevada⁽¹⁾

Fiscal Year			% of Levy	Delinquent		Total Tax
Ending	Net Secured	Current Tax	(Current)	Tax	Total Tax	Total Tax
<u>June 30</u>	<u>Roll Tax Levy⁽²⁾</u>	<u>Collections</u>	<u>Collected</u>	<u>Collections</u>	<u>Collections</u>	<u>Collections as %</u>
						<u>of Current Levy⁽³⁾</u>
2014	\$1,467,919,766	\$1,453,556,514	99.02%	\$14,180,929	\$1,467,737,443	99.99%
2015	1,515,680,975	1,506,108,484	99.37	9,314,690	1,515,423,174	99.98
2016	1,582,458,067	1,572,448,659	99.37	9,538,373	1,581,987,032	99.97
2017	1,630,097,755	1,620,819,654	99.43	8,117,905	1,628,937,560	99.93
2018	1,719,468,974	1,709,647,885	99.43	5,477,824	1,715,125,709	99.75
2019 ⁽⁴⁾	1,842,144,823	1,815,371,988	98.55	n/a ⁽⁵⁾	1,815,371,988	98.55

(1) Subject to revision. Represents the real property tax roll levies and collections.

(2) Adjusted county tax levied for the fiscal year.

(3) Percentage of taxes collected within the fiscal year of the levy (calculated on the Net Secured Roll Tax Levy).

(4) Collections as of March 31, 2019 (unaudited).

(5) Collections are still in progress.

Source: Clark County Treasurer'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.

Required Property Tax Abatements

General. In 2005, the Nevada 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. For residential properties, an abatement generally is required to reduce the amount of property taxes owed to not more than 3% more than the amount levied in the immediately preceding fiscal year. That same formula applies (as a charitable exemption) to commercial property that qualifies as low-income rental housing. Finally, for all properties, an abatement from ad valorem taxation is required to reduce the amount of property taxes owed to no more than an amount determined pursuant to a formula. The first part of the

formula requires a determination of the greater of: (1) the average percentage change in the assessed valuation of all taxable property in the County, as determined by the Department of Taxation, over the fiscal year in which the levy is made and the 9 immediately preceding fiscal years; (2) the percentage equal to twice the increase in the Consumer Price Index for all Urban Consumers, U.S. City Average (All Items) for the immediately preceding calendar year or (3) zero. The second part of the formula requires determination of the lesser of: (1) 8% and (2) the percentage determined in the previous sentence. After making both determinations, whatever part of the formula yields the lowest percentage is used to establish the maximum percentage of increase (over the prior year) in tax liability for each property. This abatement formula also must be applied to residential properties and low-income rental properties if it yields a greater reduction in property taxes than the 3% test described above. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year. For fiscal year 2019-2020, the Abatement Act formula results in a maximum percentage increase of tax liability for residential parcels of 3.0% and for all other parcels of 4.8%.

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 (i) the tax-secured obligations were issued before July 1, 2005; or (ii) 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 for the 2019A Bonds are exempt from the Abatement Act formulas because this debt was approved by the County Debt Management Commission.

Overall Effect of Abatement. Because of the effect of the Abatement Act, the change in assessed value occurring after fiscal year 2005 does not produce a corresponding increase in tax revenues, even if the tax rate is constant. The District's tax rate has remained constant since 1998, with \$0.7500 per \$100 of assessed value being levied for operating purposes and \$0.5534 per \$100 of assessed value being levied for debt service. As illustrated in the table "History of Assessed Value and Property Tax Revenues" above, the rates of increase in the District's property tax revenues in recent years have been less than the rates of increase in assessed valuation.

Largest Taxpayers in the District

The following table represents the ten largest property-owning taxpayers in the County (which has boundaries coterminous with the District) based on fiscal year 2018 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 County.

In recent years, several major taxpayers in the County have experienced varying degrees of financial difficulty, including bankruptcy proceedings. Although those entities continued to pay property taxes in a timely manner, those or other entities may encounter future difficulties that could negatively impact the timely payment of property taxes.

Principal Property-Ownning Taxpayers in the District Fiscal Year 2018-2019

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value⁽¹⁾</u>
MGM Resorts International	Hotels/Casinos	\$ 4,499,272,037	5.15%
Caesars Entertainment Corporation	Hotels/Casinos	2,144,272,433	2.45
NV Energy	Utility	1,803,093,727	2.06
Wynn Resorts Limited	Hotels/Casinos	1,112,597,471	1.27
Las Vegas Sands Corporation	Hotels/Casinos	1,036,719,867	1.19
Station Casinos Incorporated	Hotels/Casinos	857,275,430	0.98
Boyd Gaming Corporation	Hotels/Casinos	521,614,079	0.60
Howard Hughes Corporation	Developer	432,051,425	0.49
Eldorado Energy LLC	Solar Energy	398,697,770	0.46
Nevada Property 1 LLC	Hotels/Casinos	398,201,833	0.45
Total		<u>\$13,203,796,072</u>	<u>15.10%</u>

(1) Based on the District's fiscal year 2019 assessed valuation of \$87,432,856,574 (which includes the assessed valuation attributable to the Redevelopment Agencies).

Source: Nevada Department of Taxation, Division of Local Government, *Ten Highest Assessed Taxpayers Statewide and all Counties, 2018-2019 Secured Roll / 2017-2018 Unsecured Roll*.

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 (\$5.00 per \$100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by statute (NRS 361.453) 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 law (NRS 361.453) provides a priority for taxes levied for the payment of general obligation bonded indebtedness (including the District's tax rate for debt service of \$0.5534 and its \$.7500 tax rate for operating purposes, to the extent such tax is used to pay debt service) 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. If such reductions are insufficient, property taxes levied to pay general obligation indebtedness would also need to be reduced.

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 \$0.7500 per \$100 of assessed valuation for school district operating purposes. School districts are also allowed additional levies for voter-approved debt service and voter-approved tax overrides for capital projects. The District has no such voter-approved overrides currently in effect.

Due to the State constitution (Article X, Section 2) and State statutes (NRS 361.453), the revenue produced by property tax rates of other local governments is also limited, for purposes other than paying certain general obligation indebtedness. These revenue limitations do not apply to school districts and do not apply to the ad valorem taxes levied to repay the 2019A Bonds, which are exempt from such ad valorem revenue limits; however, they are relevant to understand the overall property tax rate limitation in effect in the County. See the following section, "Overlapping Property Tax Rates and General Obligation Indebtedness." The overall property tax 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. 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 Nevada Legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. Further, in the event sales tax estimates from the State Department of Taxation exceed actual revenues available to local governments, the local governments receiving such sales tax may levy a property tax to make up the revenue shortfall.

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 Nevada 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 statute) 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.

Overlapping Property Tax Rates and General Obligation Indebtedness

Overlapping Property Tax Rates. As described in the preceding section, the overlapping property tax rates of local governments are limited by State law. The following table presents a history of statewide average tax rates and a representative overlapping tax rate for several taxing districts located in Las Vegas, the County seat and the most populous city in the County. The overlapping rates for incorporated and unincorporated areas within the County vary depending on the rates imposed by applicable taxing jurisdictions. The highest overlapping tax rate in the County currently is \$3.4030 in Mt. Charleston Town.

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

Fiscal Year Ended June 30,	2015	2016	2017	2018	2019
Average Statewide rate	<u>\$3.1232</u>	<u>\$3.1360</u>	<u>\$3.1500</u>	<u>\$3.1615</u>	<u>\$3.1572</u>
Clark County	\$0.6541	\$0.6541	\$0.6541	\$0.6541	\$0.6541
Clark County School District	1.3034	1.3034	1.3034	1.3034	1.3034
City of Las Vegas	0.7715	0.7715	0.7715	0.7715	0.7715
Las Vegas-Clark County Library District	0.0942	0.0942	0.0942	0.0942	0.0942
Las Vegas Metro Police	0.2850	0.2850	0.2850	0.2850	0.2850
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 ⁽²⁾	<u>\$3.2782</u>	<u>\$3.2782</u>	<u>\$3.2782</u>	<u>\$3.2782</u>	<u>\$3.2782</u>

(1) Per \$100 of assessed valuation.

(2) Generally, the overlapping tax rate may not exceed \$3.64 pursuant to NRS 361.453; however, \$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, 2014-2015 through 2018-2019.

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, 2019.

Estimated Overlapping Net General Obligation Indebtedness

As of May 1, 2019

Entity ⁽¹⁾	Total General Obligation Indebtedness	Presently Self-Supporting General Obligation Indebtedness	Net Direct General Obligation Indebtedness	Percent Applicable ⁽²⁾	Overlapping Net General Obligation Indebtedness ⁽³⁾
Clark County	\$3,875,917,715	\$3,874,658,000	\$1,259,715	100.00%	\$1,259,715
Henderson	187,807,786	165,558,842	22,248,944	100.00	22,248,944
Las Vegas	542,296,571	440,910,000	101,386,571	100.00	101,386,571
Mesquite	18,604,189	13,080,189	5,524,000	100.00	5,524,000
North Las Vegas	428,339,113	423,254,113	5,085,000	100.00	5,085,000
Clark County Water Reclamation District	435,097,748	435,097,748	0	100.00	0
Las Vegas Valley Water District	3,114,331,969	3,114,331,969	0	100.00	0
Boulder City Library District	335,000	0	335,000	100.00	335,000
Big Bend Water District	2,703,459	2,703,459	0	100.00	0
Virgin Valley Water District	16,598,040	12,693,040	3,905,000	100.00	3,905,000
State of Nevada	1,345,715,000	290,058,000	1,055,657,000	70.46	743,815,922
TOTAL	\$9,967,746,590	\$8,772,345,360	\$1,195,401,230		\$883,560,152

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

(2) Based on fiscal year 2018-2019 assessed valuation (excluding the assessed valuations attributable to the Redevelopment Agencies) 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 Municipal Advisor; percentages calculated using information from Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2018-2019.

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the District as of May 1, 2019 (after taking the issuance of the 2019A Bonds into account).

Net Direct & Overlapping General Obligation Indebtedness⁽¹⁾

Total General Obligation Indebtedness	\$2,982,745,000
Less: Self-supporting General Obligation Indebtedness	<u>(578,965,000)</u>
Net Direct General Obligation Indebtedness	2,403,780,000
Plus: Overlapping Net General Obligation Indebtedness	<u>883,560,152</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$3,287,340,152

(1) Assumes the issuance of the 2019A Bonds. See "DISTRICT FINANCIAL INFORMATION AND DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations."

Selected Debt Ratios

The following table sets forth historical (and, for fiscal year 2019, projected) information relating to the District's outstanding general obligation debt as compared to the population, assessed valuation, taxable value and per capita personal income within the District.

Select Direct General Obligation Debt Ratios

<u>Fiscal Year Ended June 30</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019⁽⁷⁾</u>
Population ⁽¹⁾	2,118,353	2,166,181	2,193,818	2,251,175	2,285,997
Assessed Value ⁽²⁾	\$64,252,633,650	\$71,055,253,233	\$76,633,199,095	\$81,306,131,252	\$87,432,856,574
Taxable Value ⁽²⁾	\$183,578,953,286	\$203,015,009,237	\$218,951,997,414	\$232,303,232,149	\$249,808,161,640
Per Capita Income ⁽³⁾	\$41,915	\$42,284	\$42,284	\$42,284	\$42,284
<u>Gross Direct G.O. Debt⁽⁴⁾</u>	\$2,548,890,000	\$2,590,805,000	\$2,438,120,000	\$2,546,995,000	\$2,982,745,000 ⁽⁵⁾
<u>RATIO TO:</u>					
Per Capita	\$1,203.24	\$1,196.02	\$1,111.36	\$1,131.41	\$1,304.79
Percent of Assessed Value	3.97%	3.65%	3.18%	3.13%	3.41%
Percent of Taxable Value	1.39%	1.28%	1.11%	1.10%	1.19%
Percent of Per Capita Income ⁽⁶⁾	2.87%	2.83%	2.63%	2.68%	3.09%
<u>Net Direct G.O. Debt⁽⁴⁾</u>	\$1,964,995,000	\$1,881,385,000	\$1,798,485,000	\$1,968,030,000	\$2,253,705,000 ⁽⁵⁾
<u>RATIO TO:</u>					
Per Capita	\$927.61	\$868.53	\$819.80	\$874.22	\$985.87
Percent of Assessed Value	3.06%	2.65%	2.35%	2.42%	2.58%
Percent of Taxable Value	1.07%	0.93%	0.82%	0.85%	0.90%
Percent of Per Capita Income ⁽⁶⁾	2.21%	2.05%	1.94%	2.07%	2.33%

- (1) Reflects State Demographer estimates for the County as of July 1 of each year shown. The population figures for 2015-2018 represent certified estimates; the population figure for 2019 is projected as of March 1, 2019. See "ECONOMIC AND DEMOGRAPHIC INFORMATION—Population and Age Distribution."
- (2) See "PROPERTY TAX INFORMATION--Property Tax Base" for a description of assessed valuation and taxable value. Includes the assessed values attributable to the Redevelopment Agencies.
- (3) See "ECONOMIC AND DEMOGRAPHIC INFORMATION--Income." The 2016 figure also is used in 2017, 2018 and 2019 as no information is yet available for those years.
- (4) See "DEBT STRUCTURE--Outstanding Bonded Indebtedness and Other Obligations."
- (5) Fiscal year 2019 debt represents the District's outstanding debt as of May 1, 2019, but assuming the issuance of the 2019A Bonds. See "INTRODUCTION—Forward-Looking Statements."
- (6) Per capita debt as a percent of per capita personal income.
- (7) Except for assessed value and taxable value, the information in this column contains projections which are subject to material change. See "INTRODUCTION—Forward-Looking Statements."

Sources: Population data: Nevada State Demographer's Office (2015-2018 certified estimates as of July 1st) (2019 projection as of March 1, 2019); per capita income amounts: United States Department of Commerce, Bureau of Economic Analysis; and debt information: the Municipal Advisor.

CLARK COUNTY SCHOOL DISTRICT

General

All school districts in the State 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 pre-kindergarten through the twelfth grade. The District is located in the County and has boundaries that are coterminous with those of the County. The incorporated municipalities located within the District are Las Vegas, North Las Vegas, Henderson, Boulder City and Mesquite. According to the State Demographer's office, the certified estimated population of the County is 2,251,175 for 2018.

Board of Trustees

The District is governed by an elected, seven-member Board. Board members represent specific geographic areas and are elected for four-year overlapping terms by the voters in the District. The Board elects one of its members as president, one of its members as vice president and one of its members as clerk. Board members are limited to 12 years in office pursuant to State constitutional term limitations. Regular Board meetings are held on the second and fourth Thursday of each month at the Edward A. Greer Education Center in the District; special meetings are held as needed.

The present members of the Board, the year each began service as trustee, and the expiration of their respective terms are as follows:

<u>Board Member and Title</u>	<u>Director District</u>	<u>First Term Began</u>	<u>Current Term Expires (January)</u>
Lola Brooks, President	E	January 2017	2021
Linda P. Cavazos, Vice President	G	August 2017	2023
Chris Garvey, Clerk	B	January 2009	2021
Irene A. Cepeda, Board Member	D	January 2019	2023
Danielle Ford, Board Member	F	January 2019	2023
Deanna L. Wright, Board Member	A	January 2009	2021
Dr. Linda E. Young, Board Member	C	January 2009	2021

District Management Philosophy

The Vision of the District and Superintendent. The vision of the District is to ensure that all students progress in school and graduate prepared to succeed and contribute in a global diverse society. To achieve this vision, on February 28, 2019, the Board approved FOCUS: 2024, which sets for a set of five priorities. These priorities are:

- Priority 1: Student Success

Student academic performance predicated on strong, rigorous, standards-based instruction with appropriate opportunities for support and enrichment for all students

Measurements of success include increasing achievement in English language arts, mathematics, and science; decreasing student proficiency gaps in English language arts, mathematics, and science; increasing access and equity to rigorous curriculum and instruction for all students; and ensuring students and staff are safe and engaged at school.

- Priority 2: Teachers, Principals, Staff

Educator recruitment, support, and effectiveness based on the understanding that education is a people business, and the quality of teachers, principals, staff, and resources available to them has a direct impact on student results.

Measurement of success is to ensure all students have access to highly effective teachers, principals, and school staff.

- Priority 3: Coherent Governance and Leadership

Communication and collaboration founded on knowing that governance and leadership must allow for the work of education to be completed with fidelity and with the support of the communities we serve.

Measurement of success is to enhance the District's governance and leadership structures to reflect the needs of the community.

- Priority 4: Sound Fiscal Management

Financial and operational stability - financial stability and operational efficiencies will drive funds into classrooms and ensure schools and educators have materials to achieve all goals.

Measurements of success include improving quality, communication, and understanding of district financial information; improving financial equity and stability and ensure regulatory compliance with finance and budget related requirements; ensuring operational effectiveness and efficiency of school and district facilities and operational resources; and reducing the general fund impact caused by safety concerns resulting in injury or damage.

- Priority 5: Parent and Community Support

Perception of the District based on the understanding that partnering and communicating with parents and community members is imperative to connecting home, school, and community. We must engage our partners to ensure all of our efforts and resources are focused on increasing student outcomes.

Measurements of success include leveraging internal resources to help parents/guardians support student achievement and attendance, secure strategic external resources and community partners, and improve trust in and perception of the District.

Administration

The Board establishes District policy and oversees the budget. The Board appoints the Superintendent as its Chief Executive Officer to administer the day-to-day operations of the District. The Chief Financial Officer reports directly to the Superintendent. Brief biographies for the Superintendent and the Chief Financial Officer, each of whom is directly involved in the issuance of the 2019A Bonds, are set forth below.

Jesus F. Jara, Ed.D., Superintendent. Dr. Jara was appointed as the District's Superintendent on May 2, 2018, and joined the District on June 19, 2018. Since August 2012, he has served as the Deputy Superintendent for the Orange County Public Schools in Florida, the 9th largest school district in the nation serving over 208,000 students. Prior to his Deputy role, he served as the Chief Operations Officer and then Superintendent of Monroe County Public Schools in Florida. Over his career, he has been an instructor, adjunct professor, teacher, dean of students, assistant principal, principal, senior educational manager, and Executive Director of College Board Partnerships in Florida and Massachusetts. Dr. Jara received his Bachelor of Science, Sports Medicine and Exercise Science from Barry University; his Masters of Science in Science Education from Nova Southeastern University; and his Doctorate in Education, Educational Policy, Leadership, and Administration from the University of Massachusetts-Amherst.

Jason Goudie, Chief Financial Officer. Mr. Goudie became the Chief Financial Officer for the District in July 2017. Prior to joining the District, Mr. Goudie was the Vice President of Finance and Chief Financial Officer of Tropicana Las Vegas, Inc. where he was in charge of the finance and accounting department, cage operations and the purchasing department. He also led the financial reporting for the Tropicana, which had filing requirements with the Securities and Exchange Commission. Previously, he served as the Chief Financial Officer for Aristocrat Technologies, Inc. for North and South America, which was an international manufacturing company located in Las Vegas with operations and sales throughout North, Central and South America. His experiences prior to this position included serving as Chief Financial Officer for The M Resort and three other properties with common ownership. Mr. Goudie also held the Chief Financial Officer position for Black Gaming and the position of Director of Audit Research, Training and Special Projects for the Internal Audit Department of Caesars Entertainment Inc. Prior to this work, Mr. Goudie was with Arthur Andersen, LLP where he spent over eight years in the audit division and five of those years working in the Las Vegas office, with concentration primarily in the gaming industry. During his tenure at Andersen, he worked on several due diligence projects, several public offerings and a multitude of projects and audits for several gaming and non-gaming companies. He graduated from the University of Nevada – Las Vegas in 1993 with a Bachelor of Science degree in Business Administration (Accounting major). Mr. Goudie is a Certified Public Accountant in Nevada.

District Organization and Divisions

Ongoing Reorganization. In 2017, Assembly Bill No. 469 (“AB 469,” codified as NRS 388G.500 – 388G.810) was enacted. AB 469 applies to any large school district, defined as a school district that has an enrollment of 100,000 or more students. AB 469 required the District to reorganize in the manner required by the statute.

AB 469 contains no provisions which alter current law regarding the District’s ability to issue future debt or its ability to impose and collect the taxes pledged to its existing debt (including the 2019A Bonds). Accordingly, the District expects that its existing debt will continue to be repaid from the ad valorem property taxes and other taxes and revenues which are pledged to such debt, as applicable to the particular type and series of outstanding debt.

Under AB 469, District schools are deemed local school precincts (“schools”), to be operated under site-based decision-making, providing the authority to carry out certain responsibilities. The law requires that the District transfer to schools the authority to select and supervise staff, procure equipment, services, and supplies, and develop a balanced budget for the school. AB 469 also provides for a mechanism to transfer additional authority to schools, through recommendation by the Superintendent and approval by the Board, with the exception of capital programs. If this mechanism is carried out, the District is required to transfer to schools “an amount equal to the amount that would otherwise be paid by the large school district to carry out the responsibility.”

AB 469 requires the District to allocate financial resources on a weighted pupil basis, applying a greater weight for certain students, and requires that the District “apply the same weights and distribution of weights established by the [Nevada Department of Education] for the state funding formula.” However, AB 469 allows the District to submit a request for a variance to use a different weight or distribution of weights. The District made such a request to the Nevada Department of Education for the 2018-2019 fiscal year which was granted, and the District has made a similar request for the 2019-2020 fiscal year which is pending.

During the initial phase of the implementation of the Reorganization Plan, any costs incurred by the District in carrying out the reorganization were paid for through the redistribution of existing District funds. As of August, 2018 (most recent estimate available), the total estimate for AB 469 expenses through fiscal year 2022-2023 was approximately \$25.4 million, comprised of approximately \$4.6 million in fiscal year 2017-2018 (unaudited); approximately \$9.9 million in fiscal year 2018-2019; approximately \$4.5 million in fiscal year 2019-2020; and approximately \$6.4 million through fiscal year 2022-2023. Approximately \$17.0 million of this amount consists of the cost of acquiring a human resources software system which is being funded by the Nevada Legislature. These amounts are only estimates and are subject to change; however, the estimates remain materially accurate as of the date hereof.

The District is required to make financial estimates and determinations regarding the schools on a yearly basis. Each school is overseen by the school’s principal, who is responsible for the school’s Plan of Operation, which includes the School Performance Plan and the School Strategic Budget. AB 469 also required the establishment of a new position, the

“School Associate Superintendent.” Each School Associate Superintendent previously oversaw a group of no more than 25 schools and, in conjunction with the Deputy Superintendent, reports directly to the Superintendent. The District is working with the Nevada Department of Education Superintendent, who is charged with oversight related to compliance with AB 469, to reorganize the management structure related to the oversight of schools by the School Associate Superintendents. The District is also working with legislators on amendments to AB 469 to permit this change. The change would reorganize the District into three regions which would be led by Region Superintendents, and each Region Superintendent would have two School Associate Superintendents reporting to them. It is unknown whether this change will be approved in the 2019 legislative session, which is not yet over.

Each school is also required to establish a “School Organizational Team” made up of licensed, support, and administrative employees, as well as parents, students (at middle and high schools), and optionally, other community members. The School Organizational Team’s main functions are to (a) provide advice and assistance to the principal in establishing the School Plan of Operation, (b) provide advice and assistance to the principal in carrying out the School Plan of Operation, (c) provide input to the Superintendent’s recommendations for additional authority to be transferred to schools, and (d) participate in the selection of the next principal in the case of a vacancy. Under AB 469, the principal is required to, using specific processes outlined in the law, (a) establish a School Organizational Team, (b) develop the plan of operation with the assistance and advice of the School Organizational Team, (c) submit the plan of operation for approval to the School Associate Superintendent, and (d) select staff for the school.

The District implemented the reorganization, as required by AB 469, in the 2017-2018 school year. Accordingly, District officials trained all central office administrators and principals, who in turn trained thousands of teachers, support staff, and parents. No additional authority was transferred to schools in the 2017-2018 school year. The District has developed a process to transfer responsibilities to local schools, and recommendations to the Board for authority to be transferred for the 2018-2019 school year were presented on October 26, 2017, and January 11, 2018. The Board required that services provided to meet responsibilities must be purchased from the District for the 2018-2019 school year and documented through Service Level Agreements. There were certain responsibilities requested to be considered for “requests for proposals” that were presented to the Board for fiscal year 2019-2020, but the Board did not approve these requests. Accordingly, these services are still required to be purchased through the District through fiscal year 2019-2020.

Administration. District operations are administered by the Superintendent, the Deputy Superintendent, the Chief Operating Officer, the Chief Curriculum, Instruction and Assessment Officer, the Chief College Career, Equity Officer, and School Choice Officer, the Chief Financial Officer, the Chief Communications and Community Engagement Officer, and the Chief of Staff, together with administrative staff, through various divisions and programs.

Magnet Schools/Career and Technical Academies. Magnet Schools and Career and Technical Academies offer learning opportunities related to various themes for interested students. Students from across the District may apply to a Magnet School or Career and Technical Academy, regardless of the geographic area in which they reside. The purposes of

these schools are to improve student achievement, promote diversity, and create an awareness of career opportunities relative to the fields of study in which students may be interested.

Magnet Schools/Career and Technical Academies offer coursework associated with a variety of pathways leading to both careers and opportunities for higher education, such as aerospace and aviation, information technologies, performing and fine arts, communications, law preparatory, health services, travel and tourism, and engineering.

Strategic Budgeting. Strategic Budgeting is designed to improve learning and student performance through increased school autonomy of spending and decision making. Strategic Budgeting was implemented as part of the 2016-2017 Final Budget. Strategic Budgeting allows schools to understand the financial implications of all decisions in order to ensure student success. The mission of Strategic Budgeting is to purposely allocate and expend resources dispersed to all worksites in order to carry out the Superintendent's five-year strategic plan FOCUS:2024 (described under "District Management Philosophy" above). Strategic Budgeting is expected to align to FOCUS:2024 by its focus on deploying budget and resources in support of the five priorities: (a) Student Success; (b) Teachers, Principals, and Staff; (c) Balanced Governance and Leadership; (d) Sound Fiscal Management; and (e) Parent and Community Support. With Strategic Budgeting, school communities have a greater role in diagnosing their own school specific needs, implementing their plans by working outside the normal mechanics of Central Services, engaging all stakeholders in the budgetary planning process, dedicating resources to growth and development of staff and allowing for transparency in return on investment at each site. Rather than being recipients of funds with predetermined uses, Strategic Budgeting gives schools the autonomy to deploy their resources for maximum impact, according to the needs of their individual communities.

Enrollment

The following table presents a historical record of school enrollment within the District and projected enrollment for the current school year. Note that the methodology used in this table to calculate enrollment history varies from the methodology of past Official Statements of the District. In the past, actual student enrollment figures were used. Kindergarten students only accounted for 60% of a student for State funding purposes prior to fiscal year 2017-2018; so the District changed the methodology to show student enrollment figures counting Kindergarten students as 60% of a student for fiscal years prior to fiscal year 2017-2018. Beginning in fiscal year 2017-2018, Kindergarten students began attending full day Kindergarten and therefore are counted as full students.

Enrollment History and Projection

<u>School Year Ending June 30</u>	<u>Weighted Enrollment (Funded)⁽¹⁾⁽²⁾</u>	<u>Percent Change</u>
2013	300,082	--
2014	303,447	1.1%
2015	306,832	1.1
2016	307,974	0.4
2017	309,965	0.6
2018	319,311	3.0
2019	317,399 ⁽³⁾	(0.6)
2020	316,963 ⁽⁴⁾	(0.1)

(1) All years prior to fiscal year 2018 reflect Kindergarten as 60% of a student.

(2) Starting in fiscal year 2016, Average Daily Enrollment (“ADE”), defined and described below, became the standard enrollment calculation.

(3) Represents projected ADE.

(4) Represents 2020 Final Budget ADE.

Source: The District.

The District experienced enrollment growth through school year 2017-2018. In school year 2018-2019, however, this trend changed and ADE decreased 0.4%. For school year 2019-2020, the District has budgeted for ADE to decrease an additional 0.4%. The decrease in enrollment is attributed primarily to the growth of charter school enrollment.

Senate Bill No. 508, passed in the 2015 legislative session, changed the Distributive School Account (“DSA”) (see “DISTRICT FINANCIAL INFORMATION--General Operating Fund”) reporting from a single annual official count day to a quarterly Average Daily Enrollment (“ADE”). The annual ADE reporting days are October 1, January 1, April 1, and July 1. ADE represents the District’s total number of pupils enrolled in and scheduled to attend school divided by the number of days school is in session for that quarter. School year 2015-2016 was the first year of the legislatively mandated change.

Employees; Benefits and Pension Matters

Employees. As of May 1, 2019, the District had 26,386 full-time equivalent employees, which is an increase of 254 full-time equivalent employees from May 1, 2018. The District’s administrators, teachers, support staff, school police and school police administrators are represented by separate bargaining units, and collective bargaining agreements are in effect for four of the units. Currently, all bargaining units’ contracts are under negotiation.

The following table illustrates the type and number of personnel employed by the District as of May 1, 2018 and May 1, 2019:

District Employees⁽¹⁾

<u>Type</u>	<u>Number of Employees</u>	
	<u>May 1, 2018</u>	<u>May 1, 2019</u>
Licensed Personnel ⁽²⁾	23,450	23,263
Administrators	1,119	1,121
Professional/Technical	257	246
School Police	149	150
Support Staff Personnel	<u>16,369</u>	<u>16,389</u>
TOTAL	<u>41,344</u>	<u>41,169</u>

(1) Headcount. Includes full-time, part-time, temporary substitute staff, and student workers.

(2) Approximately 75% of the District's licensed personnel hold advanced degrees (master's or higher).

Source: The District.

Collective Bargaining Agreements. The District is a party to the following collective bargaining agreements with several groups of its employees. Unless otherwise indicated, each of these agreements expires each June 30. In formulating its budget each year, the Board makes certain assumptions regarding pending and future collective bargaining negotiations. For a discussion of the assumptions used in formulating the 2019 Final Budget, see "DISTRICT FINANCIAL INFORMATION—Chief Financial Officer's Analysis of Material Financial Trends and Recent Developments."

Clark County Education Association ("CCEA"). On September 13, 2018, the Board approved a multi-year collective bargaining agreement between the District and CCEA. The memorandum of understanding covers fiscal years 2019 through fiscal year 2021 and is based on the following stipulations:

- The District paid the fiscal year 2018 portion and is currently paying the fiscal year 2019 portion of a March 30, 2018, arbitrated decision of \$50.7 million in General Operating Fund money to provide step increases and increased health funds for licensed personnel contracts.
- The District paid an estimated \$17.9 million (of which \$14.8 million was General Operating Fund money) for the first year of implementation of the Professional Growth System.
- The District and CCEA are working together to increase funding in the 2019 Legislative Session for increases for employees and teachers, so that any additional funding compensation is contingent on sufficient incremental funding. This session is still underway.
- The memorandum of understanding only addressed the financial impact to teachers and requires the parties to agree on base minimum funding levels required by the District before monies are allocated for potential pay or benefit increases. The parties are still in negotiation related to this component for fiscal years 2020 and 2021.

The three-year period covered by the contract is the longest period agreed to by the District and CCEA in at least 10 years and was reached with the hopes of the District and

CCEA working collaboratively in the coming years on a joint strategy to adequately pay employees and improve working conditions for educators by reducing class sizes.

The CCEA had approximately 18,774 bargaining unit employees (full and part-time licensed personnel, excluding substitute teachers) as of May 1, 2019, approximately 53.8% of which pay CCEA dues in the form of payroll deductions. On April 25, 2018, the CCEA voted to disaffiliate from the state union (the Nevada State Education Association or “NSEA”) and national union (the National Education Association or “NEA”), allowing CCEA to operate independently from the NSEA and the NEA. A new union was formed with the name National Education Association - Southern Nevada (“NEASN”) and the new union is affiliated with the NSEA and the NEA. CCEA is currently the recognized bargaining unit by the District. Pursuant to State law (NRS 288.160), an organization such as CCEA or NEASN is entitled to be the exclusive bargaining agent of the District’s teachers only if the organization represents the majority of the teachers.

On May 12, 2019, CCEA announced that approximately 4,000 members of CCEA voted to strike during the 2019-2020 school year if the District makes certain budget cuts. It is the District’s position that any such strike would be illegal under Nevada law. The District cannot predict at this time whether any such strike will actually occur.

Education Support Employees Association (“ESEA”). Arbitration with ESEA’s bargaining unit for the 2017-2018 and 2018-2019 school years has been completed. On July 23, 2018, an arbitrator ruled that the District was not required to pay for salary increases and higher health insurance contributions and confirmed that no pay scale modifications needed to be made due to a lack of funds being available for fiscal year 2017-2018. On October 4, 2018, the District approved a financial agreement with ESEA providing a one-time 3% payment for support staff professionals across all funds costing approximately \$11 million for fiscal year 2018-2019, which was paid on December 19, 2018. The District and the ESEA are currently negotiating a collective bargaining agreement for fiscal year 2019-2020. The ESEA had approximately 12,433 bargaining unit employees as of May 1, 2019.

Clark County Association of School Administrators and Professional-Technical Employees (“CCASAPE”). On October 4, 2018, the District approved a financial agreement with CCASAPE providing a one-time 3% payment for administrators across all funds, costing approximately \$4.1 million settling compensation through June 30, 2019 and paid on December 10, 2018. The District is currently in negotiations regarding non-compensatory matters with CCASAPE’s bargaining unit for the 2017-2018 and 2018-2019 school years, and is currently negotiating a collective bargaining agreement for fiscal year 2019-2020. The CCASAPE had approximately 1,357 bargaining unit employees as of May 1, 2019.

Police Officer’s Association (“POA”). The District is covered by a collective bargaining agreement through fiscal year 2018-2019 and is currently in negotiations with the POA’s bargaining unit for the 2019-2020 school year. The POA had approximately 150 bargaining unit employees as of October 1, 2018.

Police Administrator Association (“PAA”). On October 4, 2018, the District approved a financial agreement to settle contracts for the 2015-2016 and 2016-2017

school years by providing retroactive pay to the School Police administrators to align with increases provided to other District administrators. The agreement also settled the 2017-2018 and 2018-2019 contracts by providing a one-time 3% payment to the 7 bargaining unit employees for a total cost of approximately \$390,000 which was paid on December 21, 2018. Currently, a collective bargaining agreement is being negotiated for fiscal year 2019-2020 for 10 bargaining unit employees.

In addition to collective bargaining, the District holds frequent discussions with the leaders of the employee groups. The District is committed to maintaining competitive salaries for all employees within available funding.

Benefits. The District offers its employees a comprehensive health benefits package. All District employees receive the following benefits: medical, dental, vision and prescription drug insurance; life and long-term disability insurance (except that the licensed personnel group does not receive long-term disability as part of the benefits package). Additional voluntary benefits are available via payroll deduction. The District also pays retirement contributions through Nevada Public Employees' Retirement System (see "Pension Matters" below), provides workers' compensation insurance as required by law, and provides certain retirees with healthcare benefits (see "Retirement Healthcare Benefits" below).

Licensed District employees are offered a comprehensive benefits package through the Teachers Health Trust (the "Trust") established by the CCEA and the District in 1983. The Trust documents do not obligate the District to provide benefit payments if the Trust does not have sufficient assets to do so, and the District does not have management responsibility for the Trust. The Trust was established to administer health benefits for its participants. In 2015, the Trust announced that it was facing financial difficulties due to rising costs and flat revenue. Effective July 23, 2015, the Trust implemented a new coinsurance requirement whereby participants are responsible for 20% of medical expenses plus the preexisting copays.

Pension Matters. The State's Public Employees' Retirement System ("PERS") covers substantially all public employees of the State, its agencies and its political subdivisions, including the District. PERS, established by the Nevada Legislature effective July 1, 1948, is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor for four-year terms. 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 50/50 employer/employee 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 over 36 consecutive months. 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

	Service Term Multiplier	Highest Contiguous Average Over
Before July 1, 2001	2.50%	36 months
After July 1, 2001, before January 1, 2010	2.67%	36 months
After January 1, 2010, before July 1, 2015	2.50%	36 months
After July 1, 2015 ⁽¹⁾	2.25%	36 months

(1) Regular members only.

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	Regular		Police/Fire	
	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	30

State 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 performs an annual actuary study. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2018. 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, 2018	June 30, 2017	June 30, 2016
UAAL	\$13.73 billion	\$13.27 billion	\$12.56 billion
Market Value Funding Ratio	75.2%	74.4%	72.2%
Actuarial Value Funding Ratio	75.1%	74.5%	74.1%
Assets Market Value	\$41.43 billion	\$38.69 billion	\$35.00 billion
Assets Actuarial Value	\$41.34 billion	\$38.72 billion	\$35.90 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. During the transition period, any new UAAL was 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. In fiscal year 2015, the remaining amortization period dropped below 20 years, and since then the 20 year amortization period has been used for new UAAL layers. The fiscal year 2018 blended average amortization period was 17.8 years. The PERS Board also adopted a five-year asset smoothing policy for net deferred gains/losses.

GASB Statement No. 67. For the year ended June 30, 2014, PERS adopted Governmental Accounting Standards Board (“GASB”) Statement No. 67, *Financial Reporting for Pension Plans* (“GASB 67”). This GASB statement replaces the requirements of GASB statements 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. In addition, it requires the determination of net pension liability (“NPL”) as opposed to the previously disclosed UAAL.

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 NPL in its financial statements for the fiscal years ended June 30, 2014-2016. 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. The NPL is equal to the difference between the total pension liability and the fiduciary net position.

PERS's NPL as of June 30, 2018 was \$13.64 billion as compared to \$13.30 billion as of June 30, 2017, when measured in accordance with GASB 67. PERS' fiduciary net position as a percentage of the total pension liability was 75.24% as of June 30, 2018, as compared to 74.42% as of June 30, 2017.

GASB Statements No. 68 and 71. 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 include the NPL, deferred outflows of resources, deferred inflows of resources and pension expense. The effect of implementation of these standards on net position resulted in a negative net position of \$471,532,787 in fiscal year 2016 on the District's Government-wide Statement of Net Position, a negative net position of \$384,660,947 in fiscal year 2017, and a negative net position of \$640,081,070 in fiscal year 2018.

Among other requirements, the District was required to report its proportionate share of the total PERS (fiduciary) NPL in its financial statements. PERS was required to implement GASB 67. As a result of an actuarial study performed by PERS for fiscal year 2016, the District's proportionate share of PERS's NPL in fiscal year 2017 was 24.64%, resulting in the recording of a June 30, 2017 pension liability of \$3,316,590,666. As a result of an actuarial study performed by PERS for fiscal year 2017, the District's proportionate share of PERS's NPL in fiscal year 2018 was 24.39%, resulting in the recording of a June 30, 2018 pension liability of \$3,243,379,812. As stated above, the transition to this standard resulted in a negative net position of \$384,660,947 on the District's Government-wide Statement of Net Position in fiscal year 2017, and a negative net position of \$640,081,070 in fiscal year 2018. 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 Nevada Legislature.

GASB Statement No. 82. In March 2016, GASB issued Statement No. 82, *Pension Issues* ("GASB 82") with the objective of addressing some issues raised with previous GASB statements 67, 68 and 73. More specifically, GASB 82 addressed the following issues: (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The District implemented GASB 82 in its fiscal year 2018 CAFR.

PERS Contributions by the District. As described above, State statute requires contribution rates be determined on the State's biennium budget cycle based on an actuary study. While the District is not responsible to directly fund its proportionate share of the UAAL, it is required to make contributions that amortize the UAAL based on a closed end 20-year amortization. Furthermore, under the employer-pay funding method, while the District pays the full contribution rate, it is required to make the employee pay their half of the rate through either a reduction in a scheduled wage increase, or through an actual wage reduction. Employees

receive credit for the wage reductions when PERS calculates their highest 36-month average wage. A history of contribution rates is shown below.

	<u>Fiscal Years 2014 and 2015</u>	<u>Fiscal Years 2016 through 2019</u>	<u>Fiscal Years 2020 and 2021</u>
Regular members	25.75%	28.00%	29.25%
Police/fire members	40.50	40.50	42.50

The District's contribution to PERS for the years ended June 30, 2016, 2017, 2018 and 2019 were \$417,942,468, \$437,647,395, \$447,976,526, and \$476,000,000 (estimated) respectively, equal to the required contributions for each year. Those contributions include the employee's portion.

See Note 12 in the audited financial statements attached hereto as Appendix A for additional information on PERS. In addition, copies of PERS' most recent annual financial report, including audited financial statements and required supplemental information, are available from the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599, telephone: (775) 687-4200.

Retiree Healthcare Benefits.

Public Employees' Benefit Program. The 2003 Nevada Legislature adopted Assembly Bill No. 286 ("AB 286"), which required local governments, including school districts, to subsidize the health insurance premiums of its retired employees who enrolled in the State's Public Employees' Benefit Program ("PEBP"). Prior to this, the District did not provide for any post-employment benefits to retirees. The 2007 Nevada Legislature adopted Senate Bill No. 544 ("SB 544"), which eliminated the ability of a retiree to receive coverage for health insurance under the PEBP unless the retiree's last employer was actively participating in the plan. Since the District does not utilize the plan for active employees, the practical effect of SB 544 was that, after November 30, 2008, retired District personnel were no longer eligible to receive health insurance coverage through the PEBP, ensuring that the District would no longer be required to subsidize premiums for retirees after that date. Any members already enrolled in the plan at that date were grandfathered in and were not subject to any benefit terminations.

In the 2007 Nevada Legislature, Senate Bill No. 457 created a procedure which allows local governments to authorize investments to fund their OPEB through trust funds with broader investments powers than the District has. The District has not established such a fund and does not presently plan to do so, and did not pre-fund any portion of the plan.

Accounting for Costs of Retiree Healthcare Benefits. Beginning in fiscal year 2007-2008, Governmental Accounting Standards Board ("GASB") Statement No. 45 required the District to begin recognizing the cost of other postemployment benefits ("OPEB") in the period in which the benefits are incurred, rather than its previous approach in which the cost of benefits was not reported until after employees retired. The District anticipated that the UAAL would be made up primarily of OPEB costs related to retired District personnel who chose benefits provided by the PEBP through AB 286 prior to November 30, 2008; thereafter, OPEB costs would primarily consist of costs attributable to retired employees covered by the District's

health benefits plan who decided to continue with that plan. The members of CCASAPE (administrators) and CCEA (licensed teachers) have bargaining unit-sponsored health plans. Members of these bargaining units had the choice of participating in the health benefit program provided by their bargaining units, rather than participating in the PEBP, until November 30, 2008; since that date, those employees will only be covered by the bargaining unit health plans. Other employees did not have such a choice but may have chosen not to participate in PEBP or the District's health plan because of other alternatives (*e.g.*, insurance provided through another source, such as the spouse's employer). In addition, the UAAL includes OPEB costs associated with an "implicit rate subsidy" because retirees are allowed to pay the same premium as active employees.

For the year ended June 30, 2018, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions. This statement replaces the requirements of GASB No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and GASB No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The implementation of this standard requires governments calculate and report the costs and obligations associated with other postemployment benefits in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plans which include the total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense.

Both Standards require a calculation of a present liability for future non-pension benefits for employees and retirees, also known as the "Actuarial Accrued Liability" in GASB 45 and the "Total OPEB Liability" in GASB 75. Since the District's plan is untrusted (*i.e.*, there is no trust holding assets for the beneficiaries), GASB 75 prescribes a discount rate equivalent to tax-exempt, high-quality municipal bond. The two standards differ in how the liability is disclosed on the financial statements. Under GASB 75 the OPEB obligation is moved to the plan sponsor's balance sheet versus the notes in the financial statements. GASB 45 recognizes the liability within a footnote of the financial statements, with only a portion of the total liability going on the books through the Net OPEB Obligation. GASB 75 does away with the Net OPEB Obligation, requiring the full liability to be recognized immediately on the balance sheet.

For the purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by the Public Employees' Benefits Program (PEPB). For this purpose, benefit payments are recognized by the District when due and payable in accordance with the benefit terms.

For fiscal year 2018, the District contributed \$13,649,735 to all four plans combined for current premiums and recognized a Total OPEB Liability at year-end of \$222,436,300, which is recorded on the statement of net position.

The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58 percent) or 1-percentage point higher (4.58 percent) than the current discount rate:

	1% Decrease 2.58%	Current Rate 3.58%	1% Increase 4.58%
PEPB Plan	\$157,792,400	\$143,329,900	\$131,008,800
Support Staff/Police Plan	22,114,400	20,589,000	19,197,900
Administrative Plan	18,382,700	17,062,200	15,846,200
Licensed Teach Plan	44,995,400	41,455,200	38,168,100
Total OPEB Liability	\$243,284,900	\$222,436,300	\$204,221,000

The following table presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (8.5percent decreasing to 5.5 percent) than the current healthcare cost trend rates:

	1% Decrease 6.5% decreasing to 3.5%	Trend Rate 7.5% decreasing to 4.5%	1% Increase 85% decreasing to 5.5%
PEPB Plan	\$157,792,400	\$143,329,900	\$131,008,800
Support Staff/Police Plan	22,114,400	20,589,000	19,197,900
Administrative Plan	18,382,700	17,062,200	15,846,200
Licensed Teach Plan	44,995,400	41,455,200	38,168,100
Total OPEB Liability	\$243,284,900	\$222,436,300	\$204,221,000

See Note 16 and the Required Supplementary Information in the audited financial statements attached hereto as Appendix A for further information on the District's OPEB obligations.

District Facilities and Capital Improvement Plan

Existing Facilities and 1998 Capital Program. The District experienced rapid growth over much of the last 20 years and engaged in extensive planning to blend the best utilization of existing facilities with the construction of additional facilities. The District issued bonds during the period 1998-2008 in the amount of \$4.9 billion. Proceeds of those bonds were used to construct 101 new schools, expand or replace 38 schools and provide technology and equipment upgrades and other modernization improvements for 229 schools.

As of the beginning of the 2018-2019 school year, the District will operate 359 school programs servicing students in grades kindergarten through 12. Approximately 92% of the District's educational programs, a total of 332, are located in urban areas of Clark County, Las Vegas, North Las Vegas and Henderson. Approximately 8% of the District's educational programs, a total of 28, are located in rural Clark County. The following table illustrates the type of schools and the number of each type of school within the District:

District Schools⁽¹⁾

Elementary	225
Middle	59
Senior High	49
Special	7
Alternative Schools	<u>19</u>
Total	<u>359</u>

(1) As of April 2019. Fyfe Elementary School recently closed, reducing the number of elementary schools from the prior figure reported. In August 2019, the District is scheduled to open two additional elementary schools.

In addition to its school buildings, the District owns and operates a variety of facilities in order to accommodate its educational program for the school-age children residing within its boundaries, including administrative facilities, food service facilities, maintenance facilities, transportation centers and a school safety services center.

There are approximately 1,423 acres of vacant land in the District's inventory; this includes approximately 509 acres of land owned by the District and approximately 914 acres of Bureau of Land Management property consisting of 300 acres in patent; 498 acres under lease; and 115 acres pending lease status. The District also owns numerous vehicles, including a fleet of school buses. Pursuant to District policy, school buses are generally replaced on a 14-year replacement program.

The 2015 Capital Improvement Program. In 2015, two Senate Bills critical to funding capital projects for the District, SB 119 and SB 207, were adopted by the Nevada Legislature. These bills allow the District to issue additional bonds secured by the debt levy approved in the 1998 Election for an additional ten years, through March 4, 2025. See "SECURITY FOR THE 2019A BONDS—District Tax Levies." After taking SB 119 and SB 207 into account, on September 24, 2015, the Board adopted a \$4.1 billion ten-year capital improvement plan (the "2015 Capital Improvement Program").

Early in the 2015 legislative session, the District estimated that it could quickly build 12 new schools in the areas where they were most needed and replace two of the District's oldest elementary schools, for a total of 14 schools to be constructed. The list of school building construction projects was provided to the Nevada Legislature. Based on early examinations of the sites, it was determined that due to the nature or complexity of some of the locations, school construction would be completed in phases. Six new schools and two replacement schools were completed in August 2017 and one new school opened in January 2018. Fiscal year 2020's timeline includes two new schools and two replacement schools expected to be completed by August 2019. Two phased replacements are also planned in the fiscal year.

On June 6, 2018, the Board revised the 2015 Capital Improvement Program. The revision allocated \$1.6 billion of the \$4.1 billion described above to address the District's capacity needs. These dollars will allow the District to construct 17 new elementary schools, 1 new middle school, 2 new high schools, 1 new alternative school, and school additions at approximately 41 elementary schools and 3 high schools, providing the equivalent of 16 new

elementary schools and 0.6 of a new high school, respectively. The plan may be revised if enrollment growth projections do not continue at the current level. The revision allocated the remaining \$2.5 billion of the \$4.1 billion described above to address replacement of aging schools, and modernization, life cycle and technology needs of the District over the next ten years. The District currently plans to finance approximately 90% of the 2015 Capital Improvement Program with future bond issues.

It is expected that the 2015 Capital Improvement Program will be a dynamic capital program initially defined by guiding principles that will be shaped by the community, District leadership, and Board management. As such, there will be potential changes to future and current construction projects whenever data suggests that there are better suited alternatives or when the principles guiding the strategy of the program are revised or changed in any way.

Five-Year Official Capital Improvement Plan. Pursuant to State law, the District is required to adopt a five-year Capital Improvement Plan (the “Five Year CIP”) in conjunction with its budget process. The Five Year CIP provides information about anticipated capital expenditures and funding sources. The Five Year CIP is a planning tool, and projects may be reprioritized, altered, added or deleted from the Five Year CIP at the discretion of the Board. The current Five Year CIP was adopted on July 12, 2018.

The current Five Year CIP includes approximately \$2.971 billion of projects, including construction of 10 new elementary schools; 1 new middle school; 1 new high school; 1 new alternative school; 8 replacement elementary schools; 1 replacement middle school; 1 replacement K-8 school; phased replacement of 2 elementary schools, 1 high school, 1 career and technical academy and Sandy Valley elementary/middle/high school, and 31 elementary school classroom additions for capacity, 3 high school classroom additions, as well as replacement of aging technology in schools.

Planned spending under the current Five Year CIP is as follows:

Five Year CIP Summary (in millions)

<u>2018-2019</u>	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>	<u>Total</u>
\$717.0	\$626.0	\$681.0	\$521.0	\$426.0	\$2,971.0

(1) Represents the amount of spending planned at the time the Five Year CIP was adopted on May 17, 2017. As of March 31, 2019, the District estimates that it will spend approximately \$376.6 million (unaudited estimate) during the 2018-2019 fiscal year.

Planned sources of funding include bond proceeds, Room Tax, Transfer Tax and governmental service tax revenues, available District funds and available fund balance.

Compliance With Federal Laws

General. As a public entity, the District is subject to various federal laws, including, without limitation, those related to the following: environmental matters, accommodation of those with disabilities, the Americans with Disabilities Act, federal regulations relating to instructional aides, etc. The District has a safety and environmental protection section within the Risk Management Division that handles hazardous material issues on an ongoing basis and other than asbestos-containing materials has found no other environmental problems.

The District is also subject to the Americans with Disabilities Act. The District has an ongoing plan for bringing District facilities into compliance with the Act, much of which is being funded from the District's capital programs. The District believes that the plan it has in place will, upon completion of the steps outlined therein, bring the District's facilities into compliance with the Americans with Disabilities Act.

Federal regulations relating to instructional aides in Title I classrooms were developed under the No Child Left Behind Act (the "NCLB"). On December 10, 2015, President Obama signed legislation to rewrite the Elementary and Secondary Education Act called the Every Student Succeeds Act ("ESSA"), which replaced the NCLB. ESSA continues to provide services in areas such as reading/language arts to meet academic needs of educationally disadvantaged students in school attendance areas with high concentrations of children from low-income families. Absent sequestration (described below) or other changes to federal law, federal funding is expected to cover most costs associated with ESSA.

Under ESSA, the State accountability system must set long-term student achievement goals with measurements of interim progress. Accountability indicators include test scores, a measure of student growth, English language proficiency, and a four-year graduation rate. The State has received a waiver from the NCLB. The waiver now gives the State the authority to use the State's accountability system in place of key federal accountability requirements. The State accountability system includes a different method of measuring student achievement, more rigorous national standards and new school and teacher evaluation systems. The State accountability system is used to meet many of the NCLB requirements, including the requisite to annually determine school and District progress in meeting performance targets.

Sequestration. The District is subject to developments at the federal level with respect to the Budget Control Act of 2011 ("sequestration"). The District currently has outstanding the 2010A Bonds and the 2010D Bonds, both of which are qualified school construction bonds ("QSCB") under federal law, thereby entitling the District to certain subsidy payments from the federal government. See the table "Outstanding Bonded Indebtedness" in "DEBT STRUCTURE--Outstanding Bonded Indebtedness and Other Obligations." As a result of sequestration, the District's QSCB subsidy has been impacted as follows:

Fiscal Year	Date of Subsidy Payment	Percentage of Subsidy Reduction Due to Sequestration	Approximate Negative Financial Impact to District
2014	6/15/14	7.2%	\$437,309
2015	6/15/15	7.3	443,383
2016	6/15/16	6.8	412,691
2017	6/15/17	6.9	418,760
2018	6/15/18	6.6	400,553
2019 ⁽¹⁾	6/15/19	6.2	376,277

(1) On August 16, 2018, the Internal Revenue Service announced that the sequestration amount for Federal fiscal year 2019 (which begins October 1, 2018) will be 6.2%. This will impact the amount of the subsidy payment due to the District on June 15, 2019.

Included in that amount are cuts to Title I, Individuals with Disabilities Education Act, Title II, Title III, the 21st Century grant, the Striving Readers grant, the School Improvement grant and numerous grant programs available to school districts. Unless Congress takes the necessary action to avoid sequestration, the District will be forced to reduce programs, projects and spending of federal funds.

Impact of Federal Legislation. 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 this federal legislation on the District.

DISTRICT FINANCIAL INFORMATION

Budgeting

General. 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, commencing 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 District is required to conduct public hearings on its budget on the third Wednesday in May and adopt the final budget on or before June 8.

The District is authorized to transfer budgeted amounts subject to Board approval in accordance with statute. Increases to a fund's budget other than by transfers are accomplished through formal action of the Board. With the exception of money appropriated for specific capital projects or Federal and State grant expenditures, all unencumbered appropriations lapse at the end of the fiscal year.

Awards. Government Finance Officers Association of the United States and Canada (the "GFOA") presented the District with its 25th consecutive award for Distinguished Budget Presentation for its annual budget for the fiscal year ending June 30, 2017. In order to receive this award, a governmental unit must publish a public document that meets program criteria in a policy document, as an operations guide, as a financial plan, and a communications device. As of the fiscal year ending June 30, 2018, the GFOA revised their evaluation and submission process. As a result, the GFOA no longer provides an award for Distinguished Budget Presentation. Instead, the GFOA now provides an award for Best Practices in School Budgeting. The District received recognition for "Implementing the Best Practices in School Budgeting" demonstrating progress towards implementing GFOA's budget process guidelines. While the application for the award met some required elements, not all elements were determined to have been implemented; however, the GFOA recognizes that "Implementing the Best Practices in School Budgeting" process improvements are a significant, multi-year undertaking that require broad collaboration and support, which the District continues to work towards. Based on the District reorganization related to AB 469, coupled with the timing of the hiring of Dr. Jara as Superintendent, the Chief Financial Officer made the decision to postpone submitting for an award from the GFOA until the time at which executive staff is confident the new criteria can be submitted to obtain the new designation.

The Association of School Business Officials International awarded the District its Meritorious Budget Award ("MBA") in excellence in budget presentation during the 2017-2018 budget year for the 8th consecutive year. The MBA promotes and recognizes excellence in school budget presentation and enhances school business officials' skills in developing, analyzing and presenting a school budget system. After a review by professional auditors, the award is conferred only on school districts that have met or exceeded the program's criteria. The submission for this award was postponed as well since the requirements needed for this award do not align with the requirements for the GFOA award.

Annual Reports

General. The District prepares a comprehensive annual financial report (“CAFR”) setting forth the financial condition of the District as of June 30 of each fiscal year. The CAFR, which includes the District’s basic audited financial statements, is the official financial report of the District. It is prepared following generally accepted accounting principles (“GAAP”). The latest completed report is for the year ended June 30, 2018. See Note 1 in the audited 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, 2018, 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.

Certificate of Achievement. The District received the GFOA Certificate of Achievement for Excellence in Financial Reporting for its comprehensive financial report for the fiscal year ended June 30, 2018. This is the 33rd consecutive year the District has received this recognition. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and acceptable legal requirements.

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.

Education Savings Account Legislation

During the 2015 legislative session, the Nevada Legislature adopted, and the Governor signed, Senate Bill No. 302 (“SB 302”). SB 302 establishes a program by which a child who receives instruction from entities other than a public school may receive a grant of money and the amount of the grant must be deducted from the total apportionment amount otherwise received by the school district pursuant to the Nevada Plan. By adopting this legislation, the State reportedly became the first state in the nation to establish such a program for every child in the state. For fiscal year 2017-2018, the Nevada Legislature did not fund this

program, and therefore it is currently inactive and does not have any financial impact on the District. It is possible that the program could be funded in future years; accordingly, set forth below is additional information regarding SB 302.

The program established by SB 302 consists primarily of the creation of education savings accounts (“ESA”). Families who elect to participate in the program are required to enter into an agreement with the State Treasurer pursuant to which the family will agree to enroll the child at a certain school and open an ESA on behalf of the child and the State will agree to provide a grant to the family and deposit the grant into the ESA. Each agreement is valid for one school year but may be terminated early and may be renewed for any subsequent school year.

The amount of the grant is equal to 90% (or, if the child has a disability or a household income less than 185% of the federal poverty level, 100%) of the statewide average basic support per pupil. For fiscal year 2019, the District’s basic support per pupil is \$5,781, which would have resulted in a potential grant amount of approximately \$5,201 per child, had the program been funded by the Nevada Legislature. Grant money deposited into the ESA may be used only for certain specific items which include, generally, tuition and fees, textbooks, tutoring, ESA management fees and transportation (up to \$750 per school year).

Several lawsuits were filed regarding SB 302, one of which was ultimately resolved by the Nevada Supreme Court. On September 29, 2016, the court upheld SB 302 against constitutional challenges except for the funding mechanism of SB 302. Specifically, the court held that the Nevada Legislature must appropriate funds outside of the Nevada Plan in order to fund the ESA program. Subsequently, the Nevada Legislature declined to fund the ESA program during the 2017 legislative session and appears to be doing the same for the current legislative session, and therefore, the program has yet to be funded. While the ESA programs remain in statute, there are no State finances allocated for this program, and the District cannot predict if the program will be funded in the future, and if it is so funded, what financial impact it may have on the District at that time.

Achievement Charter School Legislation

During the 2015 legislative session, the Nevada Legislature adopted, and the Governor signed, Assembly Bill No. 448, which was codified as NRS Chapter 388B with an effective date of July 1, 2016. NRS 388B.100 established the Nevada Achievement School District (“Nevada ASD”) within the Nevada Department of Education and authorized certain underperforming schools to be converted to achievement charter schools sponsored by the Achievement School District. Pursuant to NRS 388B.200, the Nevada Department of Education is authorized to select annually up to six schools in the State for conversion to achievement charter schools. NRS 388B.230 provides in part that an achievement charter school must continue to operate in the same building in which the school operated before being converted to an achievement charter school. The costs of achievement charter schools are generally funded from the sources that otherwise have been used by the school district to fund the costs of the school, including through an apportionment of funds from DSA (defined below under “General Operating Fund”) funds based on the number of students in the achievement charter school. The board of trustees of the school district in which the achievement charter school is located must provide the use of the school building without compensation. In addition, while the school is

operated as an achievement charter school, the governing body of the achievement charter school is required to pay all costs related to the maintenance and operation of the building and the board of trustees of the school district is required to pay all capital expenses.

Annually by September 15, the Nevada Department of Education releases a list of schools that meet the criteria to be eligible for the Nevada ASD. Following the release of the list of eligible schools, the Executive Director of the Nevada ASD must submit a list of not less than 20 percent of the eligible schools to the State Board of Education for approval by December 1. By December 31, the State Board of Education is required to approve at least 50 percent of the recommended schools within 30 days. Then, by February 1, the Nevada ASD is supposed to select up to six of such schools within the District that were approved by the State Board of Education, which in turn are supposed to open in the fall of the upcoming school year. Currently, however, only four schools are in the ASD, and they are not affiliated with the District.

Bills under consideration in the current legislative session could have material impacts on the ASD. Assembly Bill 462 would require State Public Charter School Authority (“SPCSA”) to adopt a five-year growth management plan. The District has been involved in this bill in adding language so sponsors of charter schools and the SPCSA can better collaborate with school districts when a location for a charter school is chosen in order to better serve the community. Assembly Bill 78 would give the SPCSA the authority to become a local education agency that can adopt its own regulations and would remove the ASD from Nevada law, transferring the four schools currently under its umbrella to the SPCSA. Finally, Senate Bill 321 proposes to eliminate the Nevada ASD. The four schools currently under the authority of the ASD would be moved to the SPCSA.

Since the application process has yet to yield any charter operators seeking transformation of an existing school within the District, it is not possible to predict at this time how many District schools will be listed or what impact NRS Chapter 388B will have on the District’s finances, except that it will not impact the District’s \$0.5534 tax rate imposed for general obligation (limited tax) debt repayment purposes, or the Room Taxes and Transfer Taxes (both as defined below) pledged to pay certain general obligation (limited tax) bonds (additionally secured by pledged revenue) issued by the District.

Room Tax and Transfer Tax

Pursuant to State law, the District collects the proceeds of (a) a tax on lodging in the amount of 1.625% collected within the County (the “Room Tax”) and (b) a tax on the transfer of real property within the County equal to \$0.60 per \$500 of value (the “Transfer Tax”). The Room Tax and the Transfer Tax are currently pledged to certain general obligation (limited tax) bonds of the District, additionally secured by pledged revenue. See “GENERAL OBLIGATION REVENUE BONDS” in the table “Outstanding Bonded Indebtedness” in the section “DEBT STRUCTURE—Outstanding Indebtedness and Other Obligations.” The Room Tax and Transfer Tax are restricted by statute for capital projects and are deposited to the Capital Projects Fund. See the table “History of Revenues and Expenditures and Budget Information - Capital Projects Fund” in “DISTRICT FINANCIAL INFORMATION—Capital Projects Fund.” Historically, the District has paid debt service with proceeds of the Room Tax and the Transfer

Tax on its: (i) its general obligation (limited tax) bonds which are additionally secured by the Room Tax and the Transfer Tax; and (ii) its medium-term bonds, although such taxes are not specifically pledged to the payment of medium-term bonds. In the event that the Room Tax and the Transfer Tax is insufficient to pay debt service on general obligation (limited tax) bonds additionally secured by the Room Tax and Transfer Tax, the District is required to use the proceeds of its \$0.5543 tax rate for debt purposes to pay such debt service. In the event that any legally available sources of funds (such as the Room Tax and the Transfer Tax) are insufficient to pay debt service on medium-term bonds, the District is required to use the proceeds of its \$0.7500 tax rate for operating purposes to pay such debt service.

General Operating Fund

General. The General Operating Fund consists of two funds, the General Fund and the Special Education Fund. The General Operating Fund includes the budgets necessary for the basic instruction of students and the day-to-day operational activities of the District.

The purpose of the General Fund is to finance the ordinary operations of the District (including debt service on general obligation (limited tax) bonds such as the 2019A Bonds to the extent that the ad valorem tax levy is not sufficient to service outstanding debt, and including debt service on medium-term bonds to the extent other legally available revenues such as Room Taxes and Transfer Taxes are not sufficient to service outstanding debt) and to finance those operations not provided for in other funds. The purpose of the District's Special Education Fund is to separately account for revenues and expenditures related to the education of students with special needs. Although the Special Education Fund is a special revenue fund for accounting purposes, the District budgets it in conjunction with the General Fund because a large portion (approximately 72.1% in fiscal year 2018) of its operating revenues are contributed by the General Fund. However, in the District's government-wide financial statements, the Special Education Fund is a Major Special Revenue Fund separate from the General Fund.

Sources of Funding. The operating revenues of school districts are derived primarily from local and State sources as dictated by State law. School districts also receive federal revenues and miscellaneous revenues.

Local Sources. The District's local operating revenue sources are comprised largely of its \$0.7500 tax rate for operating purposes and the Local School Support sales and use taxes (the "LSST"), a sales and use tax equal to 2.60% of taxable sales. See "ECONOMIC AND DEMOGRAPHIC INFORMATION—Retail Sales."

As shown below in the table "History of Revenues and Expenditures and Budget Information – General Operating Fund," the District received \$430,830,444, \$442,399,386 and \$465,877,789 from ad valorem property taxes (including net proceeds of mines) in fiscal years 2016, 2017 and 2018, respectively, accounting for approximately 20.1%, 20.2% and 20.0% of General Operating Fund revenues in those years. The District estimates that it will receive \$491,280,512 in fiscal year 2019 and has budgeted \$521,243,000 in fiscal year 2020, accounting for approximately 20.9% and 21.7% of General Operating Funds in those years.

As shown below in the table “History of Revenues and Expenditures and Budget Information – General Operating Fund” in the line item “Sales Taxes,” the District received \$881,056,204, \$914,035,783, \$948,930,571 and \$998,300,029 from the LSST for fiscal years 2015, 2016, 2017 and 2018, respectively, accounting for approximately 41.7%, 42.7%, 43.3% and 42.9% of General Operating Fund revenues in those years. The District received \$998,300,029 in LSST revenue for fiscal year 2018 and projects to receive \$1,058,198,031 in LSST revenue for fiscal year 2019 and has budgeted \$1,100,530,000 in fiscal year 2020. All of the property tax revenues and the local support sales tax revenues are accounted for in the General Fund.

Other local operating sources in the General Operating Fund include revenues received from a governmental services tax (motor vehicle license fees), utility franchise fees, earnings on investments, tuition and summer school fees, athletic proceeds, facility rentals, donations and grants and miscellaneous sources. None of these sources of revenue account for significant amounts of General Operating Fund 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 “Nevada Plan”). The revenue for the DSA is received statewide from the following seven 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; (e) sales tax currently at a rate of 2.6% on out-of-state sales that cannot be attributed to a particular county; (f) recreational and medical marijuana excise taxes; and (g) a transient lodging tax at a rate of 3% due to Initiative Petition 1.

Each school district’s share of State aid is set by the Nevada Legislature for the biennium in accordance with a formula set forth in the Nevada Plan. The Nevada Plan was adopted by the Nevada 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 Nevada 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).

Set forth in the following table is a five-year history of per-pupil State guaranteed support for the District and historical District DSA revenue, as well as budgeted 2020 information.

Historical Per-Pupil Support and DSA Revenue

Fiscal Year ⁽¹⁾	Per-Pupil State Support		District DSA Revenue		
	<u>Amount</u>	<u>Percent Change</u>	<u>Amount</u>	<u>Percent Change</u>	<u>Percent of General Operating Fund Revenue</u>
2015	\$5,527	--	\$736,734,504	--	34.8%
2016	5,512	(0.3)%	700,582,079	(4.9)%	32.7
2017	5,574	1.1	706,134,626	0.8	32.2
2018	5,700	2.3	757,944,673	7.3	32.6
2019	5,781 ⁽²⁾	1.4	697,498,911	(8.0)	29.7
2020	5,863 ⁽³⁾	1.4	671,033,000	(3.8)	28.0

(1) Represents fiscal years ending June 30 of each year indicated.

(2) Estimated.

(3) Budgeted.

Sources: District financial statements; 2020 Final Budget.

The District also receives special State appropriations for various purposes; however, those appropriations generally do not represent significant amounts of General Operating Fund revenues.

The Nevada Plan provides a substantial guarantee of revenue support for the District's General Operating Fund budget. Under the Nevada 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 \$0.7500 (*i.e.*, as to \$0.2500) tax rate 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 Operating 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. Also see "PROPERTY TAX INFORMATION-Required Property Tax Abatements."

The Nevada Legislature may amend the provisions of the Nevada 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 Nevada Plan will be amended in the future; there is no assurance that such amendments will not result in reduced funding to the District. In the current legislative session, Senate Bill 543 ("SB 543") was introduced on May 13, 2019. SB 543 would constitute a major change to the Nevada Plan if enacted. SB 543 would, among other things, beginning in fiscal year 2021-2022, revise the Nevada Plan by terminating the DSA and creating the Nevada State Education Fund, into which all public school funding sources would be deposited. These funds would then be distributed to school districts according to a new funding formula. SB 543 would also create the Commission on School Finance to implement the new funding formula. Amendments to SB 543 have been proposed; however, it is uncertain at this

time whether it will be enacted in its current form, in a potential future form, or at all. Additionally, the District does not believe that the currently proposed amendments materially alter the bill. It is therefore not possible for the District to predict how SB 543 would influence its operations or finances. In its current form, SB 543 would have no impact on the revenues pledged to the District's limited tax general obligation debt, including the Bonds.

Federal Sources. The District also receives General Operating Fund revenues from various federal sources, including federal impact aid and federal forest reserve funds.

Other Sources. The District also receives General Operating Fund revenues from sales of District property, proceeds from insurance and other miscellaneous sources.

History of Revenues and Expenditures; Budget Summary. The following table ("History of Revenues and Expenditures and Budget Information – General Operating Fund") sets forth a history of the financial operations for the General Operating Fund (which includes the General Fund and the Special Education Fund), the 2019 Amended Final Budget, 2019 estimated actual results, and the 2020 Final Budget. The information for fiscal years 2014-2018 was derived from the District's audited financial statements for each of those years. The 2019 Amended Final Budget was approved by the Board on December 13, 2018. The 2020 Final Budget was approved by the Board on May 20, 2019. See "Chief Financial Officer's Analysis of Material Financial Trends and Recent Developments" below for a description of factors used in formulating the 2019 Final Budget.

The information in this table should be read together with the District's audited financial statements for the year ended June 30, 2018, 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." This table is not presented in accordance with GAAP, as the two funds contained in the General Operating Fund are different fund types for accounting purposes. Further, State law requires that all funds used for special education purposes be segregated; the District accounts for those funds in the Special Education Fund. Accordingly, the information in this table is provided for informational purposes only and does not imply that all of the revenues shown below are legally available to pay debt service on the 2019A Bonds.

The expenditures in the Special Education Fund exceed the revenues in each year. The District transfers funds from the General Fund to the Special Education Fund in an amount sufficient to cover the deficiency; the Special Education Fund does not have a fund balance.

General Fund Reserve Policy. It is the District's policy (set forth in District Regulation 3110) to maintain budgeted reserves in the General Fund in an amount equal to 2% of General Fund revenues as an unassigned fund balance. Due to limited funding resources, and in order to achieve balanced budgets, in each fiscal year since fiscal year 2010, the Board has been required to temporarily suspend Regulation 3110, although it remains the goal of the Board to meet this regulation in the future. The District's unassigned ending fund balances for the past

five fiscal years and the District's budgeted unassigned ending fund balances for the current and next fiscal years are described below.

Unassigned General Fund Balance, Fiscal Years 2014-2016. As part of a multiple year plan to restore the unassigned ending fund balance back to the 2% requirement, the District increased reserves in fiscal years 2013 through 2016, resulting in unassigned ending fund balances equal to 1.25%, 1.50%, and 1.75%, respectively, of General Fund revenues.

Unassigned General Fund Balance, Fiscal Year 2017. The District experienced a series of events in fiscal year 2017, after the adoption of its 2018 Final Budget, that deteriorated the progress achieved in increasing reserves from 2014 through 2016, including a May 2017 CCASAPE arbitration settlement, the reduction of special education contingency funds, a higher Risk Management obligation, and the non-receipt of all anticipated Full-Day Kindergarten revenue. As a result, the 2018 Amended Final Budget's beginning fund balance decreased \$37.7 million to \$42.3 million, with an unassigned ending fund balance of 0.29% of General Operating Fund revenues. In response, the District implemented approximately \$60.0 million in budget cuts.

Unassigned General Fund Balance, Fiscal Year 2018. In fiscal year 2018, the Board waived the 2.0% unassigned ending fund balance requirement and implemented budget cuts which resulted in an unassigned ending fund balance of 0.81% of revenues, or \$18.9 million, while attaining an ending fund balance of \$66.8 million, a \$24.5 million improvement over fiscal year 2017.

Budgeted Unassigned General Fund Balance, Fiscal Year 2019. The District is currently on track to achieve a 1.75%, or \$41.0 million, unassigned ending fund balance for fiscal year 2019. This would represent a 117.4% improvement over fiscal year 2018. The ending fund balance is projected to be \$103.5 million. The foregoing is based upon actual (unaudited) results through April 30, 2019, and District projections, and is not guaranteed to occur. See "INTRODUCTION – Forward-Looking Statements."

Budgeted Unassigned General Fund Balance, Fiscal Year 2020. The District has budgeted in fiscal year 2020 a 2.0% unassigned fund balance, which equates to \$47.9 million on projected revenue of \$2.4 billion. This budgeted amount is subject to future unknown events and is not guaranteed to occur. In particular, the Nevada Legislature is currently in session, and revenue projections and unfunded mandates could impact the District and lower the actual ending fund balance.

The actual audited (for fiscal years 2014-2018), actual unaudited (for fiscal year 2019) and budgeted (for fiscal years 2019-2020) ending unassigned General Fund balance is shown in the following table.

History of Revenues and Expenditures and Budget Information - General Operating Fund⁽¹⁾

<u>Fiscal Year Ending June 30</u>	<u>Actual 2014</u>	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Actual 2017</u>	<u>Actual 2018</u>	<u>2019 Amended Final Budget</u>	<u>2019 Estimated Actual⁽⁵⁾</u>	<u>2020 Final Budget</u>
Beginning Fund Balance	\$92,596,487	\$119,902,569	\$105,624,469	\$71,835,199	\$42,315,495	\$66,829,399	\$66,829,399	\$103,450,000
<u>Revenues</u>								
Local Sources								
Property Taxes	397,118,677	410,706,438	430,830,444	442,399,386	465,877,789	489,384,000	491,280,512	521,243,000
Sales Taxes	832,511,729	881,056,204	914,035,783	948,930,571	998,300,029	1,018,449,000	1,058,198,031	1,100,530,000
Other	85,755,058	85,980,359	96,305,224	92,118,421	102,226,954	93,866,000	93,810,250	100,652,000
State Sources ⁽²⁾	752,389,804	736,734,504	700,582,079	706,134,626	757,944,673	740,431,000	697,498,911	671,033,000
Federal Sources	237,429	340,659	157,399	4,072,320	1,437,235	1,600,000	1,523,716	1,191,000
Total Revenues	<u>2,068,012,697</u>	<u>2,114,818,164</u>	<u>2,141,910,929</u>	<u>2,193,655,324</u>	<u>2,325,786,680</u>	<u>2,343,730,000</u>	<u>2,342,311,420</u>	<u>2,394,649,000</u>
<u>Expenditures</u>								
Regular Programs	960,048,587	972,713,565	981,258,909	987,684,954	1,043,843,942	1,085,192,340	1,056,818,375	1,143,169,100
Special Programs	325,796,722	339,846,969	354,634,990	375,695,936	387,629,637	392,279,417	395,247,518	417,454,261
Vocational Programs	6,964,108	7,123,998	6,799,367	6,332,565	6,738,232	6,879,248	6,151,022	6,826,273
Other Instructional Programs	40,079,397	42,676,997	48,398,023	45,890,619	43,579,987	51,899,574	40,180,879	50,484,956
Undistributed Expenditures	<u>763,272,305</u>	<u>800,810,362</u>	<u>818,522,138</u>	<u>810,368,833</u>	<u>847,406,674</u>	<u>866,127,834</u>	<u>845,193,761</u>	<u>857,877,410</u>
Total Expenditures	<u>2,096,161,119</u>	<u>2,163,171,891</u>	<u>2,209,613,427</u>	<u>2,225,972,907</u>	<u>2,329,198,472</u>	<u>2,402,378,413</u>	<u>2,343,591,555</u>	<u>2,475,812,000</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(28,148,422)</u>	<u>(48,353,727)</u>	<u>(67,702,498)</u>	<u>(32,317,583)</u>	<u>(3,411,792)</u>	<u>(58,648,413)</u>	<u>(1,280,135)</u>	<u>(81,163,000)</u>
<u>Other Financing Sources (Uses)</u>								
Net Transfers to Other Funds ⁽³⁾	(4,909,472)	(2,052,025)	(5,817,053)	(29,314,664)	--	(358,986)	--	--
Sale of Medium-Term Bonds	--	--	33,470,000	29,935,000	23,945,000	35,750,000	35,750,000	30,000,000
Premium on GO Bonds	1,576,637	--	6,260,281	2,177,543	2,738,996	1,556,000	1,556,125	--
GO Refunding Bonds	32,855,000	--	--	--	--	--	--	--
Gain/Loss on Disposal of Assets	--	--	--	--	1,241,700	700,000	594,611	414,000
Transfers from Other Funds ⁽⁴⁾	<u>25,932,339</u>	<u>36,127,652</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other	<u>55,454,504</u>	<u>34,075,627</u>	<u>33,913,228</u>	<u>2,797,879</u>	<u>27,925,696</u>	<u>37,647,014</u>	<u>37,900,736</u>	<u>30,414,000</u>
Net Change in Fund Balance	<u>27,306,082</u>	<u>(14,278,100)</u>	<u>(33,789,270)</u>	<u>(29,519,704)</u>	<u>24,513,904</u>	<u>(21,001,399)</u>	<u>36,620,600</u>	<u>(50,749,000)</u>
<u>Ending Fund Balance</u>	<u>\$119,902,569</u>	<u>\$105,624,469</u>	<u>\$71,835,199</u>	<u>\$42,315,495</u>	<u>\$66,829,399</u>	<u>\$45,828,000</u>	<u>\$103,450,000</u>	<u>\$52,701,000</u>
Nonspendable Fund Balance	5,260,902	5,227,043	4,792,828	3,661,692	3,551,143	4,000,000	4,000,000	4,000,000
Restricted Fund Balance	202,114	198,492	10,645,907	31,543,840	37,943,423	--	57,650,000	--
Assigned Fund Balance	88,589,394	68,476,662	18,913,023	742,017	6,465,750	800,000	800,000	800,000
Unassigned Fund Balance	25,850,159	31,722,272	37,483,441	6,367,946	18,869,083	41,028,000	41,000,000	47,901,000
Unassigned Fund Balance % of Revenues	1.25%	1.50%	1.75%	0.29%	0.81%	1.75%	1.75%	2.00%
(Footnotes on following page)								

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- (1) Includes combined information for the District's General Fund and Special Education Fund.
 - (2) See "General Operating Fund—Sources of Funding—State Sources" above.
 - (3) Net of the transfer between the General Fund and the Special Education Fund. In 2016, transfer represents a transfer (\$5.8 million) to the State Grant Fund for Full Day Kindergarten. In 2017, transfer represents a transfer (\$29 million) to the State Grant Fund for Fully Day Kindergarten.
 - (4) The 2014 transfer represents a transfer (\$25.9 million) from the Special Revenue Funds for class size reduction. The 2015 transfer represents a transfer from the Special Revenue Fund for class size reduction.
 - (5) Based upon unaudited actual financial statements through April 30, 2019, and estimates derived from the 2020 Final Budget.

Sources: District's CAFRs for fiscal years 2014-2018; Amended 2019 Final Budget; unaudited financial statements for the period July 1, 2018, through April 30, 2019; and the 2020 Final Budget.

Debt Service Fund

The Debt Service Fund is used to accumulate moneys for payment of voter-approved general obligation bonds and general obligation bonds additionally secured by certain pledged revenues consisting of the Room Tax and Transfer Tax. NRS 350.020 requires the District to establish and maintain a debt reserve account (described under “DISTRICT FINANCIAL INFORMATION—Statutory Reserve”). The District uses the combined fund balances in the Debt Service Fund and in the Capital Projects Fund to comply with this requirement.

The following table sets forth a history of the financial operations for the District’s Debt Service Fund, the 2019 Amended Final Budget and the 2020 Final Budget. The information for fiscal years 2014-2018 was derived from the District’s audited financial statements for each of those years. The 2019 Amended Final Budget was approved by the Board on December 13, 2018. The 2020 Final Budget was approved by the Board on May 20, 2019. See “Chief Financial Officer’s Analysis of Material Financial Trends and Recent Developments” below for a description of factors used in formulating the 2020 Final Budget.

The information in this table should be read together with the District’s audited financial statements for the year ended June 30, 2018, 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.”

History of Revenues and Expenditures and Budget Information - Debt Service Fund

<u>Fiscal Year Ending June 30</u>	<u>Actual 2014</u>	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Actual 2017</u>	<u>Actual 2018</u>	<u>Amended Final Budget 2019</u>	<u>Actual Estimated 2019⁽²⁾</u>	<u>2020 Final Budget</u>
<u>Revenues</u>								
Local Sources								
Property Taxes	\$297,236,844	\$307,869,927	\$323,526,020	\$333,648,333	\$352,174,204	\$369,000,000	\$370,000,000	\$393,700,000
Other Local Sources	10,198	35,625	26,830	75,899	147,645	25,000	125,000	125,000
Investment Income	<u>1,675,687</u>	<u>886,757</u>	<u>1,007,666</u>	<u>634,344</u>	<u>1,619,575</u>	<u>1,000,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
Total Revenues	298,922,729	308,792,309	324,560,516	334,358,576	353,941,424	370,025,000	371,625,000	395,325,000
<u>Expenditures</u>								
Debt Service								
Bond Principal Retirement	339,665,000	312,475,000	276,190,000	295,730,000	309,535,000	292,390,000	292,390,000	254,490,000
Interest on Bonds	151,995,089	131,837,127	132,195,695	125,602,981	121,907,789	131,084,685	131,084,685	137,867,209
Bond Issuance Costs	432,508	450,089	2,991,744	2,035,489	140,663	--	--	--
Purchased Services	<u>124,561</u>	<u>125,283</u>	<u>124,823</u>	<u>125,102</u>	<u>124,186</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Expenditures	492,217,158	444,887,499	411,502,262	423,493,572	431,707,638	423,474,685	423,474,685	392,357,209
Excess (Deficiency) of Revenues over (under) Expenditures	<u>(193,294,429)</u>	<u>(136,095,190)</u>	<u>(86,941,746)</u>	<u>(89,134,996)</u>	<u>(77,766,214)</u>	<u>(53,449,685)</u>	<u>(51,849,685)</u>	<u>2,967,791</u>
Other Financing Sources⁽¹⁾	95,919,160	84,513,632	103,529,365	101,571,941	97,445,383	94,415,915	94,415,915	88,851,465
Net Change in Fund Balance	(97,375,269)	(51,581,558)	16,587,619	12,436,945	19,679,169	40,966,230	42,566,230	91,819,256
Beginning Fund Balance	<u>175,795,693</u>	<u>78,420,424</u>	<u>26,838,866</u>	<u>43,426,485</u>	<u>55,863,430</u>	<u>75,542,599</u>	<u>75,542,599</u>	<u>118,108,829</u>
Ending Fund Balance	<u>\$78,420,424</u>	<u>\$26,838,866</u>	<u>\$43,426,485</u>	<u>\$55,863,430</u>	<u>\$75,542,599</u>	<u>\$116,508,829</u>	<u>\$118,108,829</u>	<u>\$209,928,085</u>

(1) Represents the net effect of transfers to/from the Capital Projects Fund and other funds for debt service and the debt service reserve (including transfers permitted under prior law to the Capital Projects Fund for asbestos removal).

(2) Based upon unaudited actual financial statements through April 30, 2019, and estimates derived from the 2020 Final Budget.

Sources: District's CAFRs for fiscal years 2014-2018; Amended 2018 Final Budget; unaudited financial statements for the period July 1, 2018, through April 30, 2019; and the 2020 Final Budget.

Capital Projects Fund

The statutorily required Capital Projects Fund is used to account for the revenues pledged to certain outstanding bonds of the District which are general obligation bonds secured by additional pledged revenues consisting primarily of the Room Tax and Transfer Tax. The District has historically paid debt service on medium-term bonds from the Capital Projects Fund. The Capital Projects Fund is a component of the District's Bond Fund. Accordingly, the Capital Projects Fund is not reflected as a stand-alone fund in the audited financial statements attached hereto as Appendix A.

NRS 350.020 requires the District to establish and maintain a debt reserve account (described under "DISTRICT FINANCIAL INFORMATION—Statutory Reserve"). The District uses the combined fund balances in the Debt Service Fund and in the Capital Projects Fund to comply with this requirement.

The following table provides a history of the financial operations for the Capital Projects Fund, the 2019 Amended Final Budget and the 2020 Final Budget. The information for fiscal years 2014-2018 was derived from the District's audited financial statements for each of those years. The 2019 Amended Final Budget was approved by the Board on December 13, 2018. The 2020 Final Budget was approved by the Board on May 20, 2019. See "Chief Financial Officer's Analysis of Material Financial Trends and Recent Developments" below for a description of factors used in formulating the 2020 Final Budget.

The information in this table should be read together with the District's audited financial statements for the year ended June 30, 2018, 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."

History of Revenues and Expenditures and Budget Information - Capital Projects Fund⁽¹⁾

<u>Fiscal Year Ending June 30</u>	<u>Actual 2014</u>	<u>Actual 2015</u>	<u>Actual 2016</u>	<u>Actual 2017</u>	<u>Actual 2018</u>	<u>Amended Final Budget 2019</u>	<u>Actual Estimated 2019⁽⁵⁾</u>	<u>Final Budget 2020</u>
<u>Revenues</u>								
Real Estate Transfer Tax ⁽²⁾	\$21,311,525	\$22,146,920	\$26,522,633	\$29,070,252	\$35,704,237	\$36,500,000	\$36,500,000	\$38,600,000
Room Tax	74,067,663	81,297,840	88,585,165	95,672,595	96,752,890	96,800,000	96,800,000	96,800,000
Investment Income ⁽³⁾	1,115,327	1,203,992	1,766,165	1,103,570	4,178,956	2,600,000	5,100,000	4,600,000
Federal Sources ⁽⁴⁾	5,636,421	5,630,347	5,656,298	5,650,229	5,668,436	5,650,000	5,650,000	5,650,000
Total Revenues	<u>102,130,936</u>	<u>110,279,099</u>	<u>122,530,261</u>	<u>131,496,646</u>	<u>142,304,519</u>	<u>141,550,000</u>	<u>144,050,000</u>	<u>145,650,000</u>
<u>Expenditures</u>	--	--	--	--	--	--	--	--
<u>Other Financing (Uses)</u>								
Transfer to General Fund	--	--	--	--	--	--	--	--
Transfer to Capital Fund	--	(917,776)	--	--	--	--	--	--
Transfer to Building & Sites Fund	(1,499,207)	--	--	--	--	--	--	--
Transfer to Bond Fund	--	--	--	--	--	--	--	--
Transfer to Debt Service Fund	<u>(83,151,333)</u>	<u>(83,188,392)</u>	<u>(99,700,893)</u>	<u>(98,459,758)</u>	<u>(97,165,318)</u>	<u>(94,415,915)</u>	<u>(94,415,915)</u>	<u>(88,851,465)</u>
Total	<u>(84,650,540)</u>	<u>(84,106,168)</u>	<u>(99,700,893)</u>	<u>(98,459,758)</u>	<u>(97,165,318)</u>	<u>(94,415,915)</u>	<u>(94,415,915)</u>	<u>(88,851,465)</u>
Net Change in Fund Balance	17,480,396	26,172,931	22,829,368	33,036,888	45,139,201	47,134,085	49,634,085	56,798,535
Beginning Fund Balance	<u>99,314,658</u>	<u>116,795,054</u>	<u>142,967,985</u>	<u>165,797,353</u>	<u>198,834,241</u>	<u>243,973,442</u>	<u>243,973,442</u>	<u>293,607,527</u>
Ending Fund Balance	<u>\$116,795,054</u>	<u>\$142,967,985</u>	<u>\$165,797,353</u>	<u>\$198,834,241</u>	<u>\$243,973,442</u>	<u>\$291,107,527</u>	<u>\$293,607,527</u>	<u>\$350,406,062</u>

(1) The Capital Projects Fund is comprised of certain revenues of the District's Bond Fund and is used to account for the revenues pledged to certain general obligation bonds which are additionally secured by pledged revenues, consisting primarily of the Room Tax and the Transfer Tax. This fund constitutes the Capital Projects Fund required to be established pursuant to State law.

(2) Defined herein as the Transfer Tax. See "Room Tax and Transfer Tax" above.

(3) Includes investment earnings and net changes in the fair value of investments.

(4) Represents interest subsidy payments received or expected to be received from the U.S. Treasury and applied or expected to be applied toward the interest payments on debt incurred on direct-pay QSCBs issued by the District, currently comprised of the 2010A Bonds and the 2010D Bonds. See "CLARK COUNTY SCHOOL DISTRICT—Compliance With Federal Laws—Sequestration."

(5) Based upon unaudited actual financial statements through April 30, 2019, and estimates derived from the 2020 Final Budget.

Sources: District's CAFRs for fiscal years 2014-2018; Amended 2019 Final Budget; unaudited financial statements for the period July 1, 2018, through April 30, 2018; and the 2020 Final Budget.

Other District Funds

As illustrated by the audited basic financial statements attached hereto as Appendix A, the District maintains numerous other funds, including additional governmental, special revenue, capital projects, enterprise, internal service and agency funds. See Note 1 in the audited financial statements attached hereto as Appendix A for a description of the various fund types and the District's significant accounting policies.

Statutory Reserve Requirement

NRS 350.020 requires the Board to establish a reserve account within its debt service fund for payment of the outstanding bonds of the District (the "Statutory Reserve"). NRS 387.328 permits school districts to use funds in a capital projects fund to pay debt service on bonds. Accordingly, the Statutory Reserve requirement is satisfied through the combined total ending fund balance in the District's Debt Service Fund (see the table "History of Revenues and Expenditures and Budget Information – Debt Service Fund") and the District's Capital Projects Fund (see the table "History of Revenues and Expenditures and Budget Information – Capital Project Fund"). The Statutory Reserve must be established and maintained in an amount at least equal to the lesser of: 25% 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, or 10% of the outstanding principal amount of the District's bonds, or any other amount required by statute (the "Statutory Reserve Requirement").

If the amount in the Statutory Reserve falls below the Statutory Reserve Requirement, NRS 350.020(6) provides that: (a) the Board shall not issue additional bonds pursuant to NRS 350.020(4) until the Statutory Reserve is restored to an amount equal to the Statutory Reserve Requirement; and (b) 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 Statutory Reserve to an amount equal to the Statutory Reserve Requirement.

The funds in the Statutory Reserve are not pledged to pay debt service on the 2019A Bonds or other outstanding bonds of the District. Funds in excess of the Statutory Reserve may be used to fund capital projects on a pay-as-you-go basis.

After the issuance of the 2019A Bonds, the amount required to be on deposit in the Statutory Reserve in order to meet the Statutory Reserve Requirement is estimated to be \$95,615,552.* The estimated combined fund balances available for the Statutory Reserve Requirement is \$411,716,356 as of June 30, 2019. Therefore, the District estimates that it will have approximately \$316,100,804* in excess reserves as of June 30, 2019. The calculation of the Statutory Reserve Requirement is shown in the following table:

* Subject to change.

Statutory Reserve Requirement

Estimated Debt Service Fund Balance as of 6/30/19	\$118,108,829
Estimated Capital Projects Fund Balance as of 6/30/19	<u>293,607,527</u>
Total Estimated Available for Statutory Reserve Requirement	411,716,356
25% of 2019-2020 estimated debt service* ⁽¹⁾⁽²⁾	\$95,615,552
10% of Outstanding and Proposed Par Amount as of 5/1/19 ⁽²⁾	298,274,500
Lesser of 25% of debt service or 10% of outstanding par amount (i.e., the Statutory Reserve Requirement)	<u>(95,615,552)</u>
Excess Over Statutory Reserve Requirement	\$316,100,804

(1) Includes full interest payments due on the Series 2010A Bonds and Series 2010D Bonds, which were issued as direct-pay QSCBs

(2) Includes all outstanding general obligation bonds, after the issuance of the 2019A Bonds (based upon assumed interest rates on the 2019A Bonds which are subject to change upon the pricing of the 2019A Bonds at the public sale).

Chief Financial Officer's Analysis of Material Financial Trends and Recent Developments

General; Recent Bonding Authority. The District has historically benefitted from an increasing tax base that has partially enabled the District to respond to associated growth in enrollment, although the District experienced a significant decline in its tax base during fiscal years 2009-2013. See "CLARK COUNTY SCHOOL DISTRICT--Enrollment" and "PROPERTY INFORMATION--Property Tax Base" and "Property Tax Collections." The derived benefits were evidenced by the approval of voters in 1998 to maintain the property tax rate, which enabled the District to continue to issue bonds until 2008 in support of its school construction program. Original projections estimated that approximately \$3.5 billion of bond capacity would be available to the District during the 1998-2008 period as a result of this approval and the legislation authorizing it. However, the revenues that were available resulted in an actual capacity of approximately \$4.9 billion during that period.

In response to the District's continued facility needs, in 2015 the Nevada Legislature passed SB 119 and SB 207 that extended the District's bonding authority, granted in 1998, to issue bonds against the local property tax debt rate for the next ten years. Specific projects related to the extended bond authority are discussed in "CLARK COUNTY SCHOOL DISTRICT—District Facilities and Capital Improvement Plan."

Statutory Reserve Requirement. Included in the 2015 legislation was the Statutory Reserve Requirement discussed in "Statutory Reserve Requirement" above. As noted above, the District satisfies the Statutory Reserve Requirement with balances in its Debt Service Fund and Capital Projects Fund, which may by State statute be applied only toward debt service and capital projects. This combined fund balance was \$169.8 million in fiscal year 2015, \$209.2 million in fiscal year 2016, \$254.7 million in fiscal year 2017, and \$319.5 million in fiscal year 2018.

The Debt Service Fund and Capital Projects Fund ending balances are budgeted to increase by approximately \$148.6 million in fiscal year 2019. While the Statutory Reserve Requirement as of June 30, 2019 (after taking into account the issuance of the 2019A Bonds) is estimated to be approximately \$95.6 million,* the combined fund balances available to satisfy

* Subject to change.

the Statutory Reserve Requirement are estimated to be approximately \$411.7 million as of June 30, 2019. It is the District's goal to continue to maintain reserves in excess of the Statutory Reserve Requirement. These balances, being restricted from other use by State law, provide both a margin of security for the District's bonds and the opportunity to support increases in bonded debt while maintaining stability in property tax rates.

District Budget Development. The District bases its annual budgets on estimated revenues and expenditures for the coming budget year. These revenues and expenditures include numerous factors, including but not limited to, current assessed valuation, State per pupil support, federal support, Room Tax and Transfer Tax projections, debt service on bonds, labor negotiations, and enrollment. Due to these dynamic factors, the District adopts a final budget no later than June 8 of each year, and adopts an amended final budget in December of each year.

Recent Increases in Assessed Valuation. Since 2013, taxable assessed valuation has increased each year, most recently increasing by 6.1% from 2017 to 2018, by 7.5% from 2018 to 2019, and by 9.3% from 2019 to 2020 (based upon preliminary 2020 assessed valuation, which is subject to change). Due to State law constraints, however, District ad valorem property tax revenues (General Fund and Debt Service Fund combined) have increased by a smaller percentage since 2013 than the percentage by which District assessed value has increased. See the table "History of Assessed Value and Property Tax Revenues" in "PROPERTY TAX INFORMATION—History of Assessed Value."

2019 Amended Final Budget. The Board adopted the 2019 Amended Final Budget on December 13, 2018. This budget reflects a \$45.8 million ending fund balance, a \$22.9 million increase over the 2018 Amended Final Budget. \$41.0 million, or 1.75%, is unassigned, and reflects a \$24.5 million beginning fund balance increase; a \$17.0 million revenue increase; a \$10.6 medium-term financing proceeds increase; and a \$29.2 million expense increase, comprised primarily of salary and benefit increases.

Recent budget challenges include the March 30, 2018, CCEA arbitration decision described herein (expected to negatively impact the District in the approximate amount of \$38.4 million in fiscal year 2019); the April 30, 2018, arbitration decision to award retroactive pay for teachers who received advanced academic degrees in fiscal year 2015-2016 (expected to negatively impact the District in the approximate amount of \$3.0 million in fiscal year 2019); and the July 13, 2017, County Labor Relations Board mandate to fund the \$17.9 million implementation cost of the Professional Growth System. These rulings necessitated reopening the 2019 Final Budget and formulating future budget cuts of approximately \$68.0 million in the 2019 Amended Final Budget, comprised of approximately \$47.0 million for schools, approximately \$14.0 for Special Education, and approximately \$7.0 million in other areas outside of the General Operating Fund.

2020 Final Budget. The Board adopted the 2020 Amended Final Budget on May 20, 2019. The 2020 Final Budget was based upon estimated fiscal year 2019 results and estimated fiscal year 2019 revenues and expenditures. The District's state basic support (i.e., the DSA) per student in the 2020 Final Budget was expected to be \$5,863 per pupil. This represents an \$82 increase from the prior year's DSA per pupil support of \$5,781. See the table "Historical Per-Pupil Support and DSA Revenue" in "General Operating Fund—Sources of Funding—State Sources" above. The 2020 Final Budget was developed with a total weighted Average Daily

Enrollment projection of 316,963 students, a decrease of 436 students, or (0.1%) from the total enrollment in the prior school year.

At the time of adoption of the 2020 Final Budget, the District expected to realize more than \$52.3 million in fiscal year 2020 in additional revenues above that of the fiscal year 2019 (estimated) primarily a result of three events: (1) Local School Support Tax (LSST) is projected to increase \$42.3 million to \$1,100.5 billion from \$1,058.2 billion, expected to be offset by a corresponding decrease to the state's basic support guarantee contribution of DSA funding as provided in the Nevada Plan; (2) property tax revenues are projected to increase \$30.0 million to \$521.3 million compared to \$491.3 million (one-third or \$10 million of the property tax increase is expected to offset a corresponding decrease to the State's basic support guarantee contribution of DSA); and (3) DSA funding is projected to decrease by \$26.5 million, due to the above mentioned increases in LSST and property taxes that offset State funding under the DSA.

Expenditures for the 2020 Final Budget were projected to increase approximately \$132.0 million from estimated fiscal year 2019. The majority of this increased spending is related to the utilization of the 2019 restricted funding balance for school strategic budgets as required by NRS 388G.650 and due to fully funding school strategic budgets totaling \$81.0 million. Another \$43.0 million of expenditure increases is due to a \$18.0 million rate increase in the PERS, an increase in Special Education costs of \$17.0 million, and \$8.0 million in other expenses such as an increase in Risk Management Assessment, inflation, and other expenditures; however, these costs were offset by one-time payroll reductions and General Fund staffing of \$36.0 million, lower bus purchases of \$11.0 million, \$2.0 million related to anticipated additional class size reduction funding, and \$2.0 million resulting from a reorganization of the Teaching & Learning division.

Since the 2019 (80th) Session of the Nevada Legislature is still in session, it is uncertain at this time as to the final funding levels of the District. Given the timing of the labor contract expirations and the ongoing negotiations with each bargaining unit, the District did not factor any potential increases in labor costs in the 2020 Final Budget. Any additional increases in labor costs in fiscal year 2020 related to the bargaining units will result in additional costs for which the District will be required to make budget cuts in expenditures if additional funding is not received in the 2019 Legislative Session.

Assessed Values and Property Taxes. Legislation was enacted in 2005 (in a period of property value inflation) to provide partial abatement of ad valorem taxes to provide relief from escalating assessments resulting from previous increases to the market values of real property in the County. The cap limits each property's tax increase pursuant to a formula described in "PROPERTY TAX INFORMATION--Required Property Tax Abatements." Subsequently, during the Great Recession in approximately 2008-2013 (a period of real estate deflation), the abatement law became a mechanism that often resulted in a mandatory increase in property taxes. Even when property values fell by over 50%, local governments continued to see increases in property tax revenues for certain properties. The tax cap for fiscal year 2020 is 3.0% for residential property and 4.8% for non-residential property, and District property tax revenues are budgeted to increase 6.0%. See the table "History of Assessed Value and Property Tax Revenues" in "PROPERTY TAX INFORMATION—History of Assessed Value."

Investment Policy

The District's Chief Financial Officer, in conjunction with the District's Investment Committee, develops investment guidelines for managing substantially all District funds in accordance with State law and regulations approved by the Board. The District's policy allows investments only in U.S. Treasury obligations; obligations of Agencies of the U.S.; "AAA" rated collateralized mortgage obligations; "AAA" rated asset-backed securities; FDIC insured or collateralized certificates of deposit; pooled investment funds for local governments operated by the state treasurer; short term bankers acceptance notes, short term repurchase agreements and short term commercial paper, each in limited amounts; and certain "AAA" rated money market mutual funds.

The District's Cash and Investment Management Unit manages the District investment portfolios in accordance with investment guidelines recommended by the GFOA and reports in accordance with the standards established by GASB. In addition, internal controls and investment transactions are reviewed regularly by the District's Investment Committee.

See Note 3 in the audited basic financial statements attached hereto as Appendix A for a description of permitted and actual District investments as of June 30, 2018.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and/or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District accounts for such losses through its Insurance and Risk Management Internal Service Fund. The District maintains insurance coverage which the District administration believes is sufficient to cover losses generally experienced by school districts similar in size to the District. Additionally, the District self-insures for certain liabilities. See Note 13 in the audited financial statements attached hereto as Appendix A for a further description of the District's risk management program, including coverages for fiscal year 2018. The District's current policies, which became effective on July 1, 2018, are substantially similar to those described in Appendix A.

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. In addition to the District's legal debt limit as a percentage of its total assessed value, the District's ability to issue future property tax supported debt is also constrained by constitutional and statutory limits of total property taxes that may be levied. See "PROPERTY TAX INFORMATION--Property Tax Limitations."

The following table presents a record of the District's outstanding general obligation indebtedness with respect to its statutory debt limitation.

Statutory Debt Limitation⁽¹⁾

Fiscal Year Ended June 30	Total Assessed Valuation ⁽¹⁾	Debt Limit	Outstanding General Obligation Debt ⁽²⁾	Additional Statutory Debt Capacity ⁽³⁾
2015	\$64,252,633,650	\$ 9,637,895,048	\$2,548,890,000	\$7,089,005,048
2016	71,055,253,233	10,658,287,985	2,590,805,000	8,067,482,985
2017	76,633,199,095	11,494,979,864	2,438,120,000	9,056,859,864
2018	81,306,131,252	12,195,919,688	2,546,995,000	9,648,924,688
2019	87,432,856,574	13,114,928,486	2,982,745,000 ⁽⁴⁾	10,132,183,486

(1) Includes the assessed valuation of the Redevelopment Agencies. See "PROPERTY TAX INFORMATION--History of Assessed Value." Property taxes levied against the assessed value in redevelopment areas are made available to the District to pay bonded indebtedness approved by the voters of the District on and after November 5, 1996, but not for bonded indebtedness approved by the voters of the District before that date. See the discussion in "History of Assessed Value."

(2) Excludes short term notes (of which none are currently outstanding), leases and installment purchases.

(3) Additional debt issuance may be further limited by property tax limitations. See "PROPERTY TAX INFORMATION--Property Tax Limitations."

(4) Fiscal year 2019 debt represents the debt outstanding on May 1, 2019, but assuming the issuance of the 2019A Bonds.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2014-2015 through 2018-2019; debt information compiled by the Municipal Advisor.

The District may issue general obligation bonds by means of authority granted to it by its electorate or the Nevada Legislature, or, under certain circumstances without an election as provided in existing statutes.

Outstanding Bonded Indebtedness and Other Obligations

Outstanding Bonded Indebtedness. The following table presents the District's outstanding obligations as of May 1, 2019 (after taking the issuance of the 2019A Bonds into account).

Outstanding Bonded Indebtedness⁽¹⁾⁽²⁾
As of May 1, 2019

	<u>Dated</u>	<u>Maturing</u>	<u>Original Amount</u>	<u>Outstanding Principal Amount</u>
<u>GENERAL OBLIGATION BONDS ⁽³⁾</u>				
Refunding Bonds, Series 2007A	03/01/07	06/15/19	\$ 473,045,000	\$ 27,000,000
Refunding Bonds, Series 2012A	10/04/12	06/15/21	159,425,000	87,705,000
Refunding Bonds, Series 2013B	07/31/13	06/15/19	95,870,000	29,300,000
Refunding Bonds, Series 2014A	04/29/14	06/15/20	131,175,000	22,395,000
Refunding Bonds, Series 2015A	03/18/15	06/15/19	257,445,000	59,465,000
Building and Refunding Bonds, Series 2015C	11/23/15	06/15/35	338,445,000	328,905,000
Refunding Bonds, Series 2016A	06/16/16	06/15/25	186,035,000	186,035,000
Refunding Bonds, Series 2016D	12/15/16	06/15/24	257,215,000	235,310,000
Building & Refunding Bonds, Series 2017A	06/28/17	06/15/37	407,900,000	387,805,000
Building & Refunding Bonds, Series 2017C	12/07/17	06/15/37	291,785,000	289,785,000
Building Bonds, Series 2018A	06/26/18	06/15/38	200,000,000	200,000,000
Building Bonds, Series 2018B	11/01/18	06/15/38	200,000,000	200,000,000
Building Bonds, Series 2019A (<i>this issue</i>)	06/26/19	06/15/39	200,000,000	200,000,000
TOTAL GENERAL OBLIGATION BONDS				<u>2,253,705,000</u>
<u>GENERAL OBLIGATION REVENUE BONDS ⁽⁴⁾</u>				
<i>Parity Lien Bonds</i>				
Refunding Bonds, Series 2011B	03/22/11	06/15/19	29,420,000	11,125,000
Refunding Bonds, Series 2014B	04/29/14	06/15/20	62,200,000	17,410,000
Refunding Bonds, Series 2015B	03/18/15	06/15/22	129,080,000	79,480,000
School Bonds, Series 2015D	11/23/15	06/15/35	200,000,000	176,565,000
Refunding Bonds, Series 2016B	06/16/16	06/15/27	90,775,000	90,675,000
Refunding Bonds, Series 2016E	12/15/16	06/15/26	59,510,000	59,510,000
Refunding Bonds, Series 2017B	06/28/17	06/15/20	59,315,000	40,300,000
Total Parity Lien Bonds				<u>475,065,000</u>
<i>Subordinate Bonds ⁽⁵⁾</i>				
School Bonds, Series 2010A (QSCB) ⁽⁶⁾	07/08/10	06/15/24	104,000,000	<u>103,900,000</u>
TOTAL GENERAL OBLIGATION REVENUE BONDS				<u>578,965,000</u>
<u>GENERAL OBLIGATION MEDIUM-TERM BONDS ⁽⁷⁾</u>				
Medium-Term Bonds, Series 2010D (QSCB) ⁽⁶⁾	07/08/10	06/15/20	6,245,000	6,245,000
Medium-Term Bonds, Series 2013A	07/31/13	06/15/23	32,855,000	12,690,000
Medium-Term Bonds, Series 2016C	06/16/16	06/15/26	33,470,000	27,925,000
Various Purpose Medium-Term Bonds, Series 2016F	12/15/16	06/15/26	50,435,000	43,520,000
Various Purpose Medium-Term Bonds, Series 2017D	12/07/17	06/15/27	23,945,000	23,945,000
Various Purpose Medium-Term Bonds, Series 2018C	11/01/18	06/15/28	35,750,000	<u>35,750,000</u>
TOTAL				<u>150,075,000</u>
Total General Obligation Bonds				\$2,982,745,000

(Footnotes on following page)

- (1) After taking the issuance of the 2019A Bonds into account, expected to close on June 26, 2019.
- (2) Excludes short term notes, leases and installment purchase obligations.
- (3) 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 by the \$3.64 statutory and the \$5.00 constitutional limits. See “PROPERTY TAX INFORMATION - Property Tax Limitations.”
- (4) 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 limits. These bonds are additionally secured by pledged revenues consisting primarily of the Room Tax and the Transfer Tax. If revenues are not sufficient, the District is obligated to pay the difference between such revenues and debt service requirements of the respective bonds, on the same basis as the general obligation bonds described in Note 3. See “PROPERTY TAX INFORMATION - Property Tax Limitations.”
- (5) The 2010A Bonds have a lien on the Room Tax and the Transfer Tax that is subordinate to the lien of the Parity Lien Bonds listed in this table.
- (6) The 2010A Bonds and the 2010D Bonds were issued as direct-pay QSCBs. The District expects to receive an interest subsidy on the QSCBs in each year equal to the interest rate payable on the QSCBs (the “QSCB Subsidy”). However, receipt of the subsidy is dependent on numerous factors and it is possible that the District may not receive the QSCB Subsidy in future years. The District is required to pay all of the interest of the 2010A Bonds and the 2010D Bonds even if the QSCB Subsidy is not received. See “CLARK COUNTY SCHOOL DISTRICT—Compliance With Federal Laws—Sequestration.”
- (7) General obligation bonds secured by the full faith and credit of the District and payable from any legally available funds of the District. The ad valorem tax rate available to pay these bonds is limited by the \$3.64 statutory and the \$5.00 constitutional limits as well as by the \$0.7500 limit on the District’s tax rate for operating purposes. See “PROPERTY TAX INFORMATION - Property Tax Limitations.” With respect to the 2010D Bonds, the District currently plans to pay debt service from the Room Tax and Transfer Tax revenues remaining after payment of the debt service on the Parity Lien Bonds listed in this table (if any) and from any available amounts on deposit in the Capital Projects Fund (which is comprised of Room Tax and Transfer Tax revenues collected in the past); however, such revenues are not specifically pledged to the 2010D Bonds.

Source: Compiled by the Municipal Advisor

Other Obligations. The District also leases a fiber optical wide area network under a noncancellable operating lease. Lease payments are approximately \$2.4 million per year through fiscal year 2024 (based on the current number of sites served). The District does not own this equipment and will need to lease or acquire new equipment at the end of the lease term or implement an alternative connectivity strategy.

The District also records a liability for compensated absences. See Notes 1 and 10 in the audited financial statements attached hereto as Appendix A for a further description.

District Debt Service Requirements

Set forth below is a summary of the combined annual debt service requirements on the District's outstanding general obligation bonds, prior to the issuance of the 2019A Bonds.

Annual Debt Service Requirements – District’s Outstanding General Obligation Bonds⁽¹⁾

Fiscal Year Ended June 30	<u>General Obligation Bonds ⁽²⁾</u>		<u>General Obligation Revenue Bonds ^{(3) (4)}</u>		<u>Medium-Term General Obligation Bonds ^{(4) (5)}</u>		Grand Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2020	\$169,205,000	\$89,632,700	\$60,535,000	\$25,535,740	\$21,855,000	\$6,004,325	\$372,767,765
2021	167,730,000	81,172,450	71,250,000	22,494,940	16,335,000	4,929,025	363,911,415
2022	142,860,000	72,785,950	71,340,000	18,820,240	17,100,000	4,162,975	327,069,165
2023	150,480,000	65,642,950	58,935,000	15,141,040	17,910,000	3,360,175	311,469,165
2024	158,330,000	58,118,950	59,870,000	12,051,133	15,975,000	2,511,750	306,856,833
2025	167,570,000	50,202,450	32,320,000	8,909,350	16,680,000	1,807,750	277,489,550
2026	141,070,000	41,823,950	33,910,000	7,293,350	17,315,000	1,170,750	242,583,050
2027	112,955,000	34,770,450	26,665,000	5,597,850	7,250,000	469,100	187,707,400
2028	85,830,000	29,122,700	10,595,000	4,264,600	4,200,000	147,000	134,159,300
2029	49,020,000	24,831,200	11,125,000	3,734,850	--	--	88,711,050
2030	51,475,000	22,380,200	11,685,000	3,178,600	--	--	88,718,800
2031	53,720,000	20,127,600	12,265,000	2,711,200	--	--	88,823,800
2032	56,320,000	17,532,400	12,880,000	2,220,600	--	--	88,953,000
2033	59,040,000	14,810,850	13,525,000	1,705,400	--	--	89,081,250
2034	61,895,000	11,957,100	14,200,000	1,164,400	--	--	89,216,500
2035	64,775,000	9,077,600	14,910,000	596,400	--	--	89,359,000
2036	56,605,000	6,199,500	--	--	--	--	62,804,500
2037	59,170,000	3,633,800	--	--	--	--	62,803,800
2038	31,675,000	1,267,000	--	--	--	--	62,803,800
Total	\$1,839,725,000	\$655,089,800	\$516,010,000	\$135,419,691	\$134,620,000	\$24,562,850	\$3,305,427,343

(1) Totals may not add due to rounding.

(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 by the \$3.64 statutory and the \$5.00 constitutional limits. See “PROPERTY TAX INFORMATION--Property Tax Limitations.” ***Does not include the 2019A Bonds.***

(3) 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 limits. These bonds are additionally secured by pledged revenues primarily consisting of the Room Tax and the Transfer Tax. If revenues are not sufficient, the District is obligated to pay the difference between such revenues and debt service requirements of the respective bonds. See “PROPERTY TAX INFORMATION - Property Tax Limitations.” Includes the 2010A Bonds, which have a subordinate lien on such pledged revenues.

(4) The 2010A Bonds and the 2010D Bonds were issued as direct-pay QSCBs. The District expects to receive the QSCB Subsidy in each year equal to the interest rate payable on the QSCBs. However, receipt of the subsidy is dependent on numerous factors and it is possible that the District may not receive the QSCB Subsidy in future years. The amounts shown reflect total interest due on the QSCB; the amounts are *not net* of the QSCB Subsidy. The District is required to pay all of the interest of the 2010A Bonds and the 2010D Bonds even if the QSCB Subsidy is not received. See “CLARK COUNTY SCHOOL DISTRICT—Compliance With Federal Laws—Sequestration.”

(5) General obligation bonds secured by the full faith and credit of the District and payable from all legally available funds of the District. The ad valorem tax rate available to pay these bonds is limited to the statutory and the constitutional limit as well as to the District’s maximum operating levy. See “PROPERTY TAX INFORMATION--Property Tax Limitations.”

Source: Compiled by the Municipal Advisor.

Additional General Obligation Bonds and Other Proposed Financings

General Obligation Bonds. Pursuant to NRS 387.335, the District has the authority, subject to the approval of the registered voters of the District, to issue general obligation bonds to finance various projects including, but not limited to, constructing or purchasing new buildings, enlarging, remodeling or repairing existing buildings or grounds, acquiring sites for new buildings and purchasing necessary furniture and equipment.

By June 2008, the District had issued all of the general obligation bonds authorized by voters at the 1998 Election. However, due to legislation approved in March 2015, the District is authorized to issue additional general obligation indebtedness until March 4, 2025. In July 2018, the District sought and received approval from the Clark County Debt Management Commission (“DMC”) to issue \$400,000,000 in general obligation bonds. The issuance of the 2018B Bonds was the first issuance pursuant to this approval and the issuance of the 2019A Bonds is the second and final issuance pursuant to this approval. See “CLARK COUNTY SCHOOL DISTRICT-- District Facilities and Capital Improvement Plan.”

The District currently expects (subject to Board discussion and approval) to request approval from the DMC to issue an additional \$400,000,000 of general obligation bonds during fiscal year 2020, not including refunding bonds. The District anticipates issuing \$200,000,000 of this authorization, if approved, in the last quarter of calendar year 2020. However, the District reserves the right to issue general obligation bonds, including general obligation bonds supported by pledged revenues, refunding bonds or medium-term bonds, at any time legal requirements are satisfied.

General Obligation Revenue Bonds. Pursuant to State law, the District receives the proceeds of the Room Tax and the Transfer Tax. See “DISTRICT FINANCIAL INFORMATION—Room Tax and Transfer Tax.” The District may issue additional general obligation bonds additionally secured by these revenues at any time legal requirements are satisfied. The District currently has no authorization from the DMC to issue general obligation revenue bonds. The District has taken no action towards issuing any additional general obligation revenue bonds.

General Obligation Medium-Term Bonds. The District may issue additional general obligation medium-term bonds at any time legal requirements are satisfied. The District currently has no authorization to issue general obligation medium-term bonds. The District currently expects (subject to Board discussion and approval) to request approval from the Department of Taxation to issue an additional \$30,000,000 of general obligation medium-term bonds in the last quarter of calendar year 2020, for the purchase of District vehicles, buses, and technology. The District reserves the right to sell additional general obligation medium-term bonds, including refunding bonds, at any time legal requirements are satisfied.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning the historic economic and demographic conditions in the County and the District. This portion of the 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 sets forth the population growth of the County and the State since 1970.

<u>Population</u>				
Year	Clark County	Percent Change ⁽¹⁾	State of Nevada	Percent Change
1980	463,087	--	800,493	--
1990	741,459	60.1%	1,201,833	50.1%
2000	1,375,765	85.5	1,998,257	66.3
2010	1,951,269	41.8	2,700,551	35.1
2018	2,251,175	15.4	3,057,582	13.2

(1) For 1980-2010, represents the percentage change for the previous 10 years. For 2018, represents the percentage change from 2010.

Sources: United States Department of Commerce, Bureau of Census (1970-2010 as of April 1st), and Nevada State Department of Taxation (2018 estimate). Populations are subject to periodic revision.

Age Distribution. The following table sets forth a projected comparative age distribution profile for the County, the State and the nation as of January 1, 2019.

<u>Age Distribution</u> Percent of Population			
Age	Clark County	State of Nevada	United States
0-17	23.2%	22.7%	22.5%
18-24	8.6	8.5	9.5
25-34	14.2	14.0	13.5
35-44	13.9	13.3	12.6
45-54	13.3	13.0	12.7
55-64	11.8	12.4	12.9
65-74	9.3	10.0	9.7
75 and Older	5.7	6.1	6.6

Source: Claritas, © 2019 Environics Analytics (EA).

Income

The following two tables reflect Median Household Effective Buying Income (“EBI”), and the percentage of households by EBI groups. EBI is defined as “money income” (defined below) less personal tax and nontax payments. “Money income” is 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	Clark County	State of Nevada	United States
2015	\$43,603	\$44,110	\$45,448
2016	45,634	46,230	46,738
2017	47,610	47,914	48,043
2018	48,977	50,009	50,620
2019	51,313	51,985	52,468

(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.

Sources: © The Nielsen Company, *SiteReports*, 2015-2017; and Claritas, ©2018-2019 Environics Analytics (EA).

Percent of Households by Effective Buying Income Groups – 2019 Estimates

Effective Buying Income Group	Clark County Households	State of Nevada Households	United States Households
Under \$24,999	20.3%	20.0%	21.4%
\$25,000 - \$49,999	28.5	28.1	26.4
\$50,000 - \$74,999	21.0	20.9	19.7
\$75,000 - \$99,999	14.5	14.7	14.8
\$100,000 - \$124,999	6.9	7.1	6.3
\$125,000 - \$149,999	3.4	3.6	3.8
\$150,000 or more	5.4	5.6	7.6

Source: Claritas, ©2019 Environics Analytics (EA).

The following table sets forth the annual per capita personal income levels for the residents of the County, the State and the nation.

<u>Per Capita Personal Income⁽¹⁾</u>			
Year	Clark County	State of Nevada	United States
2013	\$38,423	\$39,440	\$44,826
2014	40,459	41,467	47,025
2015	42,665	44,026	48,940
2016	43,005	44,486	49,831
2017	44,217	46,159	51,640

(1) County figures posted November 2018; state and national figures posted September 2018. All figures are subject to periodic revisions.

Source: United States Department of Commerce, Bureau of Economic Analysis.

Employment

The average annual labor force summary for the Las Vegas- Henderson-Paradise Metropolitan Statistical Area (“MSA”) is set forth in the following table. The boundaries of Las Vegas - Henderson - Paradise MSA match those of Clark County.

<u>Average Annual Labor Force Summary</u>						
Las Vegas-Henderson-Paradise MSA, Nevada						
(Estimates in Thousands) ⁽¹⁾						
Calendar Year	2014	2015	2016	2017	2018	2019 ⁽²⁾
TOTAL LABOR FORCE	1,019.5	1,038.7	1,050.6	1,072.6	1,105.2	1,111.8
Unemployment	81.5	71.1	61.7	56.2	52.9	49.5
Unemployment Rate ⁽³⁾	8.0%	6.8%	5.9%	5.2%	4.8%	4.5%
Total Employment	938.0	967.6	989.0	1,016.4	1,052.3	1,062.3

(1) All figures are subject to change.

(2) Averaged figures through February 28, 2019.

(3) The annual average U.S. unemployment rates for the years 2014 through 2018 are 6.2%, 5.3%, 4.9%, 4.4%, and 3.9%, respectively.

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 the Las Vegas-Henderson-Paradise MSA.

Industrial Employment⁽¹⁾
Las Vegas-Henderson-Paradise MSA, Nevada (Clark County)
(Estimates in Thousands)

Calendar Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u> ⁽²⁾
Natural Resources and Mining	0.4	0.3	0.4	0.4	0.4	0.5
Construction	45.4	51.1	54.7	58.8	65.8	65.2
Manufacturing	21.1	21.6	22.2	23.1	24.3	24.9
Trade (Wholesale and Retail)	124.0	128.1	128.7	130.6	132.4	130.3
Transportation, Warehousing & Utilities	38.3	40.6	41.7	44.1	46.2	48.4
Information	10.6	10.6	11.0	11.4	11.0	10.9
Financial Activities	43.6	46.0	48.4	50.8	51.2	53.9
Professional and Business Services	117.8	126.7	134.0	138.9	140.9	149.1
Education and Health Services	82.3	86.6	91.6	96.7	101.0	103.3
Leisure and Hospitality (casinos excluded)	115.7	121.4	127.8	132.4	137.2	135.6
Casino Hotels and Gaming	162.6	161.1	158.3	157.1	156.7	156.5
Other Services	25.6	26.9	30.8	31.4	33.2	32.7
Government	<u>96.4</u>	<u>98.0</u>	<u>99.9</u>	<u>101.7</u>	<u>107.4</u>	<u>106.0</u>
TOTAL ALL INDUSTRIES ⁽¹⁾	<u>883.6</u>	<u>919.0</u>	<u>949.4</u>	<u>977.5</u>	<u>1007.8</u>	<u>1016.9</u>

(1) Added numbers may not match total due to rounding. All numbers are subject to periodic revision.

(2) Averaged figures through February 28, 2019.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

The following table lists the firm employment size breakdown for the County.

Size Class of Industries⁽¹⁾
Clark County, Nevada (Non-Government Worksites)

CALENDAR YEAR	3 rd Qtr. 2018	3 rd Qtr. 2017	Percent Change 2018/2017	Employment Totals 3 rd Qtr. 2018
TOTAL NUMBER OF WORKSITES	55,711	54,954	1.4%	898,559
Less Than 10 Employees	41,218	40,918	0.7	108,166
10-19 Employees	6,793	6,674	1.8	91,993
20-49 Employees	4,820	4,609	4.6	145,220
50-99 Employees	1,565	1,500	4.3	107,269
100-249 Employees	931	888	4.8	136,287
250-499 Employees	217	204	6.4	75,447
500-999 Employees	99	93	6.5	67,737
1000+ Employees	68	68	0.0	166,440

(1) Subject to revisions.

Source: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

Retail Sales

The following table presents a record of taxable sales in the County and the State.

<u>Taxable Sales⁽¹⁾</u>				
<u>Fiscal Year⁽²⁾</u>	<u>County Total</u>	<u>Percent Change</u>	<u>State Total</u>	<u>Percent Change</u>
2014	\$35,040,891,695	--	\$47,440,345,167	--
2015	37,497,073,742	7.0%	50,347,535,591	6.1%
2016	39,242,730,088	4.7	52,788,295,421	4.8
2017	40,888,477,460	4.2	56,547,741,530	7.1
2018	42,569,371,984	4.1	58,547,741,530	4.2
Jul 17 – Feb 18	\$27,539,370,918	--	\$38,218,376,886	--
Jul 18 – Feb 19	29,734,693,415	8.0%	40,682,196,051	6.4%

(1) Subject to revision.

(2) Fiscal year runs from July 1 to the following June 30.

Source: State of Nevada - Department of Taxation.

Construction

Construction valuation is a value placed on a project in order to determine permit and plans check fees. Construction valuation has no relationship to assessed valuation. Set forth in the following table is a summary of the number and valuation of new single-family (including townhomes and condos) building permits within the County and its incorporated areas.

Residential Building Permits Clark County, Nevada (Values in Thousands)

Calendar Year	2014		2015		2016		2017		2018 ⁽³⁾	
	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>	<u>Permits</u>	<u>Value</u>
Las Vegas	1,453	\$202,296	1,663	\$243,674	1,510	\$333,438	1,622	\$ 295,421	1,733	\$321,739
North Las Vegas	491	66,508	698	91,462	816	118,951	925	153,474	1,566	210,153
Henderson	1,318	196,285	1,696	255,663	2,197	317,413	2,391	340,826	2,373	332,205
Mesquite	196	34,323	206	40,564	246	56,274	329	73,396	340	76,843
Unincorporated										
Clark County	3,428	452,740	3,847	492,320	4,048	518,263	4,322 ⁽²⁾	582,424	n/a	n/a ⁽²⁾
Boulder City ⁽¹⁾	16	5,199	22	6,977	3	962	21	4,633	75	17,644
TOTAL	6,902	\$957,351	8,132	\$1,130,660	8,820	\$1,345,301	9,610	\$1,450,174	6,087	\$958,584

(1) Boulder City imposed a strict growth control ordinance effective July 1, 1979.

(2) Unincorporated Clark County has not issued a report since December 8, 2017.

(3) As of December 31, 2018, except for Unincorporated Clark County which did not issue a report for 2018.

Sources: Building Departments: Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County; and Boulder City.

The following table is a summary of the total valuation of all permits issued within the County and its incorporated areas.

<u>Total Building Permits</u>					
Calendar Year	2014	2015	2016	2017	2018 ⁽¹⁾
Las Vegas ⁽²⁾	\$ 596,103,559	\$ 602,775,475	\$ 789,497,387	\$ 886,156,962	\$ 875,847,083
North Las Vegas	263,192,557	262,266,938	394,803,755	572,555,197	800,093,905
Henderson ⁽³⁾	385,009,871	423,923,070	595,334,431	564,711,541	576,186,779
Mesquite	38,059,247	45,697,056	66,907,918	86,004,824	98,796,620
Unincorporated					
Clark County	1,987,655,692	2,251,507,323	2,306,747,407	2,419,474,291 ⁽⁴⁾	n/a ⁽⁴⁾
Boulder City	29,391,159	18,566,548	92,521,659	10,921,222	54,657,403
TOTAL	\$3,299,412,085	\$3,604,736,410	\$4,245,812,557	\$4,539,824,037	\$2,405,581,790
Percent Change	7.66%	9.25%	17.78%	6.92%	--

(1) As of December 31, 2018, except Unincorporated Clark County which did not issue a report for 2018.

(2) After the City of Las Vegas implemented a new reporting system, permit data in 2016 was restated. Permit data in 2016, 2017, and 2018 are not comparable to prior years.

(3) After the City of Henderson implemented a new reporting system, permit data in 2017 was restated. Permit data in 2017 and 2018 are not comparable to prior years.

(4) Unincorporated Clark County has not issued a report since December 8, 2017.

Sources: Building Departments: Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County; and Boulder City.

Gaming

General. The economy of the County (and the State) is substantially dependent upon the tourist industry, which is based on legalized casino gambling and related forms of entertainment. The following table shows a history of the gross taxable gaming revenue and total gaming taxes collected in the County and the State. Over the last five years, an average of 85.8% of the State's total gross taxable gaming revenue has been generated from Clark County.

Gross Taxable Gaming Revenue and Total Gaming Taxes⁽¹⁾

Fiscal Year Ended June 30	Gross Taxable			State		
	Gaming Revenue ⁽²⁾		% Change	Gaming Collection ⁽³⁾		% Change
	State	Clark County		State	Clark County	
2014	\$10,208,187,598	\$8,768,009,640	--	\$912,371,316	\$795,514,687	--
2015	10,511,495,144	9,025,697,588	2.9%	909,857,085	790,506,339	(0.6)%
2016	10,612,521,986	9,105,165,777	0.9	876,040,147	756,465,063	(4.3)
2017	10,964,590,686	9,418,043,074	3.4	874,777,727	752,463,971	(0.5)
2018	11,330,712,715	9,691,865,860	2.9	866,305,681	737,159,428	(2.0)
July 17 - Nov 18	\$7,492,121,925	\$6,399,882,832	--	\$525,806,909	\$448,154,842	--
July 18 - Nov 19	7,558,869,494	6,448,900,057	0.8%	546,413,033	467,105,862	4.2%

(1) The figures shown are subject to adjustments due to amended tax filings, fines and penalties.

(2) The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).

(3) Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

Source: State of Nevada - Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries and internet gaming. Historically, the availability of these forms of gaming in other states has not had any significant impact on gaming in the County. Nonetheless, neither the County nor the Commission can predict the impact of legalization of legalized gaming in other states or other countries on the future economy of the County.

Tourism

Tourism is an important industry in the County. Hoover Dam, Lake Mead, Mt. Charleston and other tourist attractions are in the County. Attractions such as the Great Basin, Grand Canyon, Yosemite, Bryce Canyon, Zion, and Death Valley National Parks are each within a short flight or day's drive of Southern Nevada.

One reflection of the status of tourism in Southern Nevada is the number of hotel and motel rooms available for occupancy as shown in the following table. The area's hotels and motels have historically experienced higher occupancy rates than those on a national level. Set forth in the table below is the Las Vegas Convention and Visitors Authority ("LVCVA") Marketing Department's estimate of the number of visitors to the Las Vegas Metropolitan Area since 2014.

Visitor Volume and Room Occupancy Rate

Calendar Year	Total Visitor Volume	Number of Las Vegas Rooms Available	Occupancy Rates		Average Daily Room Rates – Las Vegas	
			Las Vegas ⁽¹⁾	National	The Strip	Downtown
2014	41,126,512	150,544	86.8%	64.4%	\$111.63	\$51.79
2015	42,312,216	149,213	87.7	65.6	115.28	50.37
2016	42,936,109	149,339	89.1	65.5	135.87	65.53
2017	42,208,200	148,896	88.6	65.9	137.22	69.86
2018	42,116,800	147,238	88.2	66.2	138.82	69.95
2019 ⁽²⁾	10,351,800	148,006	88.0	61.8	156.18	77.48

(1) The sample size for this survey represents approximately 75% of the hotel/motel rooms available.

(2) As of March 31, 2019. Total visitor volume reflects a 0.8% increase from the same time period in 2018.

Sources: LVCVA (Las Vegas data) and STR Inc. (national rate).

The LVCVA is financed with the proceeds of hotel and motel room taxes in the County and its incorporated cities. A history of the LVCVA's room tax revenue collected is set forth in the following table.

Room Tax Revenue⁽¹⁾ Las Vegas Convention & Visitors Authority, Nevada

Calendar Year	Revenue	Percent Change
2014	\$232,443,537	--
2015	254,438,208	9.5%
2016	273,079,478	7.3
2017	282,497,036	3.4
2018	282,596,040	0.0
2019 ⁽²⁾	49,725,926	--

(1) Subject to revision. Room tax revenue represents a 5% tax allocated to the Las Vegas Convention & Visitors Authority; a total 9-11% room tax is assessed on all Clark County hotel/motel properties.

(2) As of February 28, 2019. Revenue total reflects a 6.2% increase over the same time period in 2018.

Source: LVCVA

Transportation

Clark County, through its Department of Aviation, operates an airport system comprised of McCarran International Airport ("McCarran") and a reliever airport in North Las Vegas. Other general aviation airports in the County include Jean Sport, Overton/Perkins Field and Henderson Executive Airport in Henderson. Boulder City Municipal Airport, which is not owned by the County, is located in the southeastern part of Clark County.

Nearly half of all Las Vegas visitors arrive by air via McCarran, making it a major driving force in the Southern Nevada economy. McCarran's long range plan focuses on building and maintaining state-of-the-art facilities, maximizing existing resources, and capitalizing on new and innovative technology. McCarran opened Terminal 3 in 2012, a 1.9 million-square-foot

facility, to ease congestion within garages, ticketing lobbies and security checkpoints. McCarran reported 48.5 million arriving and departing passengers in 2017, making the year the busiest in the airport's nearly 70-year history. McCarran has posted a year-over-year increase for the seventh consecutive year. A history of passenger statistics is set forth in the following table.

McCarran International Airport Enplaned & Deplaned Passenger Statistics

Calendar Year	Scheduled Carriers	Charter, Commuter & Other Aviation	Total	Percent Change
2014	41,327,024	1,558,326	42,885,350	--
2015	43,933,404	1,455,670	45,389,074	5.8%
2016	45,857,096	1,578,544	47,435,640	4.5
2017	46,692,970	1,807,224	48,500,194	2.2
2018	47,755,296	1,961,288	49,716,584	2.5
2019 ⁽¹⁾	7,250,182	284,399	7,534,581	--

(1) As of February 28, 2019. Total passenger statistics reflect a 2.6% increase over the same time period in 2018.

Source: McCarran International Airport.

A major railroad crosses Clark County. There are nine federal highways in the State, two of which are part of the interstate system. Interstate 15, connecting Salt Lake City and San Diego, passes through Las Vegas and provides convenient access to the Los Angeles area. Interstate 80 connects Salt Lake City with the San Francisco Bay area and passes through the Reno-Sparks area. Several national bus lines and trucking lines serve the State.

U.S. Highways 95 and 93 are major routes north from Las Vegas, through Reno and Ely, Nevada, respectively. South of Las Vegas, U.S. 95 extends to the Mexican border, generally following the Colorado River, and U.S. 93 crosses Hoover Dam into Arizona.

LEGAL MATTERS

Litigation

There are a number of lawsuits pending in courts within the State to which the District is a party. In the opinion of the District's General Counsel, however, there is no litigation or controversy of any nature now pending, or to the actual knowledge of the District's General Counsel, threatened: (i) restraining or enjoining the issuance, sale, execution or delivery of the 2019A Bonds or (ii) in any way contesting or affecting the validity of the 2019A Bonds or any proceedings of the District taken with respect to the issuance or sale thereof, the pledge or application of any moneys or security provided for the payment of the 2019A Bonds. Further, the District's General Counsel is of the opinion that the current litigation pending against the District will not materially affect the District's ability to perform its obligations to the owners of the 2019A Bonds.

Approval of Certain Legal Proceedings

The approving opinion of Sherman & Howard L.L.C., as Bond Counsel, will be delivered with 2019A 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.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2019A 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 2019A Bonds (the “Tax Code”), and interest on the 2019A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code.

The Tax Code imposes several requirements which must be met with respect to the 2019A 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 2019A Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2019A Bonds; (b) limitations on the extent to which proceeds of the 2019A 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 2019A Bonds above the yield on the 2019A Bonds to be paid to the United States Treasury. The District will covenant and represent in the Bond Resolution that: it will not take any action or omit to take any action with respect to the 2019A Bonds, any funds of the District, or any facilities financed with the proceeds of the 2019A Bonds, if such action or omission (i) would cause the interest on the 2019A Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the 2019A Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. Bond Counsel’s opinion as to the exclusion of interest on the 2019A Bonds from gross income and alternative minimum taxable income 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 2019A 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.

The Tax Code contains numerous provisions which may affect an investor’s decision to purchase the 2019A Bonds. Owners of the 2019A 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 2019A 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 2019A Bonds may be sold at a premium, representing a difference between the original offering price of those 2019A 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 2019A 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 2019A Bonds. Owners of the 2019A 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 2019A 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 2019A Bonds, the exclusion of interest on the 2019A Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2019A Bonds or any other date, the tax value of that exclusion for different classes of taxpayers from time to time, 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 2019A Bonds. Owners of the 2019A 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 2019A Bonds. If an audit is commenced, the market value of the 2019A Bonds may be adversely affected. Under current audit procedures the Service will treat the District as the taxpayer and the 2019A 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 2019A Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the District, the Municipal Advisor, the Initial Purchasers, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2019A Bond holder with respect to any audit or litigation costs relating to the 2019A Bonds.

State Tax Exemption

The 2019A 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.

CONTINUING DISCLOSURE

The District will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the 2019A Bonds pursuant to the requirements of Securities and Exchange Commission (the “SEC”) Rule 15c2-12 (the “Rule”). The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2019A Bonds and the District will covenant in the 2019A Bond Resolution to comply with its terms. The Disclosure Certificate will provide that so long as the 2019A Bonds remain outstanding, the District will annually provide the following information to the Municipal Securities Rulemaking Board (the “MSRB”), through the Electronic Municipal Market Access (“EMMA”) system: (i) annually, certain financial information and operating data; and (ii) notice of the occurrence of certain material events; each as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix C.

Within the past five years, the District has not failed to materially comply with any prior continuing disclosure undertakings entered into pursuant to the Rule.

RATINGS

Moody’s Investors Service (“Moody’s”) and S&P Global Ratings (“S&P”) have assigned the 2019A Bonds the respective ratings shown on the cover page of this Official Statement. An explanation of the significance of the ratings given by Moody’s may be obtained from Moody’s at 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 and from S&P at 55 Water Street, New York, New York 10041.

Such ratings reflect only the views of such rating agencies, and there is no assurance that any rating, once received, will continue for any given period of time or that either rating will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2019A 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 2019A Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

INDEPENDENT AUDITORS

The audited basic financial statements of the District as of and for the year ended June 30, 2018, attached hereto as Appendix A, have been audited by Eide Bailly LLP, Las Vegas, Nevada, independent certified public accountants, to the extent and for the period indicated in their report thereon.

The audited basic financial statements of the District, including the auditor’s report thereon, are public documents and pursuant to State law, 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 from its auditors. Since the date of its report, Eide Bailly LLP has not been engaged to perform and has not performed any procedures on the basic financial statements addressed in that report and also has not performed any procedures relating to this Official Statement.

MUNICIPAL ADVISOR

Zions Public Finance, Las Vegas, Nevada the “Municipal Advisor”) is serving as municipal advisor to the District in connection with the 2019A Bonds. See “INTRODUCTION--Additional Information” for contact information for the Municipal Advisor. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in this 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 the Municipal Advisor respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

PUBLIC SALE

The District expects to offer the 2019A Bonds at public sale on June 5, 2019. See Appendix E - Official Notice of Bond Sale.

OFFICIAL STATEMENT CERTIFICATION

The undersigned official 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 2019A Bonds has been duly authorized by the Board.

CLARK COUNTY SCHOOL DISTRICT,
NEVADA

By: _____
Chief Financial Officer

APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE: The audited basic financial statements of the District included in this Appendix A have been derived from the District's CAFR for the fiscal year ended June 30, 2018. The table of contents, introductory section, individual fund budgetary statements, and other items referred to in the auditor's report attached hereto has purposely been excluded from this Official Statement. Such information provides supporting details and is not necessary for a fair presentation of the basic financial statements of the District.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2019A Bonds. The 2019A 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 bond certificate will be issued for each maturity of the 2019A Bonds, each 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 2019A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019A Bonds on DTC's records. The ownership interest of each actual purchaser of each 2019A 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 2019A 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 2019A Bonds, except in the event that use of the book-entry system for the 2019A Bonds is discontinued.

To facilitate subsequent transfers, all 2019A 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

2019A 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 2019A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019A 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 2019A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2019A Bond documents. For example, Beneficial Owners of 2019A Bonds may wish to ascertain that the nominee holding the 2019A 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2019A 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 2019A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2019A 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 2019A 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, 2019A 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, 2019A 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

APPENDIX D
FORM OF BOND COUNSEL OPINION

APPENDIX E
OFFICIAL NOTICE OF BOND SALE