

**NEW ISSUE
BOOK-ENTRY ONLY**

**RATINGS: S&P: "A+"
Moody's: "A2"
Fitch: "A"
See "RATINGS"**

In the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2011 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 2011 Bonds (the "Tax Code") and interest on the 2011 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See "TAX MATTERS--Federal Tax Matters."

**\$27,070,000
CITY OF NORTH LAS VEGAS, NEVADA
GENERAL OBLIGATION (LIMITED TAX) REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2011**

Dated: Date of Delivery

Due: June 1, as shown herein

The 2011 Bonds are issued as fully registered 2011 Bonds in denominations of \$5,000, or any integral multiple thereof. The 2011 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 2011 Bonds. Purchases of the 2011 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2011 Bonds. See "THE 2011 BONDS--Book-Entry Only System." The 2011 Bonds bear interest at the rates set forth below, payable on June 1, 2012, and semiannually thereafter on June 1 and December 1 of each year, to and including the maturity dates shown herein (unless the 2011 Bonds are redeemed earlier), to the registered owners of the 2011 Bonds (initially Cede & Co.). The principal of the 2011 Bonds will be payable upon presentation and surrender at the principal operations office of The Bank of New York Mellon Trust Company, Los Angeles, California, or its successor as the paying agent for the 2011 Bonds. See "THE 2011 BONDS."

The maturity schedule for the 2011 Bonds appears on the inside cover page of this Official Statement.

The 2011 Bonds are subject to optional redemption prior to maturity and also are subject to mandatory sinking fund redemption as described in "THE 2011 BONDS--Redemption Provisions."

Proceeds of the 2011 Bonds will be used to (i) restructure the debt service payable on certain outstanding City bonds, as more particularly described herein; and (ii) pay the costs of issuing the 2011 Bonds. See "SOURCES AND USES OF FUNDS."

The 2011 Bonds constitute direct and general obligations of the City of North Las Vegas, Nevada (the "City") and the full faith and credit of the City is pledged for the payment of principal and interest thereon, subject to the limitations imposed by the constitution and laws of the State of Nevada. The 2011 Bonds are additionally secured by a lien on the Pledged Revenues (defined herein) on a parity with the lien thereon of any parity bonds issued in the future and subordinate to any future bonds that have a lien on the Pledged Revenues that is superior to the lien thereon of the 2011 Bonds. See "SECURITY FOR THE 2011 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 2011 Bonds are offered when, as, and if issued and accepted by the initial purchaser, subject to the approval of legality of the 2011 Bonds by Swendseid & Stern, a member in Sherman & Howard L.L.C., Las Vegas, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Swendseid & Stern, a member in Sherman & Howard L.L.C., also has acted as special counsel to the City in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the City by the Acting City Attorney. NSB Public Finance, a division of Zions First National Bank, Las Vegas, Nevada, is acting as Financial Advisor to the City. It is expected that the 2011 Bonds will be available for delivery through the facilities of DTC, on or about October 27, 2011.

Official Statement dated October 19, 2011.

MATURITY SCHEDULE
(CUSIP© 6-digit issuer number: 660393)

\$27,070,000
CITY OF NORTH LAS VEGAS, NEVADA
GENERAL OBLIGATION (LIMITED TAX) REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2011

Maturing (June 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	Price or <u>Yield†</u>	CUSIP© Issue <u>Number</u>	Maturing (June 1)	Principal <u>Amount</u>	Interest <u>Rate</u>	Price or <u>Yield†</u>	CUSIP© Issue <u>Number</u>
2016	\$ 200,000	3.00%	2.75%	M22	2023	\$ 1,210,000	4.00%	4.20%	M97
2017	200,000	3.00	100	M30	2024	1,260,000	4.25	4.30	N21
2018	1,015,000	3.25	100	M48	2025	1,310,000	4.25	4.40	N39
2019	1,045,000	3.50	100	M55	2026	1,370,000	4.50	100	N47
2020	1,080,000	3.75	100	M63	2027	1,295,000	4.50	4.60	N54
2021	1,120,000	4.00	100	M71	2028	1,350,000	4.50	4.70	N62
2022	1,165,000	4.00	4.10	M89	2029	1,410,000	4.75	4.80	N70

\$6,370,000 5.00% Term Bond due June 1, 2033. Priced to Yield: 4.90%†. CUSIP© Issue No.: P37.

\$5,670,000 5.00% Term Bond due June 1, 2036. Price: 100%†. CUSIP© Issue No.: P60.

†Provided by Merrill Lynch, Pierce, Fenner & Smith Incorporated, the Initial Purchaser of the 2011 Bonds.

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 2011 Bonds 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 2011 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City of North Las Vegas, Nevada (the "City"). The City maintains an internet website for various purposes; 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 2011 Bonds.

The information set forth in this Official Statement has been obtained from the City and from the sources referenced throughout this Official Statement, which the City believes to be reliable. No representation is made by the City, however, as to the accuracy or completeness of information provided from sources other than the City. 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 2011 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City, 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 2011 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2011 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 2011 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 2011 BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (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 PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2011 BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2011 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY OF NORTH LAS VEGAS, NEVADA

City Council

Shari L. Buck, Mayor
Pamela A. Goynes-Brown, Mayor Pro Tem
Robert L. Eliason
Anita G. Wood
Wade W. Wagner

City Officials

Timothy R. Hacker, City Manager
Alfonso Noyola, Acting Director of Administrative Services and Finance
Jeffrey F. Barr, Acting City Attorney
Karen L. Storms, CMC, City Clerk

FINANCIAL ADVISOR

NSB Public Finance, a Division of Zions First National Bank
Las Vegas, Nevada

BOND AND SPECIAL COUNSEL

Swendseid & Stern
a member of Sherman & Howard L.L.C
Las Vegas, Nevada

REGISTRAR, PAYING AGENT AND ESCROW AGENT

The Bank of New York Mellon Trust Company, N.A.
Los Angeles, California

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OFFICIAL STATEMENT

\$27,070,000

**CITY OF NORTH LAS VEGAS, NEVADA
GENERAL OBLIGATION (LIMITED TAX) REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2011**

INTRODUCTION

General

This Official Statement, which includes the cover page, the inside cover page and the appendices, provides information concerning the City of North Las Vegas, Nevada (the “City”) and its \$27,070,000 General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2011 (the “2011 Bonds”). Unless otherwise defined, all capitalized terms used in this Official Statement shall have the same meanings as used in the ordinance authorizing the issuance of the 2011 Bonds (the “Bond Ordinance”), adopted by the City Council of the City (the “Council”) on October 5, 2011. See Appendix B - Summary of Certain Provisions of the Bond Ordinance.

The offering of the 2011 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 2011 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.

Changes Since Date of the Preliminary Official Statement

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement dated October 7, 2011 (the “POS”), including the final sources and uses of the proceeds of the 2011 Bonds and the maturity dates, interest rates, prices or yields, redemption provisions, and other terms of the 2011 Bonds. Certain of the 2011 Bonds are subject to mandatory sinking fund redemption and the sinking fund redemption provisions have been included in this Official Statement. In addition, since the date of the POS, the Clark County Assessor has released information as to the principal property owning taxpayers in the City for fiscal year 2011-12. That updated information has been added to the table entitled “Principal Property Owning Taxpayers in the City” in the section entitled “PROPERTY TAX INFORMATION--Largest Taxpayers - North Las Vegas.”

The City

The City is a political subdivision of the State, a body corporate and a city duly organized as a city under the provisions of Nevada Revised Statutes (“NRS”) Chapter 268 and Chapter 573, Statutes of Nevada 1971, as amended (the “Charter”). The City encompasses approximately 100.44 square miles near the center of the Las Vegas Valley in Clark County,

Nevada (the “County”), situated on the northern city limits of the City of Las Vegas, the County seat. The City had an estimated population of 217,282 as of July 1, 2010 (latest figure available), making it the fourth largest city in the State. See “CITY OF NORTH LAS VEGAS.” As more fully described in “PROPERTY TAX INFORMATION--Property Tax Base and Tax Roll,” the City’s assessed valuation for fiscal year 2011-12 is \$4,434,688,599, excluding the assessed valuation attributable to the North Las Vegas Redevelopment Agency (the “Redevelopment Agency”).

Authority for Issuance

The 2011 Bonds are being issued pursuant to the constitution and laws of the State of Nevada (the “State”), including: Section 7.040 of the Charter, NRS Chapter 360, as amended, and NRS 268.672 through 268.740, as amended (together, the “Project Act”); NRS 350.500 through 350.720, as amended, designated as the Local Government Securities Law (the “Bond Act”); NRS Chapter 348 (the “Supplemental Bond Act”); and the Bond Ordinance.

The 2011 Bonds; Prior Redemption

The 2011 Bonds are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The 2011 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 2011 Bonds. Purchases of the 2011 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2011 Bonds. See “THE 2011 BONDS--Book-Entry Only System.” The 2011 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 2011 Bonds is described in “THE 2011 BONDS--Payment Provisions.”

The 2011 Bonds are subject to optional redemption prior to maturity and also are subject to mandatory sinking fund redemption as described in “THE 2011 BONDS--Redemption Provisions.”

Purpose

Proceeds of the 2011 Bonds will be used to: (i) restructure the debt service payable on certain outstanding City bonds as described below (the “Refunding Project”); and (ii) pay the costs of issuing the 2011 Bonds. See “SOURCES AND USES OF FUNDS.”

The City is undertaking the Refunding Project in order to alleviate cash flow problems which it currently is experiencing and to allow more Consolidated Tax revenues to be deposited into the General Fund.

The Refunding Project includes: (i) the refunding of all of the City’s General Obligation (Limited Tax) Judicial/Public Safety Bonds (Additionally Secured by Pledged Revenues), Series 2002 (the “2002 Bonds”), currently outstanding in the aggregate principal amount of \$960,000; (ii) the refunding of \$6,995,000 aggregate principal amount of the City’s General Obligation (Limited Tax) Judicial/Public Safety Bonds (Additionally Secured by Pledged Revenues), Series 2003 (the “2003 Bonds”), currently outstanding in the aggregate principal amount of \$16,900,000; and (iii) the defeasance of a portion of the interest due on the

City's General Obligation (Limited Tax) Building Bonds (Additionally Secured by Pledged Revenues) Series 2006 (the "2006 Bonds"), from November 1, 2011 through May 1, 2014 (the "Defeased Interest"); and (iv) refund \$2,885,000 aggregate principal amount of the 2006 Bonds, currently outstanding in the aggregate principal amount of \$102,480,000.

The 2003 Bonds to be refunded mature on March 1, 2014, through March 1, 2017 (the "Refunded 2003 Bonds"). The 2006 Bonds to be refunded mature on May 1, 2016, and May 1, 2017 (the "Refunded 2006 Bonds"). The 2002 Bonds, the Refunded 2003 Bonds and the Refunded 2006 Bonds are referred to collectively as the "Refunded Bonds."

Security for the Bonds

General Obligations. The 2011 Bonds are direct and general obligations of the City, payable as to principal and interest from general (ad valorem) taxes (sometimes referred to herein as "General Taxes") levied against all taxable property within the City (except to the extent any other monies are made available therefor), subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See "SECURITY FOR THE BONDS--General Obligations" and "PROPERTY TAX INFORMATION--Property Tax Limitations."

Pledged Revenues. The 2011 Bonds are additionally secured by an irrevocable pledge of and lien (but not necessarily an exclusive lien) on the Pledged Revenues. "Pledged Revenues" means a 15% portion of all income and revenue derived by the City and allowed to be pledged pursuant to Section 360.698 of NRS (the "Consolidated Tax," described below). The Consolidated Tax consists of revenues from the following sources: certain sales taxes (the "Basic City/County Relief Tax" and the "Supplemental City/County Relief Tax"); excise taxes on cigarettes and liquor (the "Cigarette Tax" and the "Liquor Tax," respectively); a tax on the licensing of motor vehicles (the "Governmental Services Tax"); and real property transfer taxes (the "Real Property Transfer Tax"). Pursuant to the State law, the Consolidated Tax is collected by the State and then remitted monthly to the City. For further descriptions of the Pledged Revenues, see "SECURITY FOR THE BONDS--Pledged Revenues," "REVENUES AVAILABLE FOR DEBT SERVICE" and Appendix B - Summary of Certain Provisions of the Bond Ordinance - Certain Definitions.

The term "Pledged Revenues" means all or a portion of the Pledged Revenues. The designated term indicates sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification. "Pledged Revenues" include income derived from any additional Consolidated revenues Tax distributed to the City, if the Council is authorized to include and elects to include the additional tax in "Pledged Revenues" for the remaining term of the 2011 Bonds.

Lien Priority; Additional Bonds. Upon issuance, the 2011 Bonds will have a lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with the lien thereon of:

- (a) \$9,905,000 aggregate principal amount of the 2003 Bonds remaining unrefunded;
- (b) \$99,595,000 aggregate principal amount of the 2006 Bonds remaining unrefunded;

(c) the City's General Obligation (Limited Tax) Judicial/Public Safety Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2007A (the "2007 Bonds"), currently outstanding in the aggregate principal amount of \$7,630,000; and

(d) any additional bonds or other obligations issued in the future with a lien on the Pledged Revenues which is on a parity with the lien of the 2011 Bonds ("Parity Bonds").

The 2003 Bonds, 2006 Bonds and 2007 Bonds are referred to collectively as the "Prior Bonds."

The City currently does not expect to issue additional Parity Bonds in the foreseeable future, although it reserves the right to do so upon the satisfaction of all legal conditions. The City may issue additional Parity Bonds upon compliance with the requirements of the Bond Ordinance. See "SECURITY FOR THE BONDS--Additional Bonds" and Appendix B - Summary of Certain Provisions of the Bond Ordinance.

The lien of the 2011 Bonds on the Pledged Revenues is subordinate to the lien thereon of any additional bonds or other securities issued in the future that have a lien on the Pledged Revenues that is superior to the lien thereon of the 2011 Bonds ("Superior Bonds"). There are no Superior Bonds outstanding, and the City has no current plans to issue Superior Bonds, although it reserves the right to do so upon the satisfaction of all legal conditions, including the requirement of the Bond Ordinance. See "SECURITY FOR THE BONDS--Additional Bonds" and Appendix B - Summary of Certain Provisions of the Bond Ordinance.

Professionals

Swendseid & Stern, a member in Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel and also has acted as Special Counsel to the City in connection with preparation of this Official Statement. The City's financial advisor in connection with the issuance of the 2011 Bonds is NSB Public Finance, a division of Zions First National Bank, Las Vegas, Nevada (the "Financial Advisor"). See "FINANCIAL ADVISOR." The fees of the Financial Advisor will be paid only from Bond proceeds at closing. The audited basic financial statements of the City (contained in Appendix A to this Official Statement) include the report of Piercy Bowler Taylor & Kern, certified public accountants, Las Vegas, Nevada. See "INDEPENDENT AUDITORS." The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as Registrar and Paying Agent for the 2011 Bonds (the "Registrar" and "Paying Agent") and also will act as the Escrow Agent in connection with the Refunding Project. Certain mathematical computations regarding the escrow accounts established for the Refunding Project will be verified by Grant Thornton LLP, independent certified public accountants, Minneapolis, Minnesota. See "SOURCES AND USES OF FUNDS--The Refunding Project - Verification of Mathematical Computations."

Tax Status

In the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2011 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 2011 Bonds (the "Tax Code") and interest on the 2011 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such

interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. See “TAX MATTERS--Federal Tax Matters.”

Under the laws of the State in effect as of the date of delivery of the 2011 Bonds, the 2011 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 City will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the 2011 Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2011 Bonds and the City will covenant in the Bond Ordinance to comply with the terms of the Disclosure Certificate. The Disclosure Certificate will provide that so long as the applicable series of Bonds remains outstanding, the City will annually provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access (“EMMA”) system: (i) certain financial information and operating data; and (ii) notice of certain material events, as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix D. The City has never failed to materially comply with any prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Certain Bondholder Risks

The purchase of the 2011 Bonds involves certain investment risks that are discussed throughout this Official Statement. Each prospective investor should read this Official Statement in its entirety and to give particular attention to the risks described herein which could affect the payment of the 2011 Bonds and could affect the market price of the 2011 Bonds to an extent that cannot be determined at this time.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) any statements referring to unaudited or interim information for fiscal year 2011, budgeted or interim information for fiscal year 2012 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 2011 Bonds and could impact the availability of revenues to pay debt service on the 2011 Bonds.

Secondary Market

No guarantee can be made that a secondary market for the 2011 Bonds will develop or be maintained by the Initial Purchaser or others. Thus, prospective investors should be prepared to hold their Bonds to maturity.

Additional Information

This introduction is only a brief summary of the provisions of the 2011 Bonds and the Bond Ordinance; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2011 Bonds, the Bond Ordinance, the City, the General Taxes, the Pledged Revenues and the Refunding Project are included in this Official Statement. All references herein to the 2011 Bonds, the Bond Ordinance 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 City and the Financial Advisor at the addresses set forth below:

City of North Las Vegas, Nevada
Attn: Finance Director
2200 Civic Center Drive
North Las Vegas, Nevada 89030
Telephone: (702) 633-1460

NSB Public Finance, a Division of Zions First National Bank
230 Las Vegas Boulevard South, Suite 200
Las Vegas, Nevada 89101
Telephone: (702) 796-7080.

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds of the 2011 Bonds are expected to be applied in the manner set forth in the following table.

Sources and Uses of Funds

	<u>Amount</u>
<u>SOURCES:</u>	
Principal amount.....	\$27,070,000
Less: net original issue discount.....	(61,742)
Total	<u>\$27,008,258</u>
 <u>USES:</u>	
The Refunding Project.....	\$26,573,920
Costs of issuance (including underwriting discount)	434,338
Total	<u>\$27,008,258</u>

Source: The Financial Advisor.

The Refunding Project

General. The City is undertaking the Refunding Project in order to alleviate cash flow problems which it currently is experiencing and to allow more Consolidated Tax revenues to be deposited into the General Fund. See “CITY FINANCIAL INFORMATION--City Financial Difficulties” for further information. As illustrated in “DEBT SERVICE REQUIREMENTS,” the Refunding Project will reduce the combined debt service payable on the 2011 Bonds and the Prior Bonds through fiscal year 2017; however, after that time, the scheduled debt service will increase significantly. Consolidated Tax revenues will need to increase steadily in future fiscal years in order to pay the increased debt service beginning in fiscal year 2018.

A portion of the 2011 Bond proceeds will be used to (i) defease the Defeased Interest on the 2006 Bonds as of October 27, 2011; and (ii) advance refund the 2002 Bonds, the Refunded 2003 Bonds and the Refunded 2006 Bonds.

To accomplish the Refunding Project, the City will deposit a portion of the 2011 Bond proceeds with the Escrow Agent pursuant to an escrow agreement dated as of the date of delivery of the 2011 Bonds. The amounts deposited with the Escrow Agent will be deposited into the escrow account created under the Bond Resolution and will be invested in Federal Securities maturing at such times and in such amounts as required to provide funds sufficient to pay (i) the principal and interest on the 2002 Bonds as it becomes due from November 1, 2011, through May 1, 2012; (ii) pay the principal of the 2002 Bonds upon prior redemption on May 1, 2012; (iii) pay the interest on the Refunded 2003 Bonds as it becomes due from March 1, 2012, through March 1, 2013; (iv) pay the principal of the Refunded 2003 Bonds upon prior redemption on March 1, 2013; (v) pay the Defeased Interest on the 2006 Bonds as it becomes due from November 1, 2011, through May 1, 2014; (vi) pay the interest on the Refunded 2006 Bonds as it becomes due from November 1, 2011, through May 1, 2016; and (vii) pay the principal of the Refunded 2006 Bonds upon prior redemption on May 1, 2016.

Verification of Mathematical Computations. Grant Thornton LLP, a firm of independent public accountants, will deliver to the City, on or before the settlement date of the 2011 Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of: (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities, to pay, when due, the maturing principal of and interest on the Refunded Bonds, and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the 2011 Bonds will be excluded from gross income for federal income tax purposes.

The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by the City and its representatives. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by the City and its representatives and has not evaluated or examined the assumptions or information used in the computations.

THE 2011 BONDS

General

The 2011 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The 2011 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 2011 Bonds initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the 2011 Bonds. Purchases of the 2011 Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2011 Bonds. See “Book-Entry Only System” below.

Payment Provisions

The payment of interest on any 2011 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 at his or her address as shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month next preceding each interest payment (the “Regular Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. The 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 to the registered owners of the 2011 Bonds not less than 10 days prior thereto by first class mail to each such registered owner as shown on the Registrar’s registration records on 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 2011 Bond by such alternative means as may be mutually agreed upon between the owner of such 2011 Bond and the Paying Agent. The principal of and redemption premium, if any, on any 2011 Bond, shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent or at such other office as designated by the Paying Agent. If any 2011 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 2011 Bond until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of and interest on the 2011 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 2011 Bonds. Disbursement of such payments to DTC’s Participants (defined in Appendix C) is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners (defined in Appendix C) is the responsibility of DTC’s Participants and the Indirect Participants (defined in Appendix C), as more fully described herein. See “Book-Entry Only System” below.

Prior Redemption

Optional Prior Redemption. The 2011 Bonds, or portions thereof, maturing on and after June 1, 2022, will be subject to redemption prior to their respective maturities at the option of the City, on and after June 1, 2021, in whole or in part at any time, from such maturities as are selected by the City and, if less than all the 2011 Bonds of a maturity are to be redeemed, the 2011 Bonds of such maturity are to be redeemed by lot within a maturity (giving proportionate weight to 2011 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 2011 Bond or portion thereof so redeemed plus accrued interest thereon to the redemption date.

Mandatory Sinking Fund Redemption. The 2011 Bonds maturing on June 1, 2033, and June 1, 2036 (collectively, 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 maturing on June 1, 2033, there shall be deposited into the Bond Fund on or before the dates set forth below, a sum which, together with other moneys available in the Bond Fund, is sufficient to redeem (after credit as described below) the Term Bonds maturing on June 1, 2033, on the dates and in the principal amounts shown below, plus accrued interest to the redemption date.

Redemption Date (June 1)	Principal Amount
2030	\$ 1,480,000
2031	1,550,000
2032	1,625,000
2033 (maturity)	1,715,000

As and for a sinking fund for the redemption of the Term Bonds maturing on June 1, 2036, there shall be deposited into the Bond Fund on or before the dates set forth below, a sum which, together with other moneys available in the Bond Fund, is sufficient to redeem (after credit as described below) the Term Bonds maturing on June 1, 2036, on the dates and in the principal amounts shown below, plus accrued interest to the redemption date.

Redemption Date (June 1)	Principal Amount
2034	\$ 1,800,000
2035	1,885,000
2036 (maturity)	1,985,000

Not more than sixty days nor less than thirty days prior to the sinking fund payment dates for the Term Bonds, the Registrar shall proceed to select for redemption (by lot in such 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 described in “Notice of Redemption” below.

At the option of the City 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 multiple thereof) in an aggregate principal amount desired by the City 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 portions thereof so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the City on the sinking fund redemption dates and any excess shall be so credited against future sinking fund redemption obligations in such manner as the City determines.

Notice of Redemption. Unless waived by any registered owner of a 2011 Bond to be redeemed, notice of prior redemption shall be given by the Registrar, as long as Cede & Co. or the nominee of a successor depository is the registered owner of the 2011 Bonds, electronically, and otherwise, by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the Redemption Date to the EMMA system of the Municipal Securities Rulemaking Board ("MSRB") and the registered owner of any 2011 Bond 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 2011 Bonds and state that on such date the principal amount thereof, and premium, if any, thereon will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in the Bond Ordinance), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said 2011 Bonds, the 2011 Bonds called for redemption will be paid. Actual receipt of the notice by any registered owner of 2011 Bonds shall not be a condition precedent to redemption of such 2011 Bonds. Failure to give such notice to the MSRB or any registered owner of any 2011 Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2011 Bond. A certificate by the Registrar that notice of call and redemption has been given as described above shall be conclusive as against all parties; and no owner whose 2011 Bond is called for redemption or any other owner of any 2011 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 described above, 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 2011 Bonds so called for redemption, and that if such funds are not available, such redemption shall be cancelled by written notice to the owners of the 2011 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenant

In the Bond Ordinance, the City covenants for the benefit of the owners of the 2011 Bonds that it will not take any action or omit to take any action with respect to the 2011 Bonds, the proceeds thereof, any other funds of the City or any project financed with the proceeds of the 2011 Bonds if such action or omission (i) would cause the interest on the 2011 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 2011 Bonds to lose its exclusion from

alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2011 Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

Book-Entry Only System

The 2011 Bonds will be available only in book-entry form in the principal amount of \$5,000 or any integral multiples thereof. DTC will act as the initial securities depository for the 2011 Bonds. The ownership of one fully registered 2011 Bond for each maturity, as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2011 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2011 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the City, the Registrar or the Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix C), 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 2011 Bonds as further described in Appendix C to this Official Statement.

DEBT SERVICE REQUIREMENTS

The following table sets forth the annual debt service requirements for the 2011 Bonds and the annual debt service for the Prior Bonds (after taking the Refunding Project into account).

Debt Service Requirements(1)

Fiscal Year Ending June 30	The 2011 Bonds			Total Debt Service on	
	Principal	Interest	Total	Prior Bonds(2)	Total
2012	--	\$ 725,661	\$ 725,661	\$ 3,239,861	\$ 3,965,521
2013	--	1,220,738	1,220,738	3,513,276	4,734,014
2014	--	1,220,738	1,220,738	1,956,076	3,176,814
2015	--	1,220,738	1,220,738	6,784,026	8,004,764
2016	\$ 200,000	1,220,738	1,420,738	5,350,776	6,771,514
2017	200,000	1,214,738	1,414,738	5,425,776	6,840,514
2018	1,015,000	1,208,738	2,223,738	8,942,664	11,166,401
2019	1,045,000	1,175,750	2,220,750	9,108,551	11,329,301
2020	1,080,000	1,139,175	2,219,175	9,106,229	11,325,404
2021	1,120,000	1,098,675	2,218,675	9,106,006	11,324,681
2022	1,165,000	1,053,875	2,218,875	9,107,299	11,326,174
2023	1,210,000	1,007,275	2,217,275	9,093,363	11,310,638
2024	1,260,000	958,875	2,218,875	8,908,200	11,127,075
2025	1,310,000	905,325	2,215,325	8,911,450	11,126,775
2026	1,370,000	849,650	2,219,650	8,907,700	11,127,350
2027	1,295,000	788,000	2,083,000	8,909,750	10,992,750
2028	1,350,000	729,725	2,079,725	8,911,250	10,990,975
2029	1,410,000	668,975	2,078,975	8,909,000	10,987,975
2030	1,480,000	602,000	2,082,000	8,907,500	10,989,500
2031	1,550,000	528,000	2,078,000	8,911,000	10,989,000
2032	1,625,000	450,500	2,075,500	8,908,500	10,984,000
2033	1,715,000	369,250	2,084,250	8,909,500	10,993,750
2034	1,800,000	283,500	2,083,500	8,908,000	10,991,500
2035	1,885,000	193,500	2,078,500	8,908,250	10,986,750
2036	<u>1,985,000</u>	<u>99,250</u>	<u>2,084,250</u>	<u>8,909,250</u>	<u>10,993,500</u>
Total	\$27,070,000	\$20,933,386	\$48,003,386	\$196,553,253	\$244,556,639

(1) Totals may not add due to rounding.

(2) Total debt service on the Prior Bonds, after taking the Refunding Project into account.

Source: The Financial Advisor.

SECURITY FOR THE BONDS

General Obligations

General. The 2011 Bonds are direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “PROPERTY TAX INFORMATION--Property Tax Limitations.” The 2011 Bonds are payable by the City from any source legally available therefor at the times such payments are due, including the General Fund of the City. In the event, however, that such legally available sources of funds are insufficient, the City is obligated to levy a general (ad valorem) tax on all taxable property within the City for payment of the 2011 Bonds, subject to the limitations provided in the constitution and statutes of the State.

Limitations on Property Tax Revenues. 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, the City, Clark County School District (the “School District”), other cities, or any special district) in each year. Those limitations are described in “PROPERTY TAX INFORMATION--Property Tax Limitations.” In any year in which the total property taxes levied within the City 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 2011 Bonds, if a tax levy is necessary to pay them), including interest on such indebtedness. See “PROPERTY TAX INFORMATION--Property Tax Limitations.”

No Repealer. State statutes provide that no act concerning the 2011 Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2011 Bonds or their security until all of the 2011 Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Certain Risks Associated With Property Taxes

Delays in Property Tax Collections Could Occur. Although the 2011 Bonds are general obligations of the City, the City may only levy property taxes to pay debt service on the 2011 Bonds in accordance with State law. For a description of the State laws regulating the collection of property taxes, see “PROPERTY TAX INFORMATION--Property Tax Collections.” Due to the statutory process required for the levy of taxes, in any year in which the City is required to levy property taxes, there may be a delay in the availability of property tax revenues to pay debt service on the 2011 Bonds. Accordingly, although other City revenues may be available to pay debt service on the 2011 Bonds if Pledged Revenues are insufficient, time may elapse before the City receives property taxes levied to cover any insufficiency of Pledged Revenues.

Certain Risks Related to Property Taxes. Numerous other factors over which the City 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 City, 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.

The country currently is in a prolonged economic downturn. Further, like the rest of the country, the City has experienced a housing slump over the past several years; the Las Vegas area has one of the highest foreclosure rates in the nation. It cannot be predicted at this time what impact these trends (or other economic trends) would have on property values or City property tax collections in the future.

Pledged Revenues

The 2011 Bonds are additionally secured by a lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with the lien of the Prior Bonds and any additional Parity Bonds issued in the future and subordinate to the lien of any Superior Bonds issued in the future. See “Additional Bonds” below.

The Pledged Revenues are comprised of a 15% portion of all income and revenue derived by the City from the Consolidated Tax distributed and imposed pursuant to State law. The Consolidated Tax is collected by the State and distributed monthly to the City. See “REVENUES AVAILABLE FOR DEBT SERVICE” for a detailed description of the Pledged Revenues.

Certain Risks Associated With Pledged Revenues

Consolidated Tax Collection Risks Generally. The Consolidated Tax is collected by the State and then remitted directly to the City pursuant to various statutory provisions. The City has no statutory authority to collect the Consolidated Tax itself and also has no control over the collection processes in place at the State. Receipt of the Pledged Revenues is dependent upon the ability and willingness of the State to collect the Consolidated Tax and forward the revenues to the City. If the State fails to perform its collection duties in a timely fashion, the City may not receive Pledged Revenues in time to meet scheduled debt service payments. If the State fails to collect, remit or transfer the Consolidated Tax revenues, the City’s only remedy is to file suit against the nonperforming party, including an action in mandamus to compel performance. Further, the City has no control over the auditing procedures in place at the State. The City must depend upon the State to ensure that the responsible parties are collecting and remitting the required Pledged Revenues. If the State fails to do so, the City may not receive all of the moneys to which it is entitled.

City Cannot Increase Rates of Taxes. The Consolidated Tax is imposed by the State legislature (the “Legislature”) and the rate of such taxes can be increased only by action of the Legislature. Even if the Legislature were to raise the rate of such taxes, there is no guarantee that the City would be authorized to use the increased revenues to pay debt service on the 2011 Bonds.

Sales Tax Collections Subject to Fluctuation. The majority of the Consolidated Tax revenues are comprised of receipts from certain sales taxes as described in “REVENUES AVAILABLE FOR DEBT SERVICE.” Sales tax collections are subject to fluctuations in spending which is affected by, among other things, general economic cycles. Sales tax revenues may increase along with the increasing prices brought about by inflation, but collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. Consequently, the rate of sales tax collections may be expected to correspond generally to economic cycles. The City has no control over general economic cycles and is unable to predict what economic factors or cycles will occur while the 2011 Bonds remain Outstanding.

The United States has been experiencing a significant economic downturn over the last several years and the Pledged Revenues have declined in each year since 2007. See “REVENUES AVAILABLE FOR DEBT SERVICE--Consolidated Tax Revenue Data.” The City is not able to predict what impact the recession will have on the Pledged Revenues. However, should the continuing economic effects of the recession be severe and prolonged, it is likely that the Consolidated Tax revenues generated by tourism and other economic activity will be negatively impacted and that Pledged Revenues will continue to decline as a result.

Delays in Receipt of Consolidated Tax Revenues May Negatively Impact Payment of the 2011 Bonds. As described in “REVENUES AVAILABLE FOR DEBT SERVICE--Collection and Enforcement of Consolidated Tax Revenues,” the Consolidated Tax is collected by the State, which then distributes the monies to the City (less the statutorily defined fee retained by the State) for credit to the appropriate fund. Should there be significant delays between the transfer of tax revenues to the City by the State, the payment of the 2011 Bonds may be negatively impacted.

Bankruptcy and Foreclosure. The ability and willingness of a business owner or operator to remit sales tax revenues included in the Consolidated Tax may be adversely affected by the filing of a bankruptcy proceeding by the business owner or operator. The ability to collect delinquent sales taxes using State law remedies for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner or operator of a retail business, or by the holder of any liens on the business. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in Pledged Revenue collections that may be insufficient to pay debt service on the 2011 Bonds when due.

Additional Bonds

General. The City is authorized to issue additional bonds secured by the Pledged Revenues as described below. To the extent the issuance of additional Superior Bonds or Parity Bonds increases the amount of debt service payable by the City, issuance of such additional bonds will have the effect of diluting the security for the 2011 Bonds.

Superior Securities Permitted. The Bond Ordinance authorizes the City to issue Superior Bonds payable from the Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 2011 Bonds upon the satisfaction of the conditions described in “Issuance of Superior or Parity Securities” below; however, such Superior Bonds shall not be issued as general obligations of the City.

Issuance of Superior Bonds or Parity Bonds. The Bond Ordinance authorizes the City to issue Superior Bonds and additional Parity Bonds, but before any such Superior Bonds or Parity Bonds are authorized or actually issued, the following requirements must be satisfied. The Bond Ordinance also authorizes the issuance of parity refunding securities; the requirements for the issuance of refunding bonds are set forth in Appendix B - Summary of Certain Provisions of the Bond Ordinance--Refunding Securities.

Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities, the City shall not be in default in making

any payments described in “Flow of Funds” above with respect to any Superior Bonds or Parity Bonds.

Earnings Test. Except as otherwise described below: (1) the Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of the additional Superior Bonds or Parity Bonds shall have been at least sufficient to pay an amount equal to the combined maximum annual principal and interest requirements (to be paid during any one Bond Year, commencing with the Bond Year in which the additional Superior Bonds or Parity Bonds are issued and ending on March 1 of the year in which any then Outstanding 2011 Bonds last mature) of the Outstanding Bonds and any other Outstanding Superior Bonds or Parity Bonds of the City and the bonds or other securities proposed to be issued (excluding the reserves therefor); or, (2) the Pledged Revenues estimated by the City’s chief financial officer, independent feasibility consultant or an Independent Accountant to be derived in the first five Fiscal Years immediately succeeding the issuance of the other additional superior or parity securities proposed to be issued, shall be at least equal to such annual principal and interest requirements to be paid during such Fiscal Year.

Adjustment of Pledged Revenues. In any computation of such earnings test as to whether or not additional superior or parity securities may be issued as described in the previous paragraph, the amount of the Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of any loss or gain conservatively estimated by the City’s chief financial officer, independent feasibility consultant or Independent Accountant making the computations, which loss or gain results from any change in the rate of the levy of that part of the taxes constituting a part of the Pledged Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of such superior or parity securities, as if such modified rate shall have been in effect during the entire next preceding Fiscal Year, if such change shall have been made before the computation of the designated earnings test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year.

Certification of Revenues. A written certification or written opinion by the City’s chief financial officer, an independent feasibility consultant or an Independent Accountant, based upon estimates as described in the previous two paragraphs, that the annual revenues when adjusted as described in the previous paragraph, are sufficient to pay such amounts as described in “Earnings Test” above, shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional bonds or additional securities superior to or on a parity with the 2011 Bonds.

Subordinate Securities Permitted. The Bond Ordinance authorizes the City to issue additional bonds or other additional securities payable from the Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the 2011 Bonds.

Refunding Securities. The Bond Ordinance authorizes the City to issue refunding securities upon satisfaction of the terms described in Appendix B - Summary of Certain Provisions of the Bond Ordinance--Refunding Securities.

No Pledge of Property

The payment of the 2011 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City, except the proceeds of General Taxes, the Pledged

Revenues, and any other moneys pledged for the payment of the 2011 Bonds. No property of the City, subject to such exceptions, shall be liable to be forfeited or taken in payment of the 2011 Bonds.

Limitation of Remedies

Judicial Remedies. Upon the occurrence of an Event of Default under the Bond Ordinance, each owner of the 2011 Bonds is entitled to enforce the covenants and agreements of the City by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the Pledged Revenues and other moneys held under the Bond Ordinance (including General Taxes, if any) and not against any other fund or properties of the City.

The enforceability of the Bond Ordinance is also subject to equitable principles affecting the enforcement of creditors' rights generally and liens securing such rights, the police powers of the State and the exercise of judicial authority by State or federal courts.

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the City under the Bond Ordinance, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2011 Bonds.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2011 Bonds and the obligations incurred by the City in issuing the 2011 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, if initiated, could subject the owners of the 2011 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.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2011 Bonds in the event of a default in the payment of principal of or interest on the 2011 Bonds. Consequently, remedies available to the owners of the 2011 Bonds may have to be enforced from year to year.

Future Changes in Laws

Various State laws apply to the imposition, collection, and expenditure of General Taxes, the Consolidated Tax and to other City revenues as well as to the operation and finances of the City. For example, from time to time, proposals are made (or adopted) by the Legislature to add or remove certain types of transactions from the Consolidated Tax. The Legislature may also increase the administrative fee retained by the State for collecting the Consolidated Tax from time to time; that increase results in a decrease in Pledged Revenues. 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 City and the imposition, collection, and expenditure of revenues, including General Taxes and the Consolidated Tax.

REVENUES AVAILABLE FOR DEBT SERVICE

General Description of Consolidated Tax

The taxes comprising the Consolidated Tax are discussed generally below. The revenues generated by the Consolidated Tax are deposited into the State's Local Government Tax Distribution Account and then allocated among local governments as described below.

Sales Taxes. The Supplemental City/County Relief Tax ("SCCRT") and Basic City/County Relief Tax ("BCCRT") are each a component of the combined sales and use tax levied by the State (the tax levied on retail sales and the storage, use or other consumption of tangible property). The SCCRT is levied at a rate of 1.75% and the BCCRT is levied at a rate of 0.50%. The revenues from each of these sources are collected monthly by the State Department of Taxation (the "Department") and, following adjustments for certain rural counties and costs of collections, are remitted to the county of origin, then divided among the local governments within each county according to a formula. In fiscal year 2011, the SCCRT and BCCRT accounted for a combined 85.3% (66.2% and 19.1%, respectively) of the Consolidated Tax distributed within the County.

Sales taxes (including the SCCRT and BCCRT) are imposed on the gross receipts of any retailer from the sale of all tangible personal property sold at retail in the County and also upon the storage, use or other consumption in the County of tangible personal property. State law exempts taxes on the gross receipts from the sale, storage or use of property that it is prohibited from taxing under the constitution or laws of the State. Included in this category are (this list is not intended to be exhaustive): personal property sold to the United States, the State or any political subdivision; personal property sold by or to religious, charitable or educational nonprofit corporations; sales to common carriers; the proceeds of mines; motor vehicle fuel; food; certain feeds and fertilizers; prosthetic devices and other medical appliances; medicines, gas, electricity and water; newspapers, manufactured homes and mobile homes; and aircraft, aircraft engines and component parts.

Governmental Services Tax. The Governmental Services Tax ("GST") is levied at a rate of 4 cents per dollar of valuation of motor vehicles, and is assessed at the time of annual registration. The initial valuation of the vehicle is determined at 35% of the manufacturer's suggested retail price. Vehicle value is depreciated to 95% after the first year and graduated down to 15% after 9 years. Ninety-four percent of the proceeds of the GST is distributed to local governments in each county. In fiscal year 2011, the GST accounted for 11.0% of the Consolidated Tax distributed in the County.

Real Property Transfer Tax. The Real Property Transfer Tax ("RPTT") is paid by the buyer in a conveyance of real property. The rate of taxation on transfers of real property in the County is \$1.25 per \$500 of value of the interest in property conveyed, exclusive of any lien or encumbrance upon the property. Of the \$1.25 per \$500 of value, a portion (55 cents) is deposited in the Local Government Tax Distribution Account for distribution to local governments and the rest is retained by the State for various purposes. In fiscal year 2011, the RPTT accounted for 2.3% of the Consolidated Tax distributed in the County.

Cigarette and Liquor Tax. The Cigarette Tax and Liquor Tax are excise taxes levied upon the sale of cigarettes (and other tobacco products) and liquor, respectively. Portions of the proceeds of the Cigarette Tax and Liquor Tax are distributed to local governments, with

the remainder deposited to the State general fund. The Cigarette Tax is levied at a rate of 4 cents per cigarette, which equates to 80 cents per pack. Of that amount, 10 cents per pack is deposited in the Local Government Tax Distribution Account and distributed to local governments. The Liquor Tax is levied on a per gallon basis and is in addition to the applicable sales tax. Of the \$3.60 per gallon tax levied on liquor with an alcohol content in excess of 22%, 50 cents is deposited in the Local Government Tax Distribution Account and distributed to local governments. Taxes levied upon tobacco products other than cigarettes and upon liquor products with less than a 22% alcohol content are retained by the State general fund. In fiscal year 2011, the Cigarette Tax and the Liquor Tax accounted for 1.1% and 0.3%, respectively, of the Consolidated Tax distributed in the County.

Collection and Enforcement of Consolidated Tax Revenues

The Department administers the collection and enforcement of the Consolidated Taxes pursuant to State law. The taxes comprising the Consolidated Tax are collected as described below and distributions are made monthly.

The Department collects the BCCRT, SCCRT, Cigarette and Liquor Taxes directly and deposits the revenues to the Local Government Tax Distribution Account monthly for distribution to the County. The County treasurer collects RPTT revenues and deposits them with the State, at least quarterly, for inclusion in the Local Government Tax Distribution Account and subsequent monthly distribution to the County. The Department of Motor Vehicles collects the GST and deposits it monthly with the State for deposit in the Local Government Tax Distribution Account and subsequent monthly distribution to the County.

Because the BCCRT and the SCCRT constitute the majority of the Consolidated Tax Revenues, the State's sales tax collection and enforcement procedures are discussed briefly below. In addition to the sales tax enforcement procedure, the State may impose delinquent interest and penalties on late payments of the other taxes collected and also may seek judgments in State court for satisfaction of amounts owed.

The Department administers all sales taxes within the State, including the BCCRT and the SCCRT. Each licensed retailer is required to remit all sales tax directly to the Department. Pursuant to State statute, the Department currently retains a collection fee of 1.75% (that amount is subject to change by the Legislature) of all amounts remitted by retailers. (Notwithstanding the foregoing, the increased fee cannot be applied so as to modify, directly or indirectly, any taxes levied or revenues pledged in such a manner as to impair adversely any outstanding obligations of any political subdivision of this State or other public entity). Every person desiring to conduct business as a retailer within the County must obtain a permit from the Department. Any retailer that fails to comply with State statutes may have its license revoked by the Department after a hearing held upon 10 days' written notice.

Sales taxes are due and payable to the Department monthly on or before the last day of the month next succeeding the month in which such taxes are collected (i.e., sales taxes collected by retailers in June 2011 were due to the Department no later than July 31, 2011). Retailers are allowed to deduct 0.25% of the amount due to reimburse themselves for the cost of collecting the tax. Sales tax remittances to the Department must be accompanied by a return form prescribed by the Department. The Department may require returns and payments for periods other than calendar months. Interest on deficient sales tax payments, exclusive of

penalties, accrues at rates established by State law. A penalty of 10% of the amount of the deficiency also may be added.

Deficiency notices must be delivered to taxpayers within three years of any deficiency. Failure to pay sales taxes as required results in a lien against the property of the retailer failing to pay. The lien is enforced by the Department's filing of a certificate and request for judgment with the County Clerk. Immediately upon filing of the certificate, the County Clerk is required to enter a judgment in the amount owed, including penalties and interest. The lien may be enforced through a warrant executed by the County sheriff. In addition, the Department may seize and sell property of the delinquent payor as provided by law.

Distribution of Consolidated Tax Collections. Consolidated Taxes are distributed to local governments in accordance with a formula established by State law. State law established a "base year" during the 1997 Legislative session. After that year, each local government receives an annual percentage increase in its base amount according to increases in the prior year's Consumer Price Index. For cities and counties, additional revenues over the base allocations are determined according to a statutory formula that takes into account each local government's relative growth in population and assessed valuation in the prior year. The Department may determine to reallocate taxes if the assessed value and population of an entity declines over three consecutive years. Over the last five years, the City has received an average of 5.1% of the Consolidated Tax collections distributed within the County; that number has ranged from a high of 5.5% of total collections in the County in 2007 to a low of 4.7% of total collections in 2010.

Consolidated Tax Revenue Data

Historical Consolidated Tax Revenues and Debt Service Coverage. The following table sets forth: (i) a history of the Pledged Revenues, (ii) the debt service payable on the then-outstanding Prior Bonds in each year, and (iii) the associated debt service coverage, calculated by dividing the Pledged Revenues by the debt service paid in each year. The table includes historical Consolidated Tax collection information for fiscal years 2007 through 2011; the fiscal year 2011 information is unaudited and subject to change. There is no assurance that the Pledged Revenues will continue to be realized in the amounts illustrated below. See "SECURITY FOR THE BONDS--Certain Risks Associated With Pledged Revenues" and other factors described throughout this Official Statement.

Upon issuance of the 2011 Bonds, the maximum annual principal and interest requirements on the 2011 Bonds and the Prior Bonds (after taking the Refunding Project into account) is \$11,329,301 in fiscal year 2019. See "DEBT SERVICE REQUIREMENTS."

Historical Pledged Revenues and Debt Service Coverage

	2007 <u>Actual</u>	2008 <u>Actual</u>	2009 <u>Actual</u>	2010 <u>Actual</u>	2011 <u>Unaudited</u>
Consolidated Tax Receipts	\$52,955,745	\$50,199,861	\$39,642,953	\$34,179,293	\$36,538,629
% change	--	(5.2)%	(21.0)%	(13.8)%	6.9%
Pledged Revenues (15% of Consolidated Tax Receipts)	\$7,943,362	\$7,529,979	\$5,946,443	\$5,126,894	\$5,480,794
Debt service paid (1)	\$7,484,060	\$7,951,803	\$8,518,476	\$8,773,569	\$9,033,809
Coverage	1.06x	0.95x	0.70x	0.58x	0.61x

(1) If the Pledged Revenues are insufficient to pay the combined debt service on the 2011 Bonds, the City must use other available revenues to do so.

Source: Derived from the City's audited financial statements for the fiscal years ended June 30, 2007-2010, and from unaudited fiscal year 2011 information provided by the City.

The City's policy is to budget its revenues conservatively, including Consolidated Tax receipts. For fiscal year 2011, the City budgeted Consolidated Tax revenues of \$32,236,400 and for fiscal year 2012, the City budgeted Consolidated Tax revenues of \$36,454,210. However, based upon stronger than expected Consolidated Tax receipts late in fiscal year 2011, the City now estimates that Consolidated Tax revenues for fiscal year 2012 will be \$37,269,401. That estimated figure results in Pledged Revenues of \$5,590,410 and estimated debt service coverage of 1.41x, calculated using the debt service payable in fiscal year 2012 (\$3,965,521, after taking the issuance of the 2011 Bonds and the Refunding Project into account). See "DEBT SERVICE REQUIREMENTS." Through September 30, 2011, the City has received total Consolidated Tax revenues of \$2,914,673 (representing one month of collections).

Future Debt Service. As previously described, the City is undertaking the Refunding Project in order to alleviate cash flow problems which it currently is experiencing and to allow more Consolidated Tax revenues to be deposited into the General Fund over the next several years. The Refunding Project is expected to significantly reduce the debt service payable by the City on its Consolidated Tax-supported bonds in fiscal years 2012, 2013 and 2014 (by approximately \$4.7 million, \$4.3 million and \$5.9 million, respectively) and by smaller amounts in fiscal years 2015, 2016 and 2017 (\$1.0 million, \$2.3 million and \$2.3 million, respectively). Assuming those levels of savings in each year, assuming that the City is able to reserve a portion of its Consolidated Tax revenues in fiscal years 2012-14 for debt service payments in fiscal years 2015-17, and assuming 4% growth in Consolidated Tax revenues in each year from fiscal year 2013-2017, the City expects that Consolidated Tax revenues will be sufficient to pay debt service on the 2011 Bonds and the Prior Bonds through fiscal year 2017. However, if any of those assumptions are not realized, the City will be required to use other available funds to pay debt service. Thereafter, debt service increases significantly and absent any restructurings in the future, Consolidated Tax revenues will need to continue to grow in order to pay debt service from Consolidated Tax revenues only. See "DEBT SERVICE REQUIREMENTS." *Investors are cautioned, however, that the estimates discussed in this paragraph are based upon economic and financial assumptions that may not be realized. See "INTRODUCTION--Forward-Looking Statements."*

Monthly Comparison of Consolidated Tax Collections. The following table presents a comparison of monthly Consolidated Tax revenues received by the City for the twelve-month periods ending July 31, 2011 and 2010. *The data in the following table reflects collection of the full amount of Consolidated Taxes; however, the Pledged Revenues are comprised of only 15% of that total amount. The information below is intended to illustrate collection trends only; it is not a representation of amounts available to pay the 2011 Bonds.* This table is presented on an accrual basis; accordingly, revenues are accounted for in the month of the original sales rather than the month of actual collection by the City. For example, revenues recorded for July 2011 in the following table represent sales made by retailers in July 2011 and are recorded in that month even though retailers remitted those revenues to the State in August 2011 and the moneys were received by the City in September 2011. As of July 31, 2011, the City had experienced an increase of approximately 6.9% in Consolidated Tax collections as compared to the same twelve-month period for the previous year.

Comparison of Monthly Consolidated Tax Collections(1)

	<u>Twelve-Month Period</u> <u>Ending July 31, 2011</u>		<u>Twelve-Month Period</u> <u>Ending July 31, 2010</u>		<u>Percent Change</u>	
	Current		Current		Current	
	<u>Month</u>	<u>Cumulative</u>	<u>Month</u>	<u>Cumulative</u>	<u>Month</u>	<u>Cumulative</u>
August	\$ 2,869,759	\$ 2,869,759	\$ 2,698,590	\$ 2,698,590	6.3%	6.3%
September	3,053,865	5,923,624	3,043,863	5,742,454	0.3	3.2
October	2,720,679	8,644,303	2,693,298	8,435,752	1.0	2.5
November	2,735,620	11,379,923	2,619,851	11,055,602	4.4	2.9
December	3,942,676	15,322,599	3,546,619	14,602,222	11.2	4.9
January	2,634,892	17,957,491	2,477,575	17,079,796	6.3	5.1
February	2,577,994	20,535,486	2,465,342	19,545,139	4.6	5.1
March	3,462,279	23,997,764	3,143,755	22,688,894	10.1	5.8
April	2,984,514	26,982,278	2,905,593	25,594,487	2.7	5.4
May	2,971,620	29,953,898	2,784,344	28,378,831	6.7	5.6
June	3,792,463	33,746,362	3,114,105	31,492,936	21.8	7.2
July	2,914,673	36,661,035	2,792,267	34,285,203	4.4	6.9

(1) Reflects collection of the full amount of Consolidated Taxes received by the City; however, the Pledged Revenues pledged to payment of the 2011 Bonds are comprised of only 15% of that total amount.

Source: The City (unaudited).

PROPERTY TAX INFORMATION

Property Tax Base and Tax Roll

The State Department of Taxation (“Taxation”) reported the assessed valuation of property within the City for the fiscal year ending June 30, 2012 to be \$4,434,688,599 (excluding the assessed valuation attributable to the Redevelopment Agency) which represents a 6.0% decrease from the assessed valuation reported for the prior fiscal year.

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 Nevada Tax Commission). 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. In the County, property assessments are adjusted annually by the formula and each parcel of property is physically reappraised for assessment purposes every five years, with a portion of the property physically reappraised every year. State law requires that property be assessed at 35% of taxable value, that percentage may be adjusted upward or downward by the Legislature. Based on the assessed valuation for the fiscal year 2012, the taxable value of all taxable property within the City is \$12,670,538,854 (excluding the taxable value attributable to the Redevelopment Agency).

“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 Nevada 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.

Mining operations are assessed by the State based upon income produced from mining operations and the taxes are returned to the jurisdictions where the mines are located. In Nevada, county assessors are responsible for assessments in the counties except for certain properties centrally assessed by the State, which include railroads, airlines, and utility companies.

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

History of Assessed Value

The following table illustrates a history of the assessed valuation in the City. 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 tax collections and assessed value.

History of Assessed Value(1)

<u>Fiscal Year Ended June 30,</u>	<u>Assessed Valuation of North Las Vegas(1)</u>	<u>Percent Change</u>
2008	\$8,961,029,085	--
2009	9,132,667,067	1.9%
2010	6,660,944,839	(27.1)
2011	4,719,007,066	(29.2)
2012	4,434,688,599	(6.0)

(1) Excludes the assessed valuation of the Redevelopment Agency in the following amounts: fiscal year 2008 - \$132,510,407; fiscal year 2009 - \$155,194,913; fiscal year 2010 - \$113,541,823; fiscal year 2011 - \$65,712,257; and fiscal year 2012 - \$53,729,631.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2007-08 through 2011-12.

Property Tax Collections

General. In Nevada, County treasurers are responsible for the collection of property taxes, and forwarding the allocable portions thereof to the overlapping taxing units within the counties.

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.

County Property Tax Collection Information. 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 County, the school district, the cities within the County (including the City) and certain special taxing districts. The figures in the following table include property taxes that are not available to pay debt service on the 2011 Bonds.* The table below provides information with respect to the historic collection rates for the County, but may not be relied upon to depict the amounts of ad valorem property taxes available to the County 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 Ending <u>June 30</u>	Net Secured <u>Roll Tax Levy</u>	Current Tax <u>Collections</u>	% of Levy (Current) <u>Collected</u>	Delinquent Tax <u>Collections</u>	Total Tax <u>Collections</u>	Total Tax Collections as % <u>of Current Levy(2)</u>
2007	\$1,927,238,513	\$1,909,964,723	99.10%	\$17,185,596	\$1,927,150,319	100.00%
2008	2,179,452,860	2,144,481,519	98.40	33,282,684	2,177,764,203	99.92
2009	2,357,540,052	2,310,905,968	98.02	40,332,869	2,351,238,837	99.73
2010	2,276,317,176	2,216,527,326	97.37	33,472,328	2,249,999,655	98.84
2011	1,791,972,005	1,733,516,863	96.74	6,094,883	1,739,611,746	97.08
2012	1,598,143,595	30,601,417	1.91	--(3)	30,601,417	1.94

(1) Subject to revision. Represents the real property tax roll levies and collections. As of July 31, 2011.

(2) Figured on collections to net levy (actual levy less stricken taxes).

(3) In 2012, the total does not include any delinquent tax collections since those amounts are still being collected.

Source: Clark County Treasurer's Office.

History of City Property Tax Collections. The following table sets forth a history of property tax collection information for the City since 2007 and also provides information on taxes that were abated (and therefor never received by the City) in each year.

City of North Las Vegas - Tax Collection and Abatement Information(1)

Fiscal <u>Year</u>	Actual Tax <u>Collections</u>	Percent <u>Change</u>	Amounts <u>Abated (2)</u>
2007	\$62,334,957	--	\$22,861,700
2008	71,948,284	15.4%	27,520,600
2009	76,538,396	6.4	20,299,000
2010	69,222,205	(9.6)	6,190,600
2011(3)	52,560,870	(24.1)	1,961,000

(1) Property taxes generated by general fund levy and tax overrides. Does not include taxes collected for the North Las Vegas Library District and the Redevelopment Agency.

(2) See "Required Property Tax Abatements" below.

(3) Unaudited.

Source: The City.

Largest Taxpayers - North Las Vegas

The following table represents the ten largest property-owning taxpayers in the City based on fiscal year 2010-2011 assessed valuations and 2011-12 assessed valuations. The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (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 City.

The City's operating activities are concentrated in the Las Vegas, Nevada metropolitan area and therefore, realization of the City's receivables (including property tax revenues) and its future operations could be affected by continuing or worsening adverse conditions in the area.

The United States is experiencing a widespread recession accompanied by declines in residential real estate sales, mortgage lending and related construction activity, higher energy costs and other inflationary trends, and weakness in the commercial and investment banking systems, and is engaged in a war, all of which are likely to have far-reaching effects on the economic activity in the County for an indeterminate period. The near-term and long-term impact of these factors on the southern Nevada economy and the City's operating activities cannot be predicted at this time but may be substantial.

In recent years, several major taxpayers in the City 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 Owning Taxpayers in the City
Fiscal Year 2010-11 and 2011-12

<u>Taxpayer</u>	<u>Type of Business</u>	FY 2010-11 Assessed Value	% of Total Assessed Value(1)	FY 2011-12 Assessed Value	% of Total Assessed Value(2)
Golden Triangle Industrial Park	Industrial Park	\$ 52,929,400	1.12%	\$41,126,903	0.93%
ProLogis	Distribution	50,706,556	1.07	40,307,629	0.91
Picerne Development	Apartments	46,533,843	0.99	38,402,420	0.87
Southwest Generation	Energy	42,491,262	0.90	39,560,535	0.89
Cannery Casino Resorts	Hotel/Casino	41,316,684	0.88	37,746,752	0.85
Green Valley Ranch Gaming L.L.C.	Hotel/Casino	39,837,284	0.84	--	--
Las Vegas Paving Corporation	Construction	37,966,254	0.80	31,069,284	0.70
Station Casinos Incorporated	Hotel/Casinos	33,471,077	0.71	33,706,225	0.76
Olympia Group LLC	Developer	--	--	25,286,321	0.57
Wal-Mart Stores Inc.	Retail	29,567,676	0.63	24,867,940	0.56
Potlatch Forest Products Corporation	Paper Products				
	Manufacturing	20,697,411	0.44	--	--
Federal National Mortgage Association	Foreclosed Properties	--	--	21,482,558	0.48
TOTAL		\$395,517,447	8.38%	\$333,556,567	7.52%

(1) Based on the City's fiscal year 2011 assessed valuation of \$4,719,007,066 (which excludes the assessed valuation attributable to the Redevelopment Agency).

(2) Based on the City's fiscal year 2012 assessed valuation of \$4,434,688,599 (which excludes the assessed valuation attributable to the Redevelopment Agency).

Source: Clark County Assessor's Office website (FY 2010-11 report dated October 8, 2010; FY 2010-11 report dated October 14, 2011).

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 per \$100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is

limited by statute 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 in assessed valuation in the case of certain entities that are in financial difficulties (or require a combined overlapping tax rate of \$5.00 per \$100 of assessed valuation in certain circumstances of severe financial emergency); and (b) require that \$0.02 of the statewide property tax rate of \$0.17 per \$100 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 statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness 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.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. These revenue limitations do not apply to ad valorem taxes levied to repay the 2011 Bonds, which are exempt from such ad valorem revenue limits. This 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 at a general or special election. 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 Legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. In the event sales tax estimates from the Nevada Department of Taxation exceed actual revenues available to local governments, Nevada local governments receiving such sales tax may levy a property tax to make up the revenue shortfall.

The County and cities within the County levy various tax overrides as allowed or required by State statutes.

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 shall levy a tax of \$0.75 per \$100 of assessed valuation for the support of the public schools within the County school district. School districts are also allowed additional levies for voter-approved debt service and voter-approved tax overrides for capital projects.

The Nevada Tax Commission monitors the impact of tax legislation on local government services.

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 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 6 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 the property tax as described above.

Required Property Tax Abatements

General. In 2005, the 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. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues owed by taxpayers to a maximum of 3% per year for owner-occupied residential properties (and low-income housing properties) and to 8% (or a lesser amount equal to the average annual change in taxable values over the last ten years, as determined by a formula) per year for all other properties. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year.

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 (1) the tax-secured obligations were issued before July 1, 2005; or (2) 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. Any levy of property taxes needed to repay the 2011 Bonds is *not* exempt from partial abatement.

General Effects of Abatement. Limitations on property tax revenues could negatively impact the finances and operations of the taxing entities in the State, including the County, to an extent that cannot be determined at this time.

Overlapping Tax Rates and General Obligation Indebtedness

Overlapping Tax Rates. The following table presents a history of statewide average tax rates and a representative overlapping tax rate for City. The overlapping rates for incorporated and unincorporated areas within the City 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)

<u>Fiscal Year Ended June 30,</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Average Statewide rate	<u>\$3.1526</u>	<u>\$3.1727</u>	<u>\$3.2162</u>	<u>\$3.1320</u>	<u>\$3.1171</u>
City of North Las Vegas					
Operating rate	\$0.1901	\$0.1937	\$0.1937	\$0.1937	\$0.1937
Override rate	0.9436	0.9463	0.9550	0.9280	0.9400
Debt service rate	0.0250	0.0187	0.0100	0.0370	0.0250
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
Combined special districts (2)	0.0813	0.0776	0.0793	0.0767	0.0682
State of Nevada (3)	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
Total	\$3.3675	\$3.3638	\$3.3655	\$3.3629	\$3.3544

(1) Per \$100 of assessed valuation.

(2) Includes levies for the Las Vegas Artesian Basin, Las Vegas/Clark County Library District (debt), North Las Vegas 911 and North Las Vegas Library District.

(3) \$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, 2007-08 through 2011-12.

Estimated Overlapping General Obligation Indebtedness. In addition to the general obligation indebtedness of the City, other taxing entities are authorized to incur general obligation debt within boundaries that overlap or partially overlap the boundaries of the City. In addition to the entities listed below, other governmental entities may overlap the City 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 City as of October 1, 2011.

Estimated Overlapping Net General Obligation Indebtedness

Entity (1)	Total General Obligation <u>Indebtedness</u>	Presently Self-Supporting General Obligation <u>Indebtedness</u>	Net Direct General Obligation <u>Indebtedness</u>	Percent Applicable(2)	Overlapping Net General Obligation <u>Indebtedness(3)</u>
Clark County	\$2,895,965,000	\$2,820,650,000	\$ 75,315,000	7.66%	\$ 5,769,129
Clark County School District	3,860,905,000	797,500,000	3,063,405,000	7.66	234,656,823
State of Nevada	<u>2,133,460,000</u>	<u>625,830,000</u>	<u>1,507,630,000</u>	5.14	<u>77,492,182</u>
TOTAL	\$8,890,330,000	\$4,243,980,000	\$4,646,350,000		\$317,918,134

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

(2) Based on fiscal year 2012 assessed valuation in the respective jurisdiction. The percent applicable is derived by dividing the assessed valuation of the City into the assessed valuation of the governmental entity (excluding redevelopment agencies).

(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 Financial Advisor; percentages calculated using information from Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2011-12.

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the City as of October 1, 2011 (after taking the issuance of the 2011 Bonds and the Refunding Project into account).

Net Direct & Overlapping General Obligation Indebtedness

Total General Obligation Indebtedness (1)	\$464,731,000
Less: Self-supporting General Obligation Indebtedness (1)	<u>445,231,000</u>
Net Direct General Obligation Indebtedness	19,500,000
Plus: Overlapping Net General Obligation Indebtedness	<u>317,918,134</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$337,418,134

(1) Assumes the issuance of the 2011 Bonds and the completion of the Refunding Project. See "DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations."

Selected Debt Ratios

The following table sets forth historical ratios relating to the City's outstanding general obligation debt.

Selected Direct General Obligation Debt Ratios

<u>Fiscal Year Ended June 30</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Population (1)	214,661	215,022	217,482	217,482	217,482
Assessed Value (2)	\$8,961,029,085	\$9,132,667,067	\$6,660,944,839	\$4,719,007,066	\$4,434,688,599
Taxable Value (2)	\$25,602,940,243	\$26,093,334,477	\$19,031,270,969	\$13,482,877,331	\$12,670,538,853
<u>Gross Direct G.O. Debt (3)</u>	\$366,039,000	\$353,420,000	\$482,475,000	\$453,058,000	\$464,731,000
<u>RATIO TO:</u>					
Per Capita	\$1,705.20	\$1,643.65	\$2,218.46	\$2,083.20	\$2,136.87
Percent of Assessed Value	4.08%	3.87%	7.24%	9.60%	10.48%
Percent of Taxable Value	1.43%	1.35%	2.54%	3.36%	3.67%
<u>Net Direct G.O. Debt (3)</u>	\$54,640,000	\$47,355,000	\$39,782,000	\$19,500,000	\$19,500,000
<u>RATIO TO:</u>					
Per Capita	\$254.54	\$220.23	\$182.92	\$89.66	\$89.66
Percent of Assessed Value	0.61%	0.52%	0.60%	0.41%	0.44%
Percent of Taxable Value	0.21%	0.18%	0.21%	0.14%	0.15%

- (1) State Demographer estimates for the City as of July 1 of each year shown. The 2010 population estimate also is used in 2011 and 2012 because it is the most recent estimate available.
- (2) See "PROPERTY TAX INFORMATION--Property Tax Base" for a description of assessed valuation and taxable value. Excludes the assessed values attributable to the Redevelopment Agency.
- (3) See "DEBT STRUCTURE--Outstanding Bonded Indebtedness and Other Obligations." Fiscal year 2012 debt is as of October 1, 2011, after taking the issuance of the 2011 Bonds and the Refunding Project into account.

Sources: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2007-08 through 2011-12; the State Demographer; and debt information compiled by the Financial Advisor.

CITY OF NORTH LAS VEGAS

General

The City of North Las Vegas was incorporated on May 1, 1946. The City is a political subdivision of the State, a body corporate and a city duly organized as a city under the provisions of State law and operates pursuant to its Charter. The City is located near the center of the Las Vegas Valley in the County, and encompasses approximately 100.44 square miles. It is situated on the northern city limits of the City of Las Vegas, the county seat, and is the fourth largest city in the State. The City provides its citizens with police and fire protection, water and wastewater systems, parks, two golf courses, streets, a municipal court and other general governmental services. The economy of the North Las Vegas area is based on commerce, tourism, industry, and government.

City Government

The City maintains a Council-Manager form of government. The Mayor and four Council members are elected on an at-large, non-partisan basis to serve a four-year term. Effective January 1, 2000, North Las Vegas council wards were created. With the exception of the Mayor, each council member represents the ward in which they reside. Terms of office are staggered so that City-wide elections are held every two years for two or three of the five offices.

The five-member City Council is the policy-making body of the City. By a majority vote, the Council may enact, enforce ordinances and orders, and pass resolutions necessary for the operation of municipal government and management of City affairs. Council members also actively serve in leadership positions for numerous intergovernmental agencies and associations to further the interests of the City.

The current mayor and members of the Council and their terms of office are as follows:

<u>Council Member and Title</u>	<u>Ward</u>	<u>Principal Occupation</u>	<u>Term Began</u>	<u>Term Expires</u>
Shari Buck, Mayor	At large	Educator	2009(1)	6/2013
Pamela A. Goynes-Brown, Mayor Pro Tem	2	Educator	2011	6/2015
Robert L. Eliason, Councilman	1	Construction manager	2001	6/2013
Anita G. Woods, Councilwoman	3	Homemaker	2009	6/2013
Wade W. Wagner, Councilman	4	Dentist	2011	6/2015

(1) Shari Buck served as the City Councilwoman for Ward 4 for 10 years prior to her election as Mayor.

Administration

The Council appoints the City Manager, who serves as the Chief Executive Officer to oversee daily municipal operations. The City Manager performs administrative duties assigned by the Council and may appoint clerical and administrative assistants as he or she deems necessary, subject to the approval of the Council. Other administrative positions in the City include the City Attorney, the City Clerk and the Finance Director.

There has been turnover in the senior management at the City during the past two years. With the exception of the City Manager position, which recently was filled, and the Finance Director position, for which the City currently is conducting a national search, the City currently does not plan to fill the positions on a permanent basis in an effort to reduce personnel costs. The City does not believe that these changes will adversely impact the operation of the City.

Brief biographies of City officials directly involved with the issuance of the 2011 Bonds follow.

Timothy R. Hacker, City Manager. Timothy R. Hacker was hired as the City Manager in September 2011. He oversees the departments of Administrative Services, Finance, City Clerk, Human Resources, Community Services and Development, Police, Fire, Public Works, and Utilities. Mr. Hacker came to the City with more than 22 years of experience, most recently as the City Manager of Mesquite, Nevada, where he worked for five years. He served as City Manager of Kewanee, Illinois, and as a senior planner for Peoria County, Illinois. Mr. Hacker also worked as the executive director for the East Central Iowa Council of Governments in Cedar Rapids, Iowa and as the City Administrator for the City of Humboldt, Iowa. He worked as the Planning Director for the North Iowa Area Council of Governments and as the Planning and Zoning Administrator for City of Wood River in Illinois. Mr. Hacker holds a master's degree in public administration from Southern Illinois University and a bachelor's degree in community and regional planning from Iowa State University. His professional memberships include the International City/County Management Association (ICMA). He is an ICMA Credentialed City Manager. He belongs to the National League of Cities and the Local Government Managers Association of Nevada.

Alfonso Noyola, Acting Director of Administrative Services and Finance. Alfonso Noyola was named Acting Director of Administrative Services and Finance in June 2010. This position consolidates General Services, Information Technology and Finance. Mr. Noyola previously worked as the Assistant Director of Administrative Services for eight years, overseeing the Police Department Administrative Services Command, which includes six divisions providing internal and external support to police officers, city government and the community. Mr. Noyola is a retired Air Force officer and holds a bachelor of science degree in business administration from Wayland Baptist University in Texas and a master's degree in public administration from Midwestern State University in Texas.

Jeffrey F. Barr, Acting City Attorney. Jeffrey F. Barr was named Acting City Attorney in July 2011. He has practiced law since 1999 and has been with the Civil Division of the City Attorney's Office for five years. Prior to joining the City, Mr. Barr worked in private practice in Southern Nevada. He graduated magna cum laude from Seattle University School of Law. He also has a master's degree in business administration and a bachelor's degree in political science from the University of Nevada, Las Vegas.

Karen L. Storms, CMC, City Clerk. Ms. Storms has been with the City since December 1991. Prior to her appointment as City Clerk, she served as the City's Records Manager, Deputy City Clerk, and Assistant City Clerk. Her previous experience includes senior management positions and federal compliance audit functions in the mortgage banking industry. In 1997, Ms. Storms earned the Certified Municipal Clerk (CMC) designation through the International Institute of Municipal Clerk's (IIMC) at Arizona State University. She was recently

accepted into the Master Municipal Clerk Institute through a joint program at Arizona State University and the University of Nevada, Reno.

Employees; Benefits and Pension Matters

General. As of September 2011, the City had approximately 1,450 full-time equivalent (“FTE”) employees. This figure represents a 19% reduction from the number of FTE employees as of July 1, 2010 and includes the effect of layoffs consummated to reduce City costs. See “CITY FINANCIAL INFORMATION--City Financial Difficulties.”

Many City employees belong to bargaining units. The City currently has several multi-year collective bargaining agreements. The Teamsters Local 14 includes a non-supervisor bargaining unit, a supervisor bargaining unit and an administrative bargaining unit; each of those contracts expires on June 30, 2014. The North Las Vegas Police Officers Association, Local #41 (non-supervisors bargaining unit) and the North Las Vegas Police Supervisors Association have contracts expiring on June 30, 2015. The International Association of Fire Fighters’ Local #1607 includes bargaining units for supervisors and non-supervisors; those contracts expire June 30, 2013.

The City is in discussions with its bargaining unions to find ways to reduce labor costs and ultimately to reduce the number of positions that must be eliminated. The City employs a number of approaches to ensure good communications with its employees during challenging times: Employee Town Hall meetings, meetings with City departments and the City Manager, bi-weekly email updates to all City employees, and an interdepartmental Employee Committee to develop cost reduction and organizational streamlining recommendations.

Benefits. The City offers its employees a comprehensive benefits plan. Medical, dental and vision insurance coverage is provided for employees and their dependents. The City also offers life insurance, paid holidays, vacation, sick and emergency leave, and an employee assistance program. The City also offers voluntary supplemental benefits for which employees may pay, including short-term disability insurance, long-term care insurance and various discount programs.

Pension Matters. The City’s employees are covered by the Nevada Public Employees’ Retirement System (“PERS”), which is administered by the State. PERS covers substantially all public employees of the State, its agencies, and its political subdivisions, including the City. PERS, established on July 1, 1948, by the Legislature, is governed by the Public Employees’ Retirement Board whose seven members are appointed by the Governor. Retirement Board members serve for a term of four years.

All public employees who meet certain eligibility requirements participate in PERS, which is a 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 in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits, and death benefits.

Regular members of PERS are eligible for retirement benefits at age 65 with five years of service, at age 60 with 10 years of service or at any age with 30 years of service. Police and fire members are eligible for retirement benefits with five years of service at age 65, with 10

years of service at age 55, with 20 years of service at age 50, or at any age with 25 years of service. In its 2009 session, the Legislature made changes to the benefit structure for newly hired members of PERS on or after January 1, 2010, including raising the retirement age from 60 to 62, reducing post-retirement benefit increases, changing the age/years of service calculations and changing the benefit calculations.

PERS has an annual actuarial valuation showing unfunded liability and the contribution rates required to fund PERS on an actuarial reserve basis; however, actual contribution rates are established by the Legislature. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2010. At that time, PERS reported an unfunded actuarial accrued liability (“UAAL”) of approximately \$10.35 billion (an increase of approximately 13.7% from the prior year UAAL). The amortization method used for the UAAL is the year-to-year closed method, with each amortization period set at 30 years. The funded ratio for all members was 70.5% at June 30, 2010, a decrease from 72.6% in fiscal year 2009. As of June 30, 2010, PERS had total net assets (based on market value) of approximately \$20.91 billion, compared to \$18.77 billion as of June 30, 2009.

Contribution rates to PERS are established by State statute. The statute allows for increases or decreases of the actuarially determined rate and the Legislature can increase the contribution rate for members by any amount it determines necessary. Pursuant to statute, there is no obligation on the part of the employer to pay for their proportionate share of the unfunded liability. The City is obligated to contribute all amounts due under PERS. For fiscal years 2008 and 2009, the contribution rate for regular members was 20.50% of covered payroll and the contribution rate for police/fire members was 33.5% of covered payroll. For fiscal years 2010 and 2011, the contribution rate increased to 21.50% for regular members and to 37.0% for police/fire members. Effective July 1, 2011, the contribution rate increased to 23.75% for regular members and to 39.75% for police/fire members.

The City’s contributions to PERS for fiscal years 2010 and 2011 were \$38,869,843 and \$32,650,871 (unaudited), respectively. See Note X 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.

Other Post Employment Benefits. The City provides other post-employment benefits (“OPEB”) for all its non-Teamster employees through a cost-sharing, multiple-employer, defined benefit healthcare plan and participates in the Teamsters Security Fund for Southern Nevada, a cost-sharing multiple-employer defined benefit plan that covers the City’s International Brotherhood of Teamsters employees. For a description of the OPEB plans, including benefits offered, costs, the actuarial valuation of unfunded accrued liabilities (“UAAL”) and annual required contributions (“ARC”), funding status, significant assumptions and accounting treatment as of June 30, 2010, see Notes I and XI in the audited financial statements attached hereto as Appendix A. Also see the Required Supplemental Information and the related notes in the audited basic financial statements attached hereto as Appendix A.

The City currently has an actuarial study underway to update its OPEB obligations. Due to recent staffing changes and other personnel-related activity, the City is not able to predict with any certainty what its updated UAAL and ARC will be, but it does not

currently anticipate that either number will be materially higher than the figures set forth in the audited financial statements attached hereto as Appendix A. Due to budget cuts, however, the City does not expect to fully fund its ARC in the foreseeable future.

Investment Policy

The City manages its investment portfolio in compliance with State statutes. The cash balances of all funds held by the City are pooled and invested for the purpose of increasing interest earnings through investment activities. See Note III in the audited financial statements attached hereto as Appendix A for a description of permitted and actual City investments.

CITY FINANCIAL INFORMATION

Annual Reports

General. The City prepares a comprehensive annual financial report (“CAFR”) setting forth the financial condition of the City as of June 30 of each fiscal year. The CAFR is the official financial report of the City and is prepared following generally accepted accounting principles (“GAAP”). The latest completed report is for the fiscal year ended June 30, 2010. The City’s audited basic financial statements for the fiscal year ended June 30, 2010, which were extracted from the CAFR, are attached to this Official Statement as Appendix A. See Note I in the audited basic financial statements attached hereto as Appendix A for a summary of the City’s significant accounting policies.

Certificate of Achievement. The Government Finance Officer’s Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2010. This is the 30th consecutive year that the City has received this recognition. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR with contents conforming to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Budgeting

Prior to April 15 of each year, the City is required to submit to the State Department of Taxation the tentative budget for the next fiscal year which commences 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 City upon its acceptance of the budget.

Following acceptance of the proposed budget by the State Department of Taxation, the Council is required to conduct public hearings on the third Tuesday in May. The Council normally is required to adopt the final budget on or before June 1.

The City is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the Council. Increases to a fund’s budget other than by transfers are accomplished through formal action of the Council. With the exception of monies appropriated for specific capital projects to be funded by Federal and State grant expenditures, all unencumbered appropriations lapse at the end of the fiscal year.

Distinguished Budget Presentation Award. The GFOA presented a Distinguished Budget Presentation Award to the City of North Las Vegas for its 2010-11 budget. This was the 7th consecutive year that the City received this recognition. The award is valid for a period of one year only and reflects the commitment of the City to meeting the highest principles of governmental budgeting. Due to the recent departure of key individuals, the City does not plan to submit its 2011-12 budget to the GFOA. The City’s current intent is to resume submitting its budget for GFOA award consideration with the 2012-13 budget.

Accounting

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when services or goods are received, and liabilities incurred, except for unmatured interest on general long-term debt which is recognized when due. Accounting records for the City's utilities and other enterprises are maintained on an accrual basis.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

History of General Fund Revenues and Expenditures

The following table presents a history of the City's General Fund revenues, expenditures and changes in fund balance for the fiscal years ended June 30, 2007 through 2010. The table also provides the City's current estimates of results for fiscal year 2011 and Final Budget information for fiscal year 2012. The 2011 estimated results were prepared by the City in connection with the preparation of the fiscal year 2012 budget and reflect the City's current expectations for fiscal year 2011. *However, those figures are estimates only, are not necessarily predictive of the final results for fiscal year 2011 and are not to be relied upon as a representation of actual results for fiscal year 2011. Actual, unaudited figures for fiscal year 2011 will not be available until mid-October 2011.* The information for fiscal years 2007 through 2010 was derived from the City's CAFR for each of those years.

For a description of the financial difficulties faced by the City as a result of the poor economy, see "Budget Difficulties" following the table. As a result of the financial difficulties, the Council has temporarily suspended the prior policy of maintaining an 18% ending fund balance requirement in the General Fund, but has directed that an ending fund balance of 6.0% be maintained if at all possible. The City currently expects to end fiscal year 2011 with a fund balance of approximately 5.3%. The City's goal is to return to the 18% fund balance policy as soon as practicable.

The information in this table should be read together with the City's audited financial statements for the year ended June 30, 2010, 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, Expenditures and Changes in Fund Balances - General Fund

<u>Fiscal Year Ended June 30,</u>	<u>2007</u> <u>(Audited)(1)</u>	<u>2008</u> <u>(Audited)(1)</u>	<u>2009</u> <u>(Audited)</u>	<u>2010</u> <u>(Audited)</u>	<u>2011</u> <u>(Estimated)</u>	<u>2012 Final</u> <u>Budget</u>
Revenues						
Taxes	\$ 20,953,549	\$ 24,100,790	\$ 25,439,536	\$ 22,853,491	\$ 8,978,690(2)	\$ 8,844,230
Licenses and Permits	33,416,360	32,347,464	28,734,711	26,062,330	26,763,063	26,589,140
Consolidated Tax	52,955,745	50,199,861	39,642,953	34,179,293	35,739,423	36,454,210
Other Intergovernmental	8,293,800	8,490,005	6,353,022	6,167,143	2,592,080(3)	2,663,290
Charges for Services	17,317,963	18,609,634	19,861,703	21,127,646	12,131,283	4,221,450
Fines and Forfeitures	6,669,330	8,621,657	9,696,168	9,392,310	9,692,600	9,952,200
Miscellaneous	<u>18,138,542</u>	<u>22,171,452</u>	<u>17,760,075</u>	<u>5,578,261</u>	<u>2,779,680</u>	<u>2,295,620</u>
Total Revenues	<u>157,745,289</u>	<u>164,540,863</u>	<u>147,488,168</u>	<u>125,360,474</u>	<u>98,676,819</u>	<u>91,020,140</u>
Expenditures						
General Government	32,326,863	34,634,185	35,370,281	31,866,059	24,565,860	19,678,416
Judicial	7,570,317	8,849,562	9,809,507	10,139,590	9,529,004	7,953,679
Public Safety	101,463,360	112,479,200	116,538,282	114,614,157	94,714,858(2)	79,822,676
Public Works	20,897,805	16,784,252	16,635,618	13,480,023	3,639,478(3)	2,373,685
Culture and Recreation	11,476,814	11,671,031	12,622,349	10,784,624	9,183,644	6,731,099
Community Support	<u>1,076,101</u>	<u>2,176,149</u>	<u>3,075,340</u>	<u>3,095,353</u>	<u>2,398,078</u>	<u>1,458,645</u>
Total Expenditures	<u>174,811,260</u>	<u>186,594,379</u>	<u>194,051,377</u>	<u>183,979,806</u>	<u>144,030,922</u>	<u>118,018,200</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(17,065,971)</u>	<u>(22,053,516)</u>	<u>(46,563,209)</u>	<u>(58,619,332)</u>	<u>(45,354,103)</u>	<u>(26,998,060)</u>
Other Financing Sources (Uses)						
Sales of equipment	--	--	114,175	--	431,866	646,400
Contingency	--	--	(49,395)	--	3,232,215(4)	2,555,600(4)
Operating Transfers In	35,732,558	44,385,210	49,427,464	46,795,701	33,704,149	34,700,000
Operating Transfers Out	<u>(13,785,431)</u>	<u>(13,346,719)</u>	<u>(9,662,785)</u>	<u>(3,405,540)</u>	<u>(8,547,729)</u>	<u>(9,547,600)</u>
Total Other Financing Sources (Uses)	21,947,127	31,038,491	39,829,459	43,390,161	28,820,501	28,354,400
Net Change in Fund Balance	4,881,156	8,984,975	(6,733,750)	(15,229,171)	(16,533,602)	1,356,340
Beginning Fund Balance	32,228,809	37,109,965	46,094,939	39,361,189	22,953,382	6,419,779
Prior Period Adjustment (5)	--	--	--	(1,178,636)	--	--
Ending Fund Balance	<u>\$ 37,109,965</u>	<u>\$ 46,094,940</u>	<u>\$ 39,361,189</u>	<u>\$ 22,953,382</u>	<u>\$ 6,419,779</u>	<u>\$ 7,776,119</u>
Reserved Portion of Ending Fund Balance (6)	\$542,793	\$758,892	\$7,943,456	\$0	\$384,375	\$500,000

Footnotes on following page.

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- (1) These columns have been modified by the City to reflect subsequent reclassifications of certain revenue items among categories. As a result, the information reported here will not match the CAFR for the applicable year.
 - (2) Beginning in fiscal year 2011, the City has determined that the proceeds of an 18-cent tax override (which historically have been accounted for in the General Fund) should properly be accounted for in the Public Safety Fund. The budgeted amount of that tax for fiscal year 2011 is approximately \$8.4 million. The City also has budgeted to move a comparable amount of expenditures that formerly were accounted for in the General Fund's public safety category to the Public Safety Fund.
 - (3) Beginning in fiscal year 2011, the City has determined to deposit certain intergovernmental revenues (approximately \$2.5 million in motor vehicle fuel taxes 2010) previously accounted for in the General Fund into the Street Improvements Projects fund; a portion of the expenses previously accounted for in the public works category also will be moved to the Street Improvements Projects Fund.
 - (4) In the estimated fiscal year 2011 and the fiscal year 2012 budget columns, the "contingency" category includes savings expected to be realized from the City's cost-cutting measures.
 - (5) The prior period adjustment in 2010 is due to a determination that certain expenditures made from October 1, 2005, through September 30, 2009, were charged to incorrect funds. See Note VIIA in the audited financial statement attached hereto as Appendix A.
 - (6) The reserved portion of the ending fund balance is used for encumbrances, long-term receivables and interest changes in value.

Source: Derived from the City's CAFRs for 2007-2010, from the 2011-12 Budget and from information provided by the City.

City Financial Difficulties

General. The City currently is facing a severe economic downturn resulting in a budget crisis. The factors impacting the City's finances as well as actions taken in response to the crisis are discussed below and throughout this Official Statement.

The City, along with the rest of the Las Vegas area, is experiencing the financial crisis that is facing the rest of the nation. In the Las Vegas area, as in most of the nation, there has been a significant decline in the housing market. This has been the result of both national and local factors, including very large increases in housing prices prior to 2006, a significant number of home purchases financed with "sub-prime" mortgages, and record housing inventory. According to the *Report on Housing Market Conditions*© produced by The Center for Business and Economic Research and Lied Institute for Real Estate Studies, University of Las Vegas, in the first quarter of 2011, the Las Vegas metropolitan area led the nation in terms of homes with negative equity. In addition, foreclosure rates in the County (and the City) have increased significantly over the last several years. In the first quarter of 2011, foreclosure filings were recorded for one in every 31 housing units; however, that figure is 7.7% lower than the first quarter of 2010 and 11.5% lower than the fourth quarter of 2010. As a result of these factors, media reports indicate that new home sales are stagnant while existing home sales in the Las Vegas valley have been increasing slightly over the last several months. However, median home prices for the first quarter of 2011 were down from 2010 levels and continue to decline. In addition, construction activity in the City has slowed significantly. The City is unable to predict how long these trends will continue.

The City is experiencing significant declines in several key revenue sources. Property tax revenue is one concern for the City. Declining land and home values as well as the impact of foreclosures all have had (and are expected to continue to have) a significant impact on property tax revenue over the next several years. In addition, Consolidated Tax revenues, another major revenue source to the General Fund, began declining in 2007, with significant declines occurring in 2008 (5.2%), 2009 (21.0%) and 2010 (13.8%). For fiscal year 2011, the

City expects an increase of approximately 6.9% over 2010 Consolidated Tax levels. See the table in “CITY FINANCIAL INFORMATION--History of General Fund Revenues and Expenditures.” Payments in lieu of taxes paid by the Utility Fund (“PILT payments”) also are a significant source of General Fund revenues. PILT payments are currently capped at \$32 million per year. However, beginning in fiscal year 2013, State law requires that the PILT payments to the General Fund be reduced by \$16 million over a ten-year period. The City expects to have an allocation methodology in place by the end of calendar year 2011 designed to reduce PILT to approximately \$16 million by the year 2021. The reduction in PILT payments is likely to put additional pressure on the General Fund budget.

Actions Taken by the City. During fiscal year 2007-08, the City made approximately \$6.5 million in budget cuts in anticipation of financial pressures. Nonetheless, during fiscal year 2009, the City began to experience financial pressures and took several actions to alleviate those pressures, including cutting expenditures by \$6.9 million. The City also instituted a hiring freeze (saving approximately \$8.4 million) and required all departments to reduce expenditures by 3% (saving approximately \$6 million). In addition, the Council temporarily suspended the prior policy of maintaining an 18% ending fund balance requirement in the General Fund, and has established a temporary policy that an ending fund balance of 8.3% be maintained. Financial pressures continued into fiscal year 2010. The City took the following actions in fiscal year 2010: delayed projects in the capital improvement plan to save on future operating costs; extending the hiring freeze for a savings of approximately \$8.9 million; instituted department reductions for a savings of approximately \$16.6 million; instituted various employee-related budget cuts, including a Voluntary Separation Program (“VSP”), deferred cost-of-living adjustments, holiday payouts and the sick leave sell-back program, for a total savings of approximately \$13.0 million; and increased the daily fee charged to house federal prisoners in the City jail from \$92-\$105, resulting in \$2 million in additional annual revenue. Also, in fiscal year 2010, the City froze hiring for 169 full-time equivalent (“FTE”) positions, deleted budget authorization for 67.0 FTE, instituted a layoff impacting 204 FTE and also reduced services in all departments.

In fiscal year 2011, the City began implementation of a series of Budget Reduction Programs (“BRP”) that have extended into fiscal year 2012. BRP I was incorporated into the fiscal year 2011 budget in order to deal with a larger than expected budget shortfall and resulted in savings of \$36.4 million, including staff reductions and other budget cuts. Actions taken included reprioritizing its capital improvement program to realize capital expenditure and operation and maintenance savings. Those actions included canceling or delaying for several years \$20.9 million in CIP projects, range improvements, vehicle replacements, and construction of a south area police command center. In addition, the City reduced operation and maintenance expenditures by \$2.0 million for fiscal year 2011 and \$6.5 million for fiscal year 2010. BRP II was implemented in November 2010 in order to realize approximately \$35.1 million in savings in fiscal years 2011 and 2012. BRP II was planned to include the loss of an additional 251 full-time positions (some of which were already vacant or eliminated during the VSP); 71 of those positions were public safety positions. The teamsters union agreed to contract concessions in order to reduce necessary layoffs. However, the public safety unions obtained a court order preventing the City from laying off any public safety positions through June 30, 2012.

In July 2011, the City began implementing BRP III for fiscal year 2012 in order to close a \$9.1 million budget gap in the General Fund. Approved actions to date included \$2 million in approved concessions by the firefighters’ union (“IAFF”), deletion/unfunding of

additional vacant positions (\$1 million), reduction of services and supplies (\$760,000), position transfers from the general fund to other funds (\$400,000), and a partial functional merger of the public works/utilities functions (\$500,000).

As of August 17, 2011, when consideration of BRP IV began, a budget gap of approximately \$4.4 million existed. BRP IV includes reductions in force of an additional 21 FTE, unfunding of 5.0 FTE vacant positions in the Police Department, shifting positions to project funds outside the general fund, reductions in services and supplies, medical contract savings in the Police Department, increases in park and recreation fees, and six months of fire department revenue enhancements. The public safety unions made certain concessions in order to protect the City's recreation centers from further cuts through the end of fiscal year 2012. The Council also approved the continued suspension of its prior policy of maintaining an 18% ending fund balance requirement in the General Fund, and has established a temporary policy that an ending fund balance of 6.0% be maintained if possible.

BRP IV is expected to negatively impact services provided by the City. Even with implementation of BRP IV, the City expects to face significant cash flow and other challenges in fiscal year 2012. The firefighters union contract requires payment of a cost of living adjustment of 3.75% in July 2012, and the police union contract currently includes a cost of living increase of 6.625% in fiscal year 2013. Without the Refunding Project, it is possible that the City could deplete its unreserved fund balance and experience cash flow shortages at various times during fiscal year 2012. Even with the effect of the Refunding Project, the City may need to execute interfund loans between the General Fund and the redevelopment fund in order to provide sufficient cash flow for the General Fund. Pursuant to State law, interfund loans must be repaid within the fiscal year in which they are made. In addition, the City currently is litigating an employee benefits issue with its unions; that issue likely will not be resolved until early 2012; however, if the City loses the case, it could result in a cost of \$1.8 million to the City. Finally, the City's self-insurance funds are experiencing budgetary pressures due to reduced payments as a result of the sharp reduction in employees. It is not possible at this time to predict whether those funds will have a further negative impact on the City's finances.

Effect of Designation of Severe Financial Emergency. In the event the City is not able to successfully deal with its budget crisis, State law authorizes the State Department of Taxation ("Taxation") to take over the management of a local government in certain situations. If Taxation takes over management of a local government, it has broad financial powers, including approving all expenditures, negotiating with creditors, renegotiating contracts and collective bargaining agreements, and in specified situations, increasing the ad valorem tax rate available to pay local government obligations (from \$3.64 to \$4.50 per \$100 of assessed value).

Generally, if one of the factors/conditions enumerated by statute exists, Taxation must consider the severity of the condition, obtain information and require the formation of a plan of corrective action, determine to hold one or more hearings to determine the extent of the problem and eventually determine whether a recommendation of severe financial emergency should be made to the Nevada Tax Commission. Two of those factors, which have occurred (or are expected to occur) in the City, are: (i) the local government has experienced a cumulative decline of 10% in population or assessed valuation for the past 2 fiscal years; and (ii) the ending balance in the general fund of the local government has declined by 20% or more for the past 2 fiscal years. In addition, if the ending fund balance in the General Fund has been budgeted for less than 4% percent of the actual General Fund expenditures for the previous fiscal year, the

local government must provide a written explanation to Taxation that includes the reason for the low ending fund balance and the manner in which the local government plans to increase the fund balance. Taxation also could determine to ask the Nevada Tax Commission for an order declaring a severe financial emergency under that circumstance.

As illustrated in “PROPERTY TAX INFORMATION--History of Assessed Valuation,” the assessed valuation in the City declined by approximately 27% in fiscal year 2010, by approximately 29% in fiscal year 2011 and by approximately 6.0% in fiscal year 2012. A further minimal decline is anticipated in fiscal year 2013. In addition, as illustrated in “CITY FINANCIAL INFORMATION--History of General Fund Revenues and Expenditures,” the ending balance in the General Fund declined by approximately 41.7% in fiscal year 2010 and is expected to decline by an additional 72.0% in fiscal year 2011.

The City has met with Taxation to discuss its financial situation and the steps taken to address it. The City does not anticipate that Taxation will begin the process of declaring a severe financial emergency. However, should that occur in the future, it is not known what impact such an action would have on the City’s ratings.

Stabilization Fund

A Stabilization Fund was established pursuant to NRS 354.6115 and a resolution adopted by the Council on March 6, 1996. The money in the fund is used to stabilize the operation of City government and is used only if the total actual revenue falls short of the total anticipated revenue in the General Fund. The fund balance must not exceed 10% of the expenditures from the General Fund for the previous year. As of December 2, 2009, the City had a balance of \$2.5 million in the Stabilization Fund. However, the fund was depleted in fiscal year 2010 in order to assist in balancing the budget. Replenishment of the Stabilization Fund moneys is a City priority in the next few years, to the extent funds are available.

Risk Management

The City 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 City accounts for such losses through its Self-Insurance Reserve Internal Service Fund. The City has maintained self-insured funding for various types of coverage since 1988. Currently, the City self-insures for the following types of risk exposure: liability and property damage, workers compensation, OPEB and employee health insurance plans. Effective in fiscal year 2011, the City established a self-insured health insurance plan. This is evidenced by the large increase in revenues and expenses reflected in the table entitled “Self Insurance Internal Service Fund” below. Excess liability, property and workers compensation insurance in excess of the self-insurance levels is maintained with commercial carriers. The City’s self-insurance program, including self-insured coverage levels, is discussed in Note XII to the audited financial statements attached hereto as Appendix A.

The following table presents a history of the revenues, expenditures, and balances for the Self-Insurance Internal Service Fund for fiscal years 2007 to 2010. The table also provides the City’s current estimate of results for fiscal year 2011 and Final Budget information for fiscal year 2012. The 2011 estimated results were prepared by the City in connection with the preparation of the fiscal year 2012 budget and reflect the City’s current expectations for fiscal year 2011. *However, those figures are estimates only, are not necessarily predictive of the*

final results for fiscal year 2011 and are not to be relied upon as a representation of actual results for fiscal year 2011. Actual, unaudited figures for fiscal year 2011 will not be available until mid-October 2011. The information for fiscal years 2007 through 2010 was derived from the City's CAFR for each of those years.

Self-Insurance Internal Service Fund

<u>Fiscal Year Ended June 30.</u>	2007 (Audited)	2008 (Audited)	2009 (Audited)	2010 (Audited)	2011 (Estimated)(1)	2012 (Budget)
Total Revenues, Contributed Capital, and Transfers In:	\$10,178,595	\$12,544,698	\$13,117,960	\$17,212,846	\$23,311,809	\$22,578,424
Total Expenditures and Transfers Out:	<u>6,466,810</u>	<u>16,296,864</u>	<u>10,353,211</u>	<u>24,826,524</u>	<u>26,071,682</u>	<u>20,026,437</u>
Net Revenues over Expenditures:	<u>3,711,785</u>	<u>(3,752,166)</u>	<u>2,764,749</u>	<u>(7,613,678)</u>	<u>(2,759,783)</u>	<u>2,551,987</u>
Net Assets, July 1	9,715,151	13,426,936	9,674,770	16,887,245	9,273,567	6,513,694
Prior Period Adjustment (2)	--	--	<u>4,447,726</u>	--	--	--
Net Assets, June 30	\$13,426,936	\$ 9,674,770	\$16,887,245	\$ 9,273,567	\$6,513,694	\$9,065,681

- (1) During fiscal year 2011, the City established a self-insured health insurance plan, which is primarily responsible for the increase in revenues and expenditures.
- (2) During fiscal year ended June 30, 2009, the initial recorded liability to the City under GASB Statement No. 45 was overstated by \$4,447,726.

Source: Derived from the City's CAFRS for 2007-2010 and from the 2011-12 Final Budget.

DEBT STRUCTURE

Capital Program

The City Public Works Department maintains a five-year capital improvement plan (“CIP”) which generally is updated annually. The plan presents the proposed plan for major public facility improvements to be implemented over the next five fiscal years. The CIP is a planning document; projects included in the CIP for future years can be reprioritized or removed from the CIP and new projects can be added as the Council determines. Generally, financing sources are identified for projects included in the CIP. Funding sources include including intergovernmental revenue, grants, general obligation bonds and pay-as-you-go financing which include dedicated property taxes, development fees, developer contributions, utility rates and available fund balances.

As described in “CITY FINANCIAL INFORMATION--City Financial Difficulties,” the City canceled or delayed numerous projects contained in the CIP for 2012-16. The five-year CIP for 2012-16 included projects totaling \$299.8 million, which is 41% less than the prior year five-year CIP of \$503.5 million (which was itself 45% less than the 2010-14 CIP of \$926 million). Approximately \$149.4 million in projects were planned for fiscal year 2012. Major projects and funding sources account for 85% of the 2012-16 CIP. These include: Bureau of Land Management funded projects (\$59.7 million); Clark County Regional Flood Control District funded projects (\$69.9 million); bond funded projects (\$11.0 million); Regional Transportation Commission funded projects (\$47.4 million); Nevada Department of Transportation funded projects (\$31.1 million); special improvement district projects (\$11.0 million); and utility fund projects (\$24.4 million).

Debt Limitation

The Charter for the City of North Las Vegas limits the aggregate principal amount of the City’s general obligation debt to 20% of the City’s total assessed valuation. The following table presents a record of the City’s outstanding general obligation indebtedness with respect to its statutory debt limitation.

Statutory Debt Limitation

<u>Fiscal Year Ended June 30,</u>	<u>Assessed Valuation (1)</u>	<u>Debt Limit</u>	<u>Outstanding General Obligation Debt (2)</u>	<u>Statutory Debt Capacity</u>
2007	\$7,021,149,876	\$1,404,229,975	\$105,854,000	\$1,298,375,975
2008	9,093,539,492	1,818,707,898	366,039,000	1,452,668,898
2009	9,287,861,980	1,857,572,396	353,420,000	1,504,152,396
2010	6,774,486,662	1,354,897,332	482,475,000	872,422,332
2011	4,784,719,324	956,943,865	453,058,000	503,885,865
2012	4,488,418,230	897,683,646	464,731,000	432,952,646

- (1) Includes the assessed value of the Redevelopment Agency, which is included for purposes of calculating the debt limit but is not subject to State or local taxation for retirement of general obligation bond debt.
- (2) Includes general obligation bonds, general obligation revenue bonds and notes and medium term bonds (excludes special assessment bonds).
- (3) Outstanding as of October 1, 2011, including the 2011 Bonds and the effect of the Refunding Project. See "Outstanding Indebtedness and Other Obligations" below.

Source: The City; compiled by the Financial Advisor.

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

Outstanding Indebtedness and Other Obligations

The following table presents the outstanding indebtedness of the City as of October 1, 2011, including the 2011 Bonds and the effect of the Refunding Project.

Outstanding Indebtedness(1)
As of October 1, 2011

	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
<u>GENERAL OBLIGATION BONDS(2)</u>				
Street Refunding Bonds, Series 2002B	05/01/02	05/01/14	\$4,915,000	\$ 1,475,000
Street Refunding Bonds, Series 2007B	08/17/07	06/01/15	1,530,000	<u>935,000</u>
Total				<u>2,410,000</u>
<u>GENERAL OBLIGATION REVENUE BONDS(3)</u>				
Judicial/Public Safety Bonds, Series 2002A	05/01/02	05/01/18	2,500,000	0(7)
Judicial/Public Safety Bonds, Series 2003	03/01/03	03/01/23	32,500,000	9,905,000(7)
Water & Sewer Refunding Bonds, Series 2003	09/08/03	10/01/12	704,000	198,000
Water Refunding Bonds, Series 2003B	11/25/03	11/01/15	8,685,000	2,470,000
Water & Sewer Refunding Bonds, Series 2005A	05/17/05	12/01/17	14,365,000	10,590,000
Water & Sewer Refunding Bonds, Series 2005B	07/01/05	08/01/19	10,030,000	8,325,000
Building Bonds, Series 2006	06/07/06	05/01/36	105,000,000	99,595,000(7)
Wastewater Reclamation System Bonds, Series 2006	10/04/06	10/01/36	140,000,000	132,030,000
Water & Sewer Refunding Bonds, Series 2007	03/02/07	09/01/14	5,713,000	2,418,000
Judicial/Public Safety Refunding Bonds, Series 2007A	05/17/07	05/01/23	7,630,000	7,630,000
Water & Wastewater (BABs), Series 2010A	06/17/10	06/01/40	145,000,000	145,000,000
The 2011 Bonds (this issue)	10/27/11	06/01/36	27,070,000	<u>27,070,000</u>
Total				<u>445,231,000</u>
<u>GENERAL OBLIGATION MEDIUM-TERM BONDS(4)</u>				
Medium-Term Refunding Bonds, Series 2010	07/01/10	07/01/20	17,090,000	<u>17,090,000</u>
TOTAL GENERAL OBLIGATION BONDS				<u>\$464,731,000</u>
<u>ASSESSMENT BONDS(5)</u>				
Assessment District No. 59, Series 2003	11/25/03	12/01/13	\$ 1,289,100	63,100
Assessment District No. 61, Series 2007	03/28/17	03/01/17	3,250,000	1,934,100
Assessment District No. 62, Series 2007	03/28/07	03/01/17	1,250,000	743,900
Assessment District No. 63, Series 2007	11/07/07	11/01/17	12,680,000	<u>9,410,000</u>
Total				<u>12,151,100</u>
<u>OTHER ASSESSMENT BONDS(6)</u>				
Assessment District No. 54, Series 1994	05/01/94	02/01/14	2,961,790	420,000
Assessment District No. 60, Refunding Series 2006A	05/31/06	12/01/22	27,520,000	17,680,000
Assessment District No. 60, Refunding Series 2006B	05/31/06	12/01/22	14,660,000	<u>9,330,000</u>
Total				<u>27,430,000</u>
GRAND TOTAL				<u>\$504,312,100</u>

Footnotes on following page.

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- (1) Does not include lease purchase agreements or contingent liabilities. As of October 1, 2011, the City has no lease purchase obligations outstanding.
 - (2) General obligation bonds secured by the full faith, credit and taxing power of the City. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit.
 - (3) General obligation bonds secured by the full faith, credit and taxing power of the City. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit. These bonds are additionally secured by pledged revenues; if revenues are not sufficient, the City is obligated to pay the difference between such revenues and the debt service requirements of the respective bonds.
 - (4) General obligation bonds secured by the full faith, credit and payable from all legally available funds of the City. The ad valorem tax rate available to pay these bonds is limited to the statutory and the constitutional limit as well as to the City's maximum operating levy.
 - (5) Secured by assessments against property improved; the City's Surplus and Deficiency Fund, the City's General Fund and taxing power are contingently liable if collections of assessments are insufficient.
 - (6) Secured only by assessments against the property improved. In the event of a delinquency in the payment of any assessment installment, the City will have no obligation with respect to these bonds other than to apply available funds in a reserve fund and to commence and pursue sale or foreclosure proceedings with respect to the property in question.
 - (7) After taking the Refunding Project into account.

Source: The City.

Additional Contemplated Indebtedness

The City currently expects to issue approximately \$2.3 million in general obligation medium-term Qualified Energy Conservation Bonds in late 2011.

The City currently does not have plans to issue any additional bonds in the near future, but reserves the right to do so at any time legal requirements are met.

Annual Debt Service Requirements

Set forth below is a summary of the debt service requirements for the City's outstanding general obligation bonds, after taking the issuance of the 2011 Bonds and the effect of the Refunding Project into account.

Annual General Obligation Debt Service Requirements(1)

Fiscal Year Ending June 30	General Obligation Bonds(2)		General Obligation Revenue Bonds(3)		General Obligation Medium-Term Bonds(4)		Grand Total
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2012	\$ 760,000	\$ 101,703	\$ 4,595,000	\$ 14,472,131	--	\$ 357,181	\$ 20,286,015
2013	798,000	69,947	9,555,000	18,240,938	--	714,362	29,378,247
2014	605,000	35,906	8,152,000	17,891,489	\$ 1,000,000	693,462	28,377,857
2015	247,000	9,929	8,474,000	22,360,040	2,020,000	630,344	33,741,314
2016	--	--	6,645,000	21,968,389	2,110,000	544,027	31,267,416
2017	--	--	6,855,000	21,656,351	2,195,000	454,053	31,160,404
2018	--	--	11,490,000	21,341,298	2,290,000	360,316	35,481,614
2019	--	--	12,155,000	20,815,744	2,390,000	262,504	35,623,248
2020	--	--	12,685,000	20,241,109	2,490,000	160,512	35,576,621
2021	--	--	13,220,000	19,660,901	2,595,000	54,236	35,530,137
2022	--	--	13,805,000	19,006,383	--	--	32,811,383
2023	--	--	14,410,000	18,307,634	--	--	32,717,634
2024	--	--	14,880,000	17,570,441	--	--	32,450,441
2025	--	--	15,575,000	16,789,706	--	--	32,364,706
2026	--	--	16,305,000	15,966,142	--	--	32,271,142
2027	--	--	16,940,000	15,093,363	--	--	32,033,363
2028	--	--	17,735,000	14,186,223	--	--	31,921,223
2029	--	--	18,555,000	13,251,077	--	--	31,806,077
2030	--	--	19,425,000	12,265,888	--	--	31,690,888
2031	--	--	20,340,000	11,227,366	--	--	31,567,366
2032	--	--	21,295,000	10,140,201	--	--	31,435,201
2033	--	--	22,295,000	9,016,128	--	--	31,311,128
2034	--	--	23,320,000	7,854,045	--	--	31,174,045
2035	--	--	24,395,000	6,630,011	--	--	31,025,011
2036	--	--	25,545,000	5,340,673	--	--	30,885,673
2037	--	--	15,750,000	3,991,957	--	--	19,741,957
2038	--	--	16,240,000	3,340,876	--	--	19,580,876
2039	--	--	16,935,000	2,273,583	--	--	19,208,583
2040	--	--	17,660,000	1,160,615	--	--	18,820,615
Total	\$2,410,000	\$217,485	\$445,231,000	\$402,060,703	\$17,090,000	\$4,230,996	\$871,240,184

(1) Totals may not total due to rounding.

(2) Does not include contingent liability of the City on general obligation revenue bonds, special assessment bonds, and other indebtedness not currently paid with ad valorem tax proceeds.

(3) General obligation bonds additionally supported by non-ad valorem revenues and project revenues; if revenues are not sufficient, the City is obligated to pay the difference between such revenues and debt service requirements of the respective bonds. *Includes the 2011 Bonds and the effect of the Refunding Project.* The City issued its 2010A Sewer Bonds as Build America Bonds or "BABs." As a result, the City expects to receive certain interest subsidy payments from the federal government with respect to those bonds ("BAB Credits"). However, the City is required to pay the full amount of debt service on the 2010A Bonds regardless of whether BAB Credits are received. The amounts in this column reflect the full amount of debt service due on the 2010A Bonds; they are not net of the expected BAB Credits.

(4) The ad valorem tax rate available to pay these bonds is limited to the County's maximum operating levy and certain tax overrides. See "PROPERTY TAX INFORMATION--Property Tax Limitations."

Source: The City; compiled by the Financial Advisor.

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning the economic and demographic conditions in the City and the County. This information is intended only to provide prospective investors with general information regarding the City's community. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The information presented was obtained from the sources indicated, and the City makes no representation as to the accuracy or completeness of the data obtained from parties other than the City.

Population and Age Distribution

Population. The table below shows the population growth of the City, the County and the State since 1970. According to U.S. Census figures between 2000 and 2010, the City's population increased 87.9%, the County increased 41.8% and the State increased 35.1%.

<u>Population</u>						
Year	City of North Las Vegas	Percent Change	Clark County	Percent Change	State of Nevada	Percent Change
1970	36,216	--	273,288	--	488,738	--
1980	42,739	18.0%	463,087	69.6%	800,493	63.8%
1990	47,707	11.6	741,459	60.1	1,201,833	50.1
2000	115,488	142.1	1,375,765	85.5	1,998,257	66.3
2010	216,961	87.9	1,951,269	41.8	2,700,551	35.1

Source: United States Department of Commerce, Bureau of the Census.

Age Distribution. The following table sets forth a comparative age distribution profile for the City, the County, the State and the nation as of January 1, 2011.

Age	<u>Age Distribution</u>			
	Percent of Population			
	North Las Vegas	Clark County	State of Nevada	United States
0-17	30.6%	26.4%	25.9%	24.3%
18-24	9.9	8.6	8.6	9.7
25-34	15.4	15.1	14.4	13.3
35-44	15.3	14.7	14.1	13.3
45-54	12.6	13.3	13.6	14.3
55-64	8.1	10.7	11.3	11.7
65-74	4.9	6.7	7.2	7.2
75 and Older	3.2	4.5	4.9	6.2

Source: © 2011 The Nielsen Company, *SiteReports*.

Income

The following two tables reflect Median Household Effective Buying Income ("EBI"), and also the percentage of households by EBI groups. EBI is defined as "money income" (defined below) less personal tax and nontax payments. "Money income" is defined as

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

Year	North Las Vegas	Clark County	State of Nevada	United States
2007	--	45,135	45,041	41,255
2008	\$50,896	48,012	47,381	41,792
2009	50,611	48,555	48,138	42,513
2010	49,656	49,096	48,659	43,252
2011	46,494	46,045	45,706	41,368

Source: © The Nielsen Company, *SiteReports*, 2009-2011. (Prior years provided by Nielsen Claritas-informed publication: Trade Dimensions International Inc. – Demographics USA – County Edition, 2007-2008.)

Percent of Households by Effective Buying Income Groups - 2011

Effective Buying Income Group	North Las Vegas Households	Clark County Households	State of Nevada Households	United States Households
Under \$24,999	20.3%	21.7%	22.0%	27.8%
\$25,000 - \$49,999	34.6	33.4	33.5	33.0
\$50,000 - \$74,999	24.9	21.6	21.7	19.4
\$75,000 - \$99,999	13.8	13.4	13.2	10.5
\$100,000 - \$149,999	4.6	6.2	6.0	5.7
\$150,000 or more	1.8	3.7	3.6	3.6

Source: © 2011 The Nielsen Company, *SiteReports*.

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

Per Capita Personal Income⁽¹⁾

Year	Clark County	State of Nevada	United States
2005	\$37,558	\$38,125	\$35,424
2006	38,734	39,241	37,698
2007	39,725	40,390	39,458
2008	39,249	40,038	40,673
2009	36,711	37,670	39,626
2010 ⁽²⁾	n/a	36,997	40,584

(1) County and state figures posted April 2011; national figures revised in September 2010. All figures are subject to periodic revisions.

(2) Preliminary figures; posted April 2011.

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

Employment

Beginning with the release of January 2005 data, the State of Nevada's Department of Employment, Training and Rehabilitation began publishing labor force and industrial employment data using a new Bureau of Labor Statistics methodology. This methodology introduces newly-defined metropolitan statistical areas ("MSA"). The Las Vegas MSA has been reconfigured to include Clark County only and is defined as the "Las Vegas - Paradise MSA." The average annual labor force summary for the Las Vegas-Paradise MSA is as follows:

Average Annual Labor Force Summary
Las Vegas-Paradise MSA, Nevada
(Estimates in Thousands)

Calendar Year ⁽¹⁾	2006	2007	2008	2009	2010	2011 ⁽²⁾
TOTAL LABOR FORCE	911.5	934.6	960.7	971.4	969.1	944.1
Unemployment	38.2	42.7	63.9	123.8	147.5	125.4
Unemployment Rate ⁽³⁾	4.2%	4.6%	6.6%	12.7%	15.2%	13.3%
Total Employment ⁽⁴⁾	873.2	891.8	896.8	847.7	821.6	818.7

(1) Figures for 2006-2009 were revised May 2010; figures for 2010 were revised May 2011, and 2011 partial figures were revised August 2011.

(2) Averaged figures through July 2011.

(3) The annual average U.S. unemployment rates for the years 2006 through 2010 are 4.6%, 4.6%, 5.8%, 9.3%, and 9.6%, respectively.

(4) Adjusted by census relationships to reflect number of persons by place of residence.

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-Paradise MSA.

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

Calendar Year	2006	2007	2008	2009	2010	2011 ⁽²⁾
Natural Resources and Mining	0.5	0.5	0.4	0.3	0.3	0.3
Construction	108.6	102.7	92.4	64.4	45.0	39.8
Manufacturing	27.1	26.7	25.4	21.1	19.3	18.3
Trade (Wholesale and Retail)	121.3	124.2	123.5	113.8	112.1	109.8
Transportation, Warehousing & Utilities	34.8	36.9	37.4	35.0	34.2	33.1
Information	11.0	11.3	11.0	9.6	9.1	9.0
Financial Activities	50.2	50.0	47.4	42.4	39.7	37.4
Professional and Business Services	115.2	116.2	111.6	99.2	99.5	102.1
Education and Health Services	60.1	63.4	66.4	67.6	69.5	73.0
Leisure and Hospitality (casinos excluded)	93.2	98.6	101.8	94.5	96.8	100.2
Casino Hotels and Gaming	178.5	174.5	167.7	157.0	156.3	158.7
Other Services	24.8	25.6	25.7	23.5	23.6	23.9
Government	<u>92.1</u>	<u>97.5</u>	<u>101.7</u>	<u>98.6</u>	<u>95.9</u>	<u>93.9</u>
TOTAL ALL INDUSTRIES	<u>917.3</u>	<u>928.0</u>	<u>912.3</u>	<u>826.9</u>	<u>801.4</u>	<u>799.4</u>

(1) Totals may not add up due to rounding. Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. All numbers are subject to periodic revision.

(2) Averaged figures through July 2011.

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

The following table is based on unemployment insurance tax account numbers and is an estimate based on reported information. No independent investigation has been made of and consequently no assurances can be given as to the financial condition or stability of the employers listed below or the likelihood that such entities will maintain their status as major employers in the County.

North Las Vegas' Ten Largest Employers
1st Quarter 2011

Employer	Employment Range	Industry
College of Southern Nevada	2,000 - 2,499	Junior college
City of North Las Vegas	1,500 - 1,999	Local government
Marmaxx Distribution Center	1,000 - 1,499	Warehousing/storage
Veolia Transportation Services Inc.	1,000 - 1,499	Bus/motor vehicle transit
National Security Technologies	900 - 999	Research/development
Texas Station Gambling Hall & Hotel	800 - 899	Casino hotel
Aliante Station Hotel & Casino	800 - 899	Casino hotel
The Cannery Hotel Casino	800 - 899	Casino hotel
Republic Silver State Disposal	600 - 699	Solid waste collection
North Vista Hospital	500 - 599	Hospital

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	1 st Qtr 2011	1 st Qtr 2010	Percent Change 2011/2010	Employment Totals 1 st Qtr 2011
TOTAL NUMBER OF WORKSITES	46,714	48,415	(3.5)%	701,645
Less Than 10 Employees	35,566	37,247	(4.5)	89,576
10-19 Employees	5,546	5,482	1.2	75,595
20-49 Employees	3,474	3,546	(2.0)	103,970
50-99 Employees	1,217	1,231	(1.1)	84,481
100-249 Employees	622	621	(0.2)	90,749
250-499 Employees	152	146	4.1	53,961
500-999 Employees	76	84	(9.5)	52,356
1000+ Employees	61	58	5.2	150,957

(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.

Taxable Sales(1)

Fiscal Year ⁽²⁾	County Total	Percent Change	State Total	Percent Change
2007	\$36,262,388,158	--	\$49,427,707,106	--
2008	35,930,373,796	(0.9)%	48,196,848,945	(2.5)%
2009	31,378,241,926	(12.7)	42,086,614,338	(12.7)
2010	27,969,288,365	(10.9)	37,772,066,777	(10.3)
2011	29,046,719,719	3.9	39,935,010,577	5.7
July 2010	\$2,348,467,652	--	\$3,239,478,645	--
July 2011	2,409,795,352	2.6%	3,391,569,526	4.7%

(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 building permits and their valuations issued for new residential (single-family and multi-family) and new commercial/industrial, and of the total building permits (includes public buildings, hotels, motels and miscellaneous) issued for the City.

Residential and Commercial Construction
City of North Las Vegas, Nevada

Calendar Year	New Residential Permits		New Commercial Permits		Total Building Permits	
	Permits	Value	Permits	Value	Permits	Value
2005	6,889	\$1,038,382,042	168	\$146,508,785	11,392	\$1,311,961,499
2006	3,990	633,934,086	158	141,587,083	8,329	881,272,586
2007	2,346	336,718,232	164	134,079,883	5,713	906,339,931
2008	907	215,858,002	71	99,733,398	4,041	468,943,518
2009	529	71,284,695	16	17,757,573	3,057	212,624,500
2010	650	83,257,789	18	8,323,200	2,151	196,186,152
Jan 10-July 10	437	\$55,389,946	14	\$ 6,372,600	1,405	\$156,551,307
Jan 11-July 11	438	48,186,239	18	12,709,239	1,120	85,275,237

Source: City of North Las Vegas, Building Safety Division website.

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 Clark County and its incorporated areas.

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

Calendar Year	2007		2008		2009		2010		2011 ⁽³⁾	
	Permits	Value	Permits	Value	Permits	Value	Permits	Value	Permits	Value
Las Vegas	2,406	\$ 319,664	1,152	\$262,902	758	\$110,310	944	\$129,429	520	\$ 61,310
North Las Vegas	2,346	336,718	907	215,858	529	71,285	650	83,258	438	48,186
Henderson	2,463	345,828	1,098	146,907	527	64,992	709	86,476	464	59,893
Mesquite	479	66,124	378	60,870	105	15,485	201	30,832	84	13,468
Unincorporated										
Clark County	6,102	2,818,856	2,676	619,447	2,019	225,503	2,195	237,175	1,055	147,341
Boulder City ⁽¹⁾	19	4,430	88	15,388	-- ⁽²⁾	-- ⁽²⁾	11	3,706	3	1,059
TOTAL	13,815	\$3,891,620	6,299	\$1,309,428	3,938	\$487,575	4,710	\$570,876	2,564	\$331,257

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

(2) Due to problems with a new computer program, Boulder City did not generate 2009 reports.

(3) As of July 31, 2011.

Source: Department of Building - Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County Development Services and Boulder City.

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

Total Valuation of All Permits

<u>Calendar Year</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011⁽²⁾</u>
Las Vegas	\$1,085,621,651	\$ 715,859,589	\$ 891,031,421	\$ 332,301,114	\$196,486,125
North Las Vegas	906,339,931	468,943,518	212,624,500	196,186,152	85,275,237
Henderson	808,502,032	446,490,205	182,468,813	160,585,104	111,476,153
Mesquite	117,115,672	102,527,883	27,030,053	36,811,200	15,078,830
Unincorporated					
Clark County	6,840,305,524	4,219,999,765	1,093,816,982	936,556,158	485,667,591
Boulder City	14,317,325	36,862,942	--(1)	51,087,391	12,489,126
TOTAL	\$9,772,202,135	\$5,990,683,902	\$2,406,971,769	\$1,713,527,119	\$906,473,062
 Percent Change	 15.06%	 (38.70)%	 (59.82)%	 (28.81)%	 --

(1) Boulder City 2009 numbers are not available due to computer program problems.

(2) As of July 31, 2011.

Source: Department of Building - Las Vegas, North Las Vegas, Henderson, Mesquite, Clark County Development Services and Boulder City.

Gaming

General. The economy of 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 84% of the State's total gross taxable gaming revenue has been generated from Clark County.

Gross Taxable Gaming Revenue and Total Gaming Taxes⁽¹⁾

<u>Fiscal Year</u> <u>Ended</u>	<u>Gross Taxable</u> <u>Gaming Revenue⁽²⁾</u>		<u>% Change</u> <u>Clark</u>	<u>State</u> <u>Gaming Collection⁽³⁾</u>		<u>% Change</u> <u>Clark</u>
<u>June 30</u>	<u>State Total</u>	<u>Clark County</u>	<u>County</u>	<u>State Total</u>	<u>Clark County</u>	<u>County</u>
2007	\$12,220,629,113	\$10,234,740,450	--	\$1,036,853,003	\$864,035,643	--
2008	11,925,274,493	10,022,684,089	(2.07)%	980,052,427	815,071,972	(5.67)%
2009	10,244,549,120	8,571,884,421	(14.48)	858,008,122	716,900,910	(12.04)
2010	9,666,901,578	8,152,044,999	(4.90)	829,289,514	697,972,165	(2.64)
2011	9,835,002,026	8,365,439,115	2.62	853,452,163	725,856,113	3.99
 July 2010	 \$745,856,084	 \$613,978,489	 --	 \$43,238,012	 \$35,514,888	 --
July 2011	740,989,477	607,158,418	(1.11)%	55,028,097	47,009,209	32.36%

(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. As presently operated, lotteries offer a considerably different gaming product than that offered in Nevada. The City cannot predict the impact of legalization of state lotteries and casino gaming in other states on the economy of the County or the State.

California Gaming Measure. In 2000, California voters approved a constitutional amendment allowing Las Vegas-style slot machines and card games at tribal casinos within California. To date, California has signed and ratified compacts with 67 of the State's 107 Indian tribes. Each compact specifies the number of casinos and slot machines a tribe may operate. There currently are 57 tribal casinos operated by 56 tribes. It is not possible to predict at this time whether tribal casinos will negatively impact City revenues in the future.

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 growth of tourism in southern Nevada is the increase in 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 2006. Las Vegas, as did most of the tourism industry, saw declines in tourism indicators in 2008 and 2009 as the combined economic factors of the housing crisis, frozen credit markets, volatile gas prices and increased unemployment translated to reduced consumer confidence and travel spending in much of the country.

<u>Visitor Volume and Room Occupancy Rate</u> Las Vegas Metropolitan Area, Nevada				
<u>Calendar Year</u>	<u>Total Visitor Volume</u>	<u>Number of Hotel/Motel Rooms Available</u>	<u>Hotel/Motel Occupancy Rate⁽¹⁾</u>	<u>National Occupancy Rate⁽²⁾</u>
2006	38,914,889	132,605	89.7%	63.4%
2007	39,196,761	132,947	90.4	63.2
2008	37,481,552	140,529	86.0	60.4
2009	36,351,469	148,941	81.5	55.1
2010	37,335,436	148,935	80.4	57.6
Jan-July 2010	21,858,864	148,524	80.8%	--
Jan-July 2011	22,938,032	148,733	85.3	--

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

(2) Smith Travel Research.

Source: Las Vegas Convention and Visitors Authority.

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

<u>Room Tax Revenue⁽¹⁾</u>		
Las Vegas Convention & Visitors Authority, Nevada		
Calendar Year	Revenue	Percent Change
2006	\$207,289,931	--
2007	219,713,911	6.0%
2008	207,117,817	(5.7)
2009	153,150,310	(26.1)
2010	163,809,985	7.0
Jan-June 2010	\$83,387,001	--
Jan-June 2011	98,446,458	18.1%

(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.

Source: Las Vegas Convention and Visitors Authority.

Transportation

The 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 the County.

McCarran was the seventh busiest airport in North America and 17th busiest in the world, according to the recent 2009 report from Airports Council International, in addition to being designated as an international port of entry. Nearly half of all Las Vegas visitors arrive by air via McCarran, making it a major driving force in the southern Nevada economy. In 2007, McCarran completed the busiest year in its 60-year history, with approximately 47.7 million arriving and departing passengers. Passenger traffic declined in 2008, 2009 and 2010 due to the effects of the national economic recession. In addition, a significant portion of the 2010 scheduled carrier decline is due to US Airways discontinuing their hubbing operations at McCarran. McCarran is also served by supplemental, commuter and charter carriers. McCarran's long range plan features building and maintaining state-of-the-art facilities, maximizing existing resources, and capitalizing on new and innovative technology.

McCarran International Airport Enplaned & Deplaned Passenger Statistics

Calendar Year	Scheduled Carriers	Charter, Commuter & Other Aviation	Total	Percent Change
2006	43,719,825	2,584,551	46,304,376	--
2007	45,231,266	2,497,148	47,728,414	3.1%
2008	42,297,497	1,777,145	44,074,642	(7.7)
2009	39,095,919	1,373,093	40,469,012	(8.2)
2010	37,729,684	2,027,675	39,757,359	(1.8)
Jan.-Aug. 2010	25,307,745	1,317,458	26,625,203	--
Jan.-Aug. 2011	26,329,948	1,346,670	27,676,618	3.9%

Source: McCarran International Airport website.

In 1987, Clark County purchased the North Las Vegas Airport and made a considerable investment to upgrade the airport, including a new 15,600-square-foot terminal building completed in 1992. The airport is designed primarily for lower performance general aviation aircraft and provides relief to the busy McCarran International by attracting general aviation flights away from the larger airport. North Las Vegas Airport is home to approximately 700 based aircraft and 25 commercial businesses. An economic impact study completed in 2005 by the University of Nevada determined that North Las Vegas Airport contributed 1,771 jobs and more than \$136 million annually to Southern Nevada's economy.

A major railroad crosses Clark County. There are nine federal highways in Nevada, 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.

Federal Activities

Operations and facilities of the federal government in the State have been significant, beginning with Hoover Dam in the 1930's, an Army Air Force gunnery school (which later became Nellis Air Force Base) during World War II, and the subsequent creation of the Nevada Test Site. Currently, the following federal activities are located in the County.

Hoover Dam. Hoover Dam, operated by the Bureau of Reclamation, is a multiple-purpose development. The dam controls floods and stores water for irrigation, municipal and industrial uses, hydroelectric power generation, and recreation. Hoover Dam is still one of the world's largest hydroelectric installations with a capacity of more than 2,000,000 kilowatts. Hoover Dam also is a major tourist attraction in the County.

Nellis Air Force Base. Nellis Air Force Base, a part of the U.S. Air Force Air Combat Command, is located adjacent to the City of Las Vegas. The base itself covers more than 14,000

acres of land, while the total land area occupied by Nellis Air Force Base and its ranges is over three million acres. The base hosts numerous military programs as well as civilian workers. It is the home base of the “Thunderbirds,” the world famous air demonstration squadron.

Nevada Test Site. The Nevada Test Site (“NTS”) was established in 1950 as the nation’s proving ground for nuclear weapons testing. In recent years, under the direction of the Department of Energy’s (DOE) Nevada Operations Office, NTS use has diversified into many other areas such as hazardous chemical spill testing, emergency response training, conventional weapons testing, and waste management projects that can best be conducted in this remote desert area. The NTS has been designated as an Environmental Research Park where scientists and students can conduct research on environmental issues. Located 65 miles northeast of Las Vegas, the NTS is a massive outdoor laboratory and national experimental center. NTS comprises 1,350 square miles, surrounded by thousands of additional acres of land withdrawn from the public domain for use as a protected wildlife range and for a military gunnery range, creating an unpopulated area of some 5,470 square miles. Federal employees and independent contractors are employee at NTS.

Development Activity

The Nevada Development District (“NDA”) is a nonprofit organization dedicated to the expansion and diversification of the entire southern Nevada community. Now in its fifth decade of service, NDA’s membership is comprised of hundreds of business-oriented individuals. NDA’s primary function is to provide information to companies considering relocation as well as to firms already doing business in southern Nevada. Nevada does not have corporate or personal income tax; inheritance or gift tax; unitary franchise on income; admission’s tax; inventory tax; chain-store tax; special intangible tax; or franchise tax, which attracts many businesses to the area.

Complementing the area’s emphasis on economic diversification are the numerous business incentives unique to the State of Nevada. Competitive wage rates, an expanding labor force, low out-bound freight transportation costs to other prominent southwestern markets and a graduated schedule for payment of sales and use tax on new capital equipment combine to give business and industry an attractive advantage. The State also abates sales and use taxes on capital equipment for qualified relocating or expanding companies. Additional incentives include a customized job training program (Train Employees Now) as well as no corporate, personal or inventory taxes.

Utilities

Electric utility services are provided to the vast majority of southern Nevada residents by NV Energy (formerly Nevada Power Company, a stand-alone subsidiary of Sierra Pacific Resources) with headquarters in Las Vegas, Nevada, and natural gas is provided by Southwest Gas Corporation.

Embarq is the largest provider of local telephone service to the greater Las Vegas area, including the smaller communities of Blue Diamond, Boulder City, Cal-Nev-Ari, Cottonwood Cove, Goodsprings, Jean, Laughlin, Mt. Charleston, Nelson, Primm and Searchlight.

Water

The major water purveyors in Clark County are: The Big Bend Water District, Boulder City, Henderson, the Las Vegas Valley Water District (the “LVVWD”), Nellis Air Force Base, and North Las Vegas. The LVVWD provides water service to the City of Las Vegas, the unincorporated urban areas of Clark County, Jean, Mt. Charleston, Blue Diamond, and Searchlight. The Big Bend Water District serves the Town of Laughlin. In addition, the Virgin Valley Water District serves the City of Mesquite and surrounding area, and the Moapa Valley Water District serves Logandale, Overton, Moapa and Glendale.

In July 1991, a regional water entity was created for southern Nevada. This new entity, the Southern Nevada Water Authority (the “SNWA”), was established in recognition of the need to address water on a regional basis rather than an individual purveyor basis. The members of the SNWA include the cities of Boulder City, Henderson, Las Vegas and North Las Vegas, the Big Bend Water District, Clark County Water Reclamation District, and the LVVWD. Among other things, this agency is addressing water resource management and water conservation on a regional basis; planning, managing and developing additional supplies of water for southern Nevada; and expanding and enhancing regional treatment and delivery capabilities. The LVVWD provides the management and staff for the SNWA.

The Southern Nevada Water System (the “SNWS”) is a water supply system comprised of two water treatment plants and pumping and transmission facilities with an annual delivery capacity of approximately 750 million gallons per day (mgd). Water is treated after diversion from Lake Mead and the potable product is delivered to the SNWA water purveyors. As a result of legislative action in 1995, the SNWS was transferred from the Colorado River Commission (the “CRC”) to the SNWA. The LVVWD, under a facilities and operations agreement with the SNWA, operates the SNWS for the benefit of all SNWA water purveyor member agencies.

The State’s annual consumptive use right to Colorado River water is 300,000 acre-feet. This right was established pursuant to the Colorado River Compact, various federal laws and contracts and various court decrees. Consumptive use is the amount of water withdrawn, less water that is returned to the river. The SNWA and its purveyor members’ share of the State’s annual Colorado River consumptive use right is about 272,000 acre-feet annually. The SNWA also has a contract right to unused and surplus Colorado River water when available as determined by the Secretary of the Interior.

As part of its mission, the SNWA maintains several key planning documents, including a Water Resource Plan and a Drought Plan. These documents summarize existing resources and options that reflect current conditions. The SNWA is engaged in the development of additional in-state water resources. The development of these in-state resources will be a significant focus of the SNWA over the next decade.

Clean Air

The County is subject to various clean air requirements imposed by the federal government and enforced by the U.S. Environmental Protection Agency (“EPA”). These include carbon monoxide, dust and ozone concerns. The County has submitted a clean air plan for the Las Vegas Valley serious carbon monoxide (“CO”) nonattainment area and the EPA has issued a finding that the applicable standard has been met. The County must prepare a CO maintenance plan for EPA approval in order to be designated as a CO attainment area.

The County finalized and submitted a clean air plan to address PM10 (dust) concerns in the Las Vegas Valley in accordance with the Federal Clean Air Act on June 19, 2001 and has attained the PM10 standard and submitted a final report as required by EPA.

On April 30, 2004, the U.S. EPA published in the Federal Register nonattainment designations for the new 8-hour ozone standard, classifying Clark County as a Subpart 1 ozone nonattainment area. The classification requires Clark County to attain the 8-hour ozone standard no later than 2009. In December 2006, the District of Columbia circuit court vacated EPA's Phase I implementation rule, which contained the standards for Subpart 1 designated areas. The court's action remanded the rule back to EPA for further action. However, Clark County is currently in attainment with the ozone standard for the latest three-year average of the 4th highest reading (2004, 2005, 2006) and can demonstrate attainment through 2018. Therefore, the County is working with EPA on receiving a clean data finding and submission of an ozone maintenance plan. Clark County submitted the request to the EPA on June 7, 2007, and is awaiting their decision.

If the U.S. EPA disapproves a clean air plan, the County could face sanctions, including withholding federal funds for new transportation projects, and could include the diversion of federal funds to projects outside the Las Vegas valley until acceptable plans are approved. The County cannot predict the effect of a plan disapproval on highway and road projects or other possible effects of the withholding of federal funds or its effect on growth in the County. The nature and scope of these effects will depend, among other things, on the projects and the period of time for which funding is withheld.

Education

Clark County School District provides public education services to the residents of the County and enrolls approximately 72% of all school children in the State; it is the fifth largest school district in the United States. Higher education is provided by the College of Southern Nevada (a two-year institution), by Nevada State College in Henderson (a four-year institution) and by the University of Nevada, Las Vegas (a four-year university). All of these institutions are part of the Nevada System of Higher Education.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2011 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2011 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the “adjusted current earnings” adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below. For purposes of this paragraph and the succeeding discussion, “interest” includes the original issue discount on certain of the 2011 Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code imposes several requirements which must be met with respect to the 2011 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 2011 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2011 Bonds; (b) limitations on the extent to which proceeds of the 2011 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 2011 Bonds above the yield on the 2011 Bonds to be paid to the United States Treasury. The City will covenant and represent in the Bond Ordinance that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the 2011 Bonds from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustment applicable to corporations) under federal income tax laws in effect when the 2011 Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the 2011 Bonds from gross income and alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the City to comply with these requirements could cause the interest on the 2011 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 City and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation’s “adjusted current earnings” over the corporation’s alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation’s alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. “Adjusted current earnings” includes interest on the 2011 Bonds.

With respect to 2011 Bonds that were sold in the initial offering at a discount (the “Discount Bonds”), the difference between the stated redemption price of the Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as “original issue discount” for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross

income or alternative minimum taxable income under the conditions in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the Discount Bonds.

Owners who purchase Discount Bonds after the initial offering or who purchase Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the Discount Bonds. Owners who are subject to state or local income taxation should consult their tax advisor with respect to the state and local income tax consequences of ownership of the Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the 2011 Bonds. Owners of the 2011 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 2011 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 2011 Bonds may be sold at a premium, representing a difference between the original offering price of those 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 (and, to the extent described above for the Discount Bonds, original issue discount) on the 2011 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 2011 Bonds. Owners of the 2011 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 2011 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 2011 Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the 2011 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2011 Bonds or any other date, or that could result in other adverse tax consequences. For example, the American Jobs Act of 2011, proposed to Congress by President Obama on September 12, 2011, contains a provision that would, if enacted in its present form, generally limit the tax value of the exclusion of interest on the 2011 Bonds to the tax value that exclusion would have for a taxpayer who pays federal income taxes on marginal income at a 28% percent tax rate. As currently drafted, the proposal would be effective for taxable years beginning on and after January 1, 2013. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2011 Bonds. Owners of the 2011 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 2011 Bonds. If an audit is commenced, the market value of the 2011 Bonds may be adversely affected. Under current audit procedures the Service will treat the City as the taxpayer and the Bond owners may have no right to participate in such procedures. The City has covenanted in the Bond Ordinance not to take any action that would cause the interest on the 2011 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 City, the Financial Advisor, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any Bond holder with respect to any audit or litigation costs relating to the 2011 Bonds.

State Tax Exemption

The 2011 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.

LEGAL MATTERS

Litigation

To the actual knowledge of the Acting City Attorney, there is no litigation or controversy of any nature now pending, or threatened: (i) restraining or enjoining the issuance, sale, execution or delivery of the 2011 Bonds or (ii) in any way contesting or affecting the validity of the 2011 Bonds or any proceedings of the City taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the 2011 Bonds, including the Pledged Revenues. Further, the Acting City Attorney states that as of the date hereof, to the best of his actual knowledge (except as otherwise described herein),

although the City is subject to certain pending or threatened litigation or administrative proceedings, these matters either are adequately covered by insurance or, to the extent not insured, the final settlement thereof is not expected to materially, adversely affect the financial position of the City. See "CITY FINANCIAL INFORMATION--City Financial Difficulties" for further information.

Approval of Certain Legal Proceedings

The approving opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2011 Bonds. The form of the Bond Counsel opinion is attached to this Official Statement as Appendix E. The opinion will include a statement that the obligations of the City 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. Swendseid & Stern, a member in Sherman & Howard L.L.C., has also acted as Special Counsel to the City in connection with this Official Statement. Certain matters will be passed upon for the City by the Acting City Attorney.

Police Power

The obligations of the City 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 Section 41.035), an award for damages in an action sounding in tort against the City may not include any amount as exemplary or punitive damages and is limited to \$75,000 per cause of action. The limit will increase to \$100,000 effective October 1, 2011. The increase in the limitation will have the effect of increasing the liability insurance costs for the City. 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.

RATINGS

Moody's Investors Service ("Moody's"), Standard & Poor's Rating Group, a Division of the McGraw-Hill Companies, Inc. ("S&P") and Fitch Ratings Ltd. ("Fitch") have assigned the 2011 Bonds the respective ratings shown on the cover page of this Official Statement. All of the ratings bear a negative outlook and the Fitch rating represents a downgrade from the previous rating on the City's bonds. An explanation of the significance of the ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041. An explanation of the significance of the ratings given by Fitch may be obtained from Fitch at One State Street Plaza, New York, New York 10004. An explanation of the significance of the ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

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 any

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 2011 Bonds. Except for its responsibilities under the Disclosure Certificate, the City has not undertaken any responsibility to bring to the attention of the owners of the 2011 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 City as of and for the year ended June 30, 2010, and the reports rendered thereon by Piercy Bowler Taylor & Kern, Las Vegas, Nevada, independent certified public accountants, Las Vegas, Nevada have been included in this Official Statement as Appendix A.

The audited basic financial statements of the City, including the auditors reports 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 basic financial statements in this Official Statement. Since the date of its reports, Piercy Bowler Taylor & Kern has not been engaged to perform and has not performed any procedures on the basic financial statements addressed in those reports and also has not performed any procedures relating to this Official Statement.

FINANCIAL ADVISOR

NSB Public Finance, a division of Zions First National Bank, is serving as the Financial Advisor to the City in connection with the 2011 Bonds. See "INTRODUCTION--Additional Information" for contact information for the Financial Advisor. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the City, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

UNDERWRITING

The City sold the 2011 Bonds at public sale to Merrill Lynch, Pierce, Fenner & Smith Incorporated at a purchase price equal to \$26,812,000.95 (equal to the principal amount of the 2011 Bonds, less net original issue discount of \$61,741.55, and less underwriting discount of \$196,257.50).

OFFICIAL STATEMENT CERTIFICATION

The undersigned official of the City hereby confirms that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2011 Bonds have been duly authorized by the Council.

CITY OF NORTH LAS VEGAS, NEVADA

By: /s/ Alfonso Noyola
Acting Finance Director

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APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE CITY AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE: The audited basic financial statements of the City included in this Appendix A have been excerpted from the City's Comprehensive Annual Financial Report for the year ended June 30, 2010. The combining and individual fund financial statements, introductory section and statistical tables for the fiscal year ended June 30, 2010, were purposely excluded from this Appendix A. Such statements provide supporting details and are not necessary for a fair presentation of the general purpose financial statement of the City.

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**INDEPENDENT AUDITORS' REPORT ON FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION**

The Honorable Mayor,
Members of the City Council and
Management of the
City of North Las Vegas, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of North Las Vegas, Nevada, (the City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

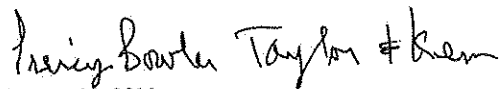
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Las Vegas, Nevada, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparisons for the general fund and the public safety tax special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 11 through 25 and the schedule of funding progress, post-employment benefits other than pensions, on page 76 are not a required part of the basic financial statements but are supplementary information required by The Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and, therefore, express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of North Las Vegas. The introductory section, schedule of business license fees, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules, and schedule of business license fees have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.


January 13, 2011

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Management's Discussion and Analysis

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Management's Discussion and Analysis

As management of the City of North Las Vegas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the fiscal year ended June 30, 2010, by \$1,373,223 (*net assets*). Governmental activities represent \$1,080,808 and business-type activities represent \$292,415 of the total net assets.
- The City's total net assets increased by \$20,667, from the amount previously reported.
- The City's capital assets, net of related debt, totaled \$1,228,687. Governmental activities contributed \$1,015,611 and business-type activities contributed \$213,075. The construction of infrastructure improvements and construction in progress make up the majority of the \$98,699 increase for fiscal year 2010.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$185,966, a decrease of \$68,394 in comparison with the amount previously reported for the prior year. All of this amount is available for spending at the government's discretion. Of the \$185,966, \$22,953 is available for spending in the general fund, \$48,389 is available for spending in the special revenue funds and \$111,346 is available for spending in the capital projects funds.
- The general fund's ending fund balance is \$22,953 at June 30, 2010, which represents 12.5% of total general fund expenditures. It is the City's goal to maintain an ending fund balance in the general fund of not less than 18% of total expenditures.
- The general fund's primary revenue sources are: consolidated taxes which totaled \$34,179; licenses and permits which totaled \$26,062; and ad valorem taxes which totaled \$22,523. The City's licenses and permits includes franchise fees, which totaled \$16,717, licenses, which totaled \$7,481 and building permits, which totaled \$1,864. The combination of the above three primary revenue sources represents 66% of the general fund's total revenues for the year ended June 30, 2010.
- The City's long-term debt had a net increase of \$131,774. The City's debt decreased by \$20,850 due to bond principal re-payments and amortizations made throughout the fiscal year, while the City's liability for compensated absences increased by \$9,782. The City issued \$3,145 of general obligation (limited tax) medium-term refunding bonds, series 2010, to refund the Library District's outstanding \$5,000 general obligation (limited tax) medium-term bonds, series 2004. Additionally, the City issued \$145,000 of general obligation (limited tax) water and wastewater improvement bonds (taxable direct pay Build America Bonds).
- For the year ended June 30, 2010, the City's total expenditures/expenses amounted to \$390,209. The primary expenditure functions for the governmental activities were public safety at

Management's Discussion and Analysis (continued)

\$172,629, general government at \$81,909, culture and recreation at \$18,044 and public works at \$16,795. The expenses for the City's business-type activities totaled \$65,841, with wastewater activity expenses totaling \$31,444, water activity expenses totaling \$33,198 and the municipal golf courses activity expenses totaling \$1,199.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

The **government-wide financial statements** are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (*e.g.*, uncollected taxes and earned but unused vacation and sick leave benefits).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include a municipal court, public safety (police and fire), highways and streets, planning and zoning, parks and recreational facilities, libraries, community development and general government. The business-type activities include a water delivery system, a wastewater collection operation and municipal golf courses.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate redevelopment agency and a legally separate library district for which the City is financially accountable. Financial information for these *component units* is blended with the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 27-29 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Management's Discussion and Analysis (continued)

The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *government funds* and *governmental activities*.

The City maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the public safety tax fund, the capital projects street improvements fund, capital projects civic center facilities fund and the capital projects various new municipal buildings facilities fund, all of which are considered to be major funds. Data from the remaining 14 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining schedules* and individual fund schedules, which can be found on pages 80-123 of this report.

The City adopts annual appropriations budgets for its general and public safety tax funds. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the adopted budgets.

The governmental fund financial statements can be found on pages 31-39 of this report.

The City maintains two different types of *proprietary funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water distribution system, wastewater collection operation and three golf courses. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its fleet of vehicles and for its self-insurance program, which is also where the City accounts for post-employment benefits other than pensions (OPEB). Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The City maintains five individual proprietary funds. The proprietary fund financial statements provide separate information for the water distribution system and the wastewater collection operation, both of which are considered to be major funds of the City. The City also presents a nonmajor proprietary fund for the operations of its three golf courses. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the

Management's Discussion and Analysis (continued)

form of *combining schedules* and individual fund schedules, which can be found on pages 126-130 of this report. Financial data for the golf courses are combined into a single aggregated presentation, which can be found on page 136 of this report. The proprietary fund financial statements can be found on pages 40-44 of this report.

The *fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own operations and programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statement can be found on pages 45 and 138-140 of this report.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 46-74 of this report.

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information*. A schedule of funding progress for the City's post-employment benefit plans is presented as *required supplementary information* and information concerning the City's business license fees is presented as *other supplementary information*. The required and other supplementary information can be found on pages 76-77 and 170 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$1,373,223 at the close of the most recent fiscal year.

The largest portion of the City's net assets (89.5%) reflects its investment in capital assets (*e.g.*, land, infrastructure, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets (1%) represents resources that are subject to external restrictions on how they may be used, while 9.5% of the City's net assets are unrestricted.

Management's Discussion and Analysis (continued)

City of North Las Vegas Net Assets (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 238,269	\$ 368,501	\$ 238,097	\$ 257,138	\$ 476,367	\$ 625,639
Capital assets	1,105,163	864,988	410,814	220,481	1,515,978	1,085,470
Total assets	<u>\$ 1,343,433</u>	<u>\$ 1,233,489</u>	<u>\$ 648,911</u>	<u>\$ 477,619</u>	<u>\$1,992,344</u>	<u>\$ 1,711,108</u>
Long-term liabilities outstanding	\$ 204,630	\$ 219,237	\$ 310,747	\$ 178,164	\$ 515,377	\$ 397,401
Other liabilities	57,994	52,091	45,750	20,177	103,745	72,268
Invested in capital assets, net of related debt	1,015,611	647,952	213,075	38,022	1,228,687	685,975
Restricted	175,099	139,110	13,317	159,367	13,317	334,467
Unrestricted	65,197	139,110	66,022	81,889	131,219	220,997
Total net assets	<u>1,080,808</u>	<u>962,162</u>	<u>292,415</u>	<u>279,279</u>	<u>1,373,223</u>	<u>1,241,438</u>
Total liabilities and net assets	<u>\$ 1,343,433</u>	<u>\$ 1,233,489</u>	<u>\$ 648,911</u>	<u>\$ 477,619</u>	<u>\$ 1,992,344</u>	<u>\$ 1,711,107</u>

Most of the City's restricted net assets are the result of unexpended debt proceeds associated with the ongoing construction of a wastewater reclamation facility system (\$118,060), the completion of a new civic center facility and multi-generational center, as well as building a new fire station (\$100,175), along with the completion of a few other projects during the fiscal year.

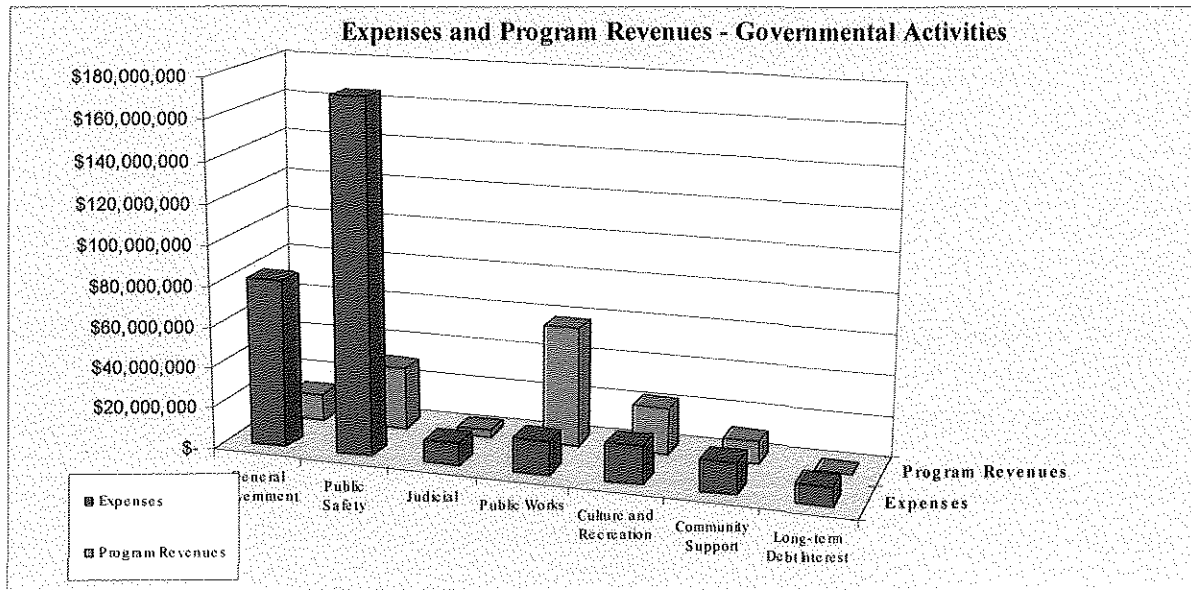
Management's Discussion and Analysis (continued)

City of North Las Vegas' Changes in Net Assets (in thousands)

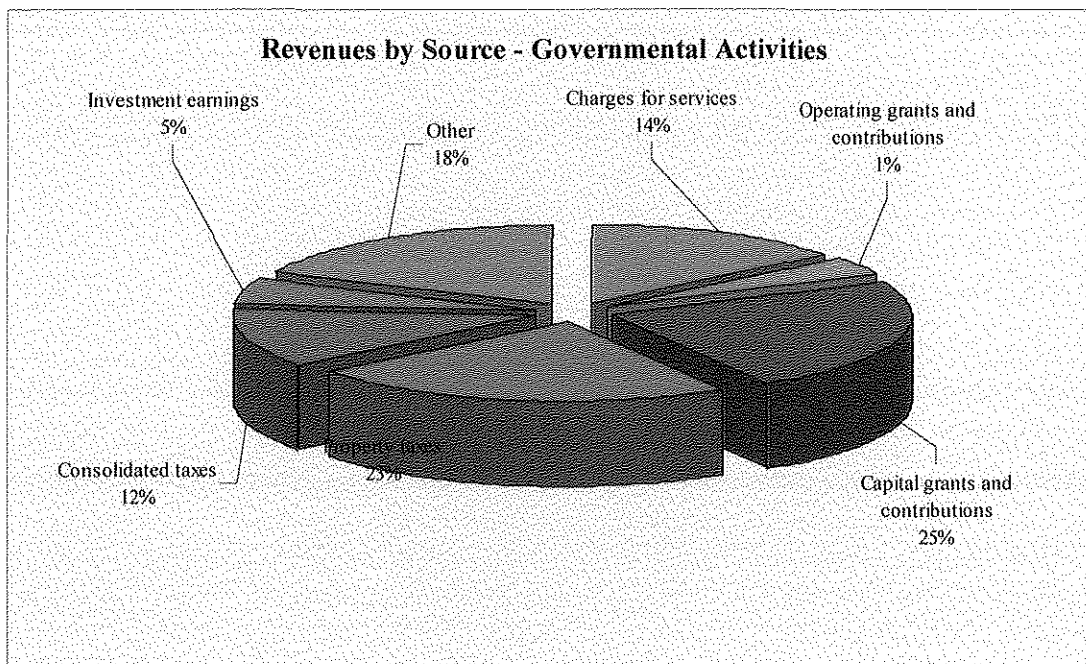
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 47,649	\$ 43,720	\$ 81,855	\$ 83,159	\$ 129,504	\$ 137,690
Operating grants and contributions	11,812	6,591			11,812	5,424
Capital grants and contributions	79,156	127,600	19,871	19,002	99,027	106,584
General Revenues:						
Property taxes	77,025	87,102			77,025	82,251
Other taxes	830	769			830	1,866
Other	91,675	117,917	3,785	9,225	95,460	166,761
Total revenues	308,147	383,699	105,511	111,386	413,658	500,574
Expenses:						
General government	81,909	79,791			81,909	77,831
Public safety	172,629	160,483			172,629	149,837
Judicial	10,781	14,154			10,781	13,226
Public works	16,795	27,000			16,795	30,407
Culture and recreation	18,044	19,586			18,044	17,041
Community support	15,363	7,898			15,363	5,527
Long-term debt interest	8,846	9,417			8,846	9,752
Wastewater			31,444	29,182	31,444	27,885
Water			33,198	34,652	33,198	38,492
Municipal golf courses			1,199	1,806	1,199	1,865
Total expenses	324,368	318,329	65,841	65,640	390,209	383,969
Increase in net assets before transfers	(16,221)	65,370	39,670	45,746	23,449	128,666
Transfers, net	41,365	30,915	(41,365)	(30,915)		
Increase in net assets	25,145	96,285	(1,695)	14,831	23,449	111,116
Net assets, July 1 as previously reported	1,058,445	962,161	294,110	279,279	1,352,556	1,241,440
Prior period adjustment	(2,782)				(2,782)	
Net assets, June 30	\$ 1,080,808	\$ 1,058,446	\$ 292,415	\$ 294,110	\$ 1,373,223	\$ 1,352,556

Management's Discussion and Analysis (continued)

Governmental activities. Governmental activities increased the City's net assets by \$22,362, thereby accounting for more than 100% of the total growth in the net assets. The following graph provides expense and program revenue information with regard to the various functions of the City's governmental activities.

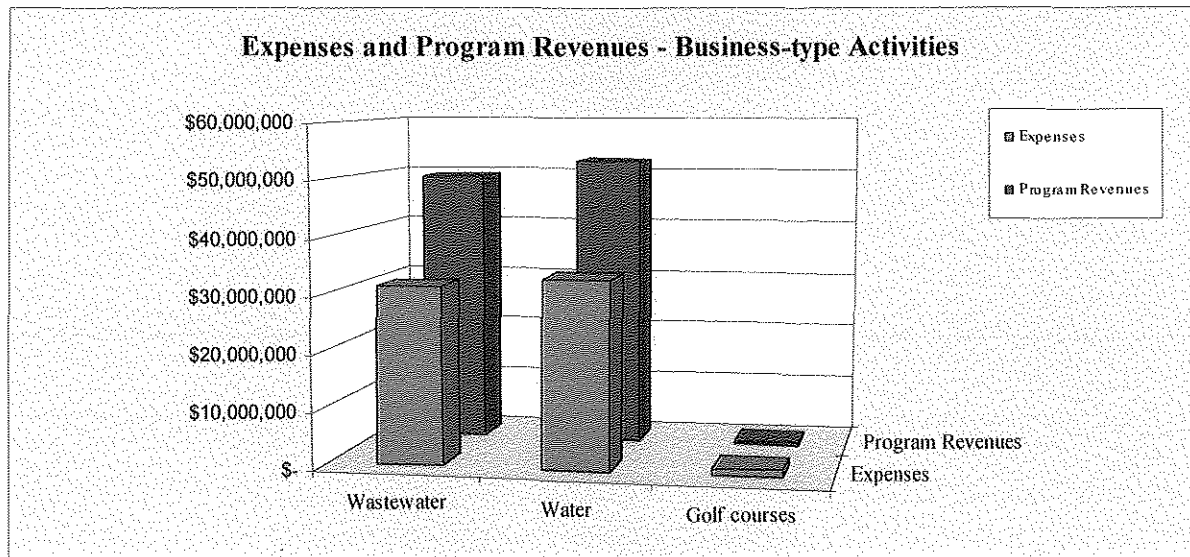


The following graph provides revenues by source information with regard to the City's governmental activities.

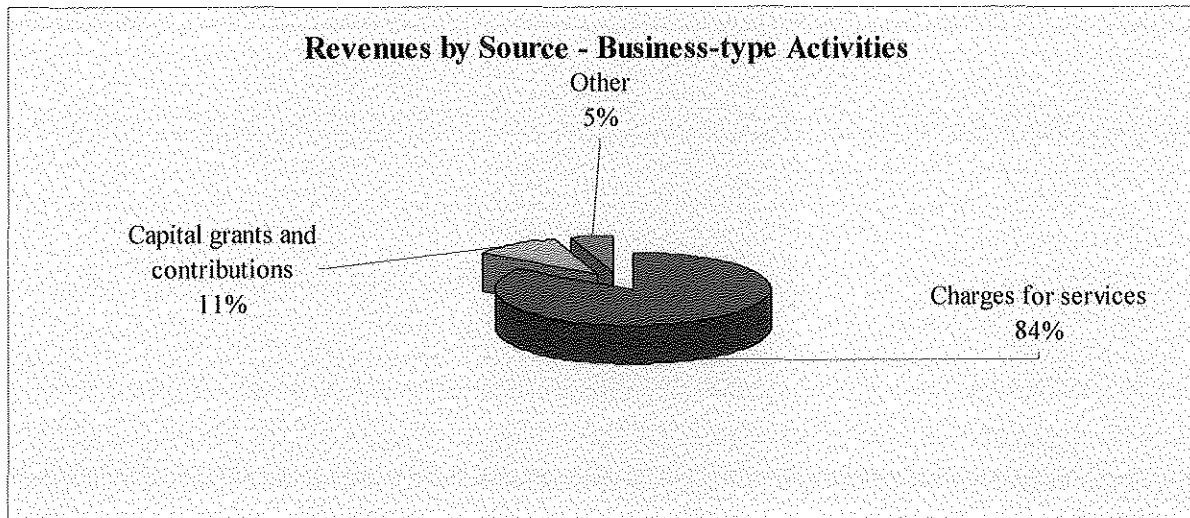


Management's Discussion and Analysis (continued)

Business-type activities. Business-type activities decreased the City's net assets by \$1,695, thereby accounting for (.6%) of the total growth in the City's net assets. The following graph provides expense and program revenue information with regard to the various functions of the City's business-type activities.



The following graph provides revenues by source information with regard to the City's business-type activities.



Management's Discussion and Analysis (continued)

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$185,966, a decrease of \$68,395 in comparison with the amount previously reported for the prior year. All of the combined ending fund balance constitutes *unreserved, undesignated fund balance*, which is available for spending at the City's discretion.

The **general fund** is the chief operating fund of the City. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$22,953. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. As such, fund balance represents 12.5% of total general fund expenditures.

The fund balance of the City's general fund decreased by \$16,408 during the current fiscal year. Overall revenues decreased by 17.7% (\$22,242) and transfers in decreased by 5.6%, (\$2,632) compared to the prior year. Revenues directly related to population and assessed valuation, such as property tax revenues, decreased by over 15.8% during the fiscal year. The City's growth in population continues, albeit considerably slower at less than 200 new residents each month, compared to 1,200 per month in FY 2006-07. (Since 1990, the City's population has grown over 320%.)

Building permit revenues fell \$1,167, or 62.6%. This is attributable to the significant slowdown in construction activity, specifically with regard to housing construction. The City's consolidated tax distribution, the largest single revenue source in the general fund, fell \$5,564, or 16%. The consolidated tax distribution is collected by the State of Nevada and allocated to local governments based on statutory formulas, with sales and use taxes being the largest component. The decrease in the consolidated tax distribution is mostly attributable to the slowdown in visitor volume and local consumer spending, as our local economy is largely a discretionary spending-based economy.

Overall expenditures for the general fund decreased by 5.5%, which is mostly attributable to the reduction in force through voluntary separation packages and layoffs. Salaries and related benefits accounts for approximately 80% of the general fund's expenditures.

The **public safety tax fund** has a total ending fund balance of \$12,738, all of which is for the expenditures of additional public safety support with respect to police and detention activities, pursuant to voter-approved tax overrides. Tax revenues for this fund decreased by 11.5%, while expenditures decreased by .6%. The decrease in these taxes is consistent with the City's population and assessed valuation as noted above. The City Council's direction has been public safety

Management's Discussion and Analysis (continued)

positions are generally exempt from reduction in force actions; thus the small decrease in expenditures.

The **capital projects street improvements fund** has a total ending fund balance of \$4,708, all of which is for the completion of street improvements projects associated with the design, acquisition, construction and improvements of and to various streets and roadways within the City limits. One such project was the completion of ramps to and from Interstate 15, marking the completion of the \$240 million Interstate 15 Design Build North Project by the Nevada Department of Transportation.

The **capital projects civic center facilities fund** has a total ending fund balance of \$59,174, all of which is for the completion of construction, equipping and furnishing of a 211,000 gross square-foot nine-story new civic center facility that's expected to meet the service needs of the community for the next five to 10 years and will include a development customer service center (one-stop shop), and off-site improvements, as well as surface parking for 600. This project has been underway since 2006 and is expected to be completed in the fall of 2011, thus the decrease in fund balance of \$26,444 over this past fiscal year compared to the prior fiscal year.

The **capital projects various new municipal buildings facilities fund** has a total ending fund balance of \$39,097, all of which is for the completion of acquisition, construction, equipping and furnishing of various new facilities, including, a 15,000 square-foot new fire station on a two-acre site to provide services to the rapidly expanding northern boundary and a 35,600 square-foot multi-generational center on a 40-acre site with a park. The fund balance for this fund has decreased by \$6,962 compared to the prior fiscal year as these projects move along in the construction process.

Proprietary funds. The City's proprietary fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

Operating revenues of the City's business-type activities decreased by 2% (\$84.7 million in 2010 compared to \$86.4 million in 2009), while operating expenses increased by .7%. Further information regarding these changes in revenues and expenses are as follows:

The **water enterprise fund** had a decrease in net assets of \$7,589. Water service fees rose 4.8%, or by \$2,143 during this fiscal year, which is primarily consistent with a 3% rate increase during the fiscal year and slight increases in consumption. Throughout the fiscal year, residential development continued its significant slowdown due to a large oversupply of new residential homes and a record number of foreclosed homes. Additionally, the City's water rate structure is configured so that the cost to consumers between the different tier levels promotes conservation. Because the Colorado River Basin (where the City gets 97.1% of its water) has experienced drought conditions over the past several years, water resource management and conservation is strongly encouraged throughout southern Nevada.

Operating expenses of the water enterprise fund fell 3.5% to \$31,945 compared to the prior fiscal year. Expenses for salaries, related benefits and services and supplies decreased. However, purchases of water during the fiscal year from the City's purveyor, Southern Nevada Water Authority, increased by 1.2% and expenses for depreciation increased by 3.3%. The increase in depreciation expenses is mostly attributable to the addition throughout the fiscal year in capital assets of water lines totaling \$5,236.

Management's Discussion and Analysis (continued)

Additionally, developer capital contributions decreased by \$895 during fiscal year 2009-10, compared to the prior year. This is consistent with the drop in local construction.

The **wastewater enterprise fund** had an increase in net assets of \$6,916. Wastewater service fees rose by \$1,829, or 5.6% for the fiscal year compared to the prior year, consistent with the 4% rate increase. Since the City's wastewater fee structure is based on actual water consumption, the slight increase in demand for water services ultimately results in more wastewater to treat.

Nonoperating revenues primarily consist of investment earnings, which declined by 289.5%, or \$4,215, and intergovernmental revenues, which increased by 100%. Investment earnings have been decreasing due to the interest rate environment. The increase in intergovernmental revenues is due to a new federal grant totaling \$6,475 and a new portion of the local sales and use tax for construction purposes. Developer capital contributions decreased by 25.7%, or \$1,286, compared to fiscal year 2008-09. As also noted above, this is consistent with the drop in local construction.

Operating expenses of the wastewater enterprise fund rose 8.6% to \$24,775. The \$2,130 increase in expenses is primarily due to the costs passed on to the City from the local contracted wastewater treatment providers. Approximately 67.8% of the wastewater fund's operating budget pays for the treatment costs to these third parties.

In January 2009, the City broke ground for its own wastewater reclamation facility on a 41-acre site and will be capable of treating 25 mgd (million gallons per day). Construction of the facility is expected to be completed in May 2011.

The City's **municipal golf courses fund** had a decrease in net assets of \$488 compared to the prior fiscal year. Revenues for the municipal golf courses fund have steadily been declining over the past few years due to the competition of newer nearby golf courses. During the current year, the general fund made a transfer in of \$375 to subsidize the City's nine-hole par-3 user-friendly golf course.

Operating expenses of the golf courses fund declined by 50.6% to \$1,199. The decrease is due to a reduction in staffing through voluntary separation packages and layoffs.

General Fund Budget

During the fiscal year, there was a \$5,068 decrease in appropriations between the original and final amended budget due to City Council adopted reductions in response to the economic environment and the corresponding declining revenues; the original revenues budget was reduced from \$148,909 to \$125,507.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$1,515,977 (net of accumulated depreciation). This investment in capital assets includes land, buildings, infrastructure, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 20%.

Management's Discussion and Analysis (continued)

Major capital asset activity during the current fiscal year included the following:

- \$35,066 from the capital projects civic center facilities fund for the construction of a 211,000 square-foot nine-story new LEED certified city hall facility.
- \$42,675 in infrastructure capital assets constructed by developers and contributed to the City.
- \$24,163 expended from the wastewater capital projects fund for the construction of a 25-million gallon per day (mgd) wastewater reclamation facilities system on a 41-acre site.
- \$25,855 expended from the capital projects parks and recreation fund for capital improvements to various parks and recreation buildings and facilities within the City limits, including a 132-acre regional park.
- \$28,389 expended from the capital projects street improvements fund for a variety of street construction projects in new residential developments, including widening and expansion projects for existing streets and roads, including the North 5th Street Corridor Project, which will provide for a high-volume north-south super arterial roadway.
- \$13,474 from the capital projects public safety fund for the design and construction of traffic signals throughout the City limits to assist in the orderly movement of vehicular traffic and enhance public safety, as well as a number of construction improvements consisting of flood control facilities, including pipes, culverts, channels, energy dissipators, channel structures, channel access, storm drain inlets and laterals and other appurtenances as required.
- \$7,822 from the capital projects various new municipal building facilities for the design and construction of a 35,600 square-foot multi-generational center and park on a 40-acre site, the purchase of and equipping of a modular facility for the police department's Northeast Area Command in order to more effectively serve the residents in the Northeast area of the City, and construction and equipping a 20-acre neighborhood park that will include picnic shelters, pathways, soccer fields, landscaping and a children's play area.
- \$322 expended from the capital projects general government improvements fund for the migration/upgrading of the City's financial, human resource and payroll applications from Oracle 11.03 to Oracle 11i.

Additional information on the City's capital assets can be found in Note VI on pages 57-59 and on pages 142-145 of this report.

Long-term bonded debt. At the end of the current fiscal year, the outstanding bonded debt of the City was \$499,940. Of this amount, \$485,666 comprises debt backed by the full faith and credit of the government and \$14,274 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

The City's total bonded debt outstanding increased by \$127,582, or 34.3% during the current fiscal year. Although there was a decrease in debt due to bond repayments throughout the fiscal year, the

Management's Discussion and Analysis (continued)

City also issued refunding bonds totaling \$3,145 and issued new debt totaling \$145,000, which was previously discussed in more detail.

The City maintains an "A+" rating from Standard & Poor's, an "Aa2" rating from Moody's Investors Service and an "AA-" from Fitch Ratings for general obligation debt. Pursuant to Nevada Revised Statutes, the State limits the amount of general obligation debt a government entity may issue to 20% of its total assessed valuation. The current statutory debt limitation for the City is \$956,944, which is significantly in excess of the City's actual outstanding general obligation debt of \$499,940.

Additional information on the City's long-term debt can be found in Note IX on pages 61-67 of this report.

Economic Factors and Next Year's Budgets

- The tourism industry, which is based on legalized gambling and related forms of entertainment, continues to be the largest component of southern Nevada's economic base and a catalyst for construction and growth in many other sectors. For the Las Vegas area, commercial development has been driven by the demand of travel and tourism. Over the past several years, construction employment led the local economy as large commercial projects created tens of thousands of jobs that drew workers from other parts of the Country, increasing the local population and thus driving housing development. Previously, the local economy generally outperformed the State and national economies with construction employment leading the local economy. Hotel occupancy remains fairly strong, though mostly as the result of reduced rates. Gaming revenue has been bouncing along and is up slightly in the latest report.

However, despite the long period of economic expansion and growth of southern Nevada's economic base, it hasn't been immune to the recession occurring throughout the U.S. economy. Although there are a few very large commercial construction projects underway in the Las Vegas area, most construction has significantly declined. Home foreclosure filings were reported for one in every 61 housing units throughout the greater Las Vegas area. Additionally, assessed valuations dropped 41.2% for fiscal year 2010-11. As such, the City expects a corresponding reduction in the collection of property tax revenues going forward.

- Although more jobs have been created in Clark County in the last 10 years than have been lost, the unemployment rate reached 14.5% in June 2010, compared to 12.3% in June 2009, with construction leading with the largest amount of job losses.

During the current fiscal year, unreserved, undesignated fund balance in the general fund decreased to \$22,953. Due to the decline in fund balance, as well as declining revenues, the City has been implementing a number of cost-saving actions in order to continue its prudent fiscal management and avoid the need to raise taxes or service charges over the next few years. Such actions have included across the board budget reductions, the elimination of 67 vacant positions, implementation of a hiring freeze over the past two years and major reductions in discretionary spending such as travel and training. In addition, a number of capital improvement projects are being delayed, cancelled, or facing a reduction in project scope. For fiscal year 2009-10 alone, budget reductions

Management's Discussion and Analysis (continued)

included nearly \$5.5 million as a result of the hiring freeze; salary and benefit concessions of approximately \$8.7 million; nearly \$8 million in savings due to vacated positions resulting from several Voluntary Severance Programs; transfer of nearly \$3 million of services which fall under the parameters of Special Revenue Funds from the General Fund; and significant savings to the Library District and Streets, Parks Maintenance, and Fire Fund due to the restructuring/refunding of two bond issues.

In looking to the future, the City has already identified a budget reduction program intended to save \$10 million in fiscal year 2010-11 and another \$25.2 million in fiscal year 2011-12. The City continues to work with its employee bargaining groups in an effort to attain more savings through further employee concessions.

The City's adopted operating budget for FY 2010-11 was \$429,107, but as noted above, has already been reduced. Likewise, the adopted capital improvement plan for FY 2010-11 is \$307,730; however, a number capital projects have been deferred until such time as the economy improves.

Property tax revenues account for approximately 17% of general fund revenues. During fiscal year 2005, the State of Nevada enacted legislation that provided for a partial abatement of property taxes going forward. The level of abatement is based on the type and use of the property, but generally, if the property is a primary residence, then the abatement is the amount of taxes that exceeded the prior year's tax bill plus 3%. In addition, in fiscal year 2006, the City reduced its property tax rate from \$1.1887 to \$1.1637 per \$100 of assessed valuation. Together, these factors are expected to slow the annual growth in property tax revenue; although, it's unclear about the long-term financial implications that the property tax abatement will have on the City.

Workers' Compensation Issue

Pursuant to Nevada Revised Statutes, diseases of the lungs and heart are considered occupational diseases for firefighters and police officers. Specifically, the statutes provide that a disease of the lung and/or heart is conclusively presumed to have arisen out of and in the course of employment and as such, are compensable with regard to workers' compensation benefits. Further, the statutes permit claims to be reopened at any time during the life of the claimant for further examination and treatment should circumstances change which would warrant an increase or rearrangement of compensation.

At issue is the cost of workers' compensation benefits and settlement costs that the City will presumably incur beginning over the next ten years as the age of the City's police and fire safety workforce increases. It could be further assumed that a significant portion of the police and fire safety workforce will develop some form of lung and/or heart disease as part of the natural process of aging, yet the City would be financially accountable for all the disability benefits as it would be conclusively determined that the disease arose out of and/or in connection with employment with the City. As a result, the cost to the City for disability and death benefits to claimants under these statutes could very well cause a significant financial hardship over a short period of time.

Other Post-Employment Benefits (OPEB)

The City was required on July 1, 2007, to implement GASB (Governmental Accounting Standards Board) Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment*

Management's Discussion and Analysis (continued)

Benefits Other than Pensions. The purpose of GASB Statement No. 45 is to require the accrual of liabilities and expenses of other post-employment benefits, such as healthcare, generally over the working career of plan members, rather than on a pay-as-you-go basis, which was the City's past practice. As such, the City had an actuarial study performed effective July 1, 2009; as of June 30, 2010, the City's net OPEB obligation was \$5,726.

Requests for information

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services and Finance Department, City of North Las Vegas, 2200 Civic Center Drive, North Las Vegas, Nevada, 89030.

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Basic Financial Statements

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Government-wide Financial Statements

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**CITY OF NORTH LAS VEGAS
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and investments:			
Restricted:			
Customer deposits	\$ 129,860	\$ 3,283,508	\$ 3,413,368
Bond retirement		6,954,707	6,954,707
Capital assets	100,406,956	118,060,303	218,467,259
Unrestricted	96,849,316	64,476,268	161,325,584
Accounts receivable, net of allowance for doubtful accounts	8,885,005	7,718,619	16,603,624
Property taxes receivable	623,534		623,534
Grants receivable	15,207,574	6,475,000	21,682,574
Receivable from fiduciary fund	1,406,141		1,406,141
Internal balances	1,785,323	(1,785,323)	
Inventories	236,476	2,472,081	2,708,557
Deferred charges and other prepaid items	438,955	27,234,744	27,673,699
Due from other governments	11,975,828	3,207,311	15,183,139
Special assessments receivable	324,529		324,529
Capital assets, net of accumulated depreciation:			
Land	174,529,667	15,585,785	190,115,452
Infrastructure	590,590,185	189,392,927	779,983,112
Buildings, property and equipment	159,341,995	12,236,598	171,578,593
Construction in progress	180,701,425	193,598,958	374,300,383
	<u>1,343,432,769</u>	<u>648,911,481</u>	<u>1,992,344,254</u>
Total Assets			
LIABILITIES			
Current liabilities:			
Accounts payable	22,304,856	21,139,837	43,444,693
Accrued salaries and benefits	8,690,255	437,152	9,127,407
Bonds and leases payable due within one year	11,662,781	6,445,000	18,107,781
Accrued compensated absences due within one year	12,838,147	842,300	13,680,447
Interest payable	1,845,139	2,114,601	3,959,740
Due to other governments	523,422	11,487,855	12,011,277
Customer deposits	129,860	3,283,508	3,413,368
Noncurrent liabilities:			
Other post-employment benefits liability (OPEB)	5,726,028		5,726,028
Accrued compensated absences due in more than one year	20,607,722	1,392,421	22,000,143
Bonds and leases payable due in more than one year, net of unamortized discounts, premiums and advance refunding charges	178,296,313	309,354,109	487,650,422
	<u>262,624,523</u>	<u>356,496,783</u>	<u>619,121,306</u>
Total Liabilities			
NET ASSETS			
Invested in capital assets, net of related debt	1,015,611,134	213,075,462	1,228,686,596
Restricted for capital projects		13,317,115	13,317,115
Unrestricted	65,197,112	66,022,121	131,219,233
	<u>\$ 1,080,808,246</u>	<u>\$ 292,414,698</u>	<u>\$ 1,373,222,944</u>
Total Net Assets			

**CITY OF NORTH LAS VEGAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
General government	\$ 81,909,186	\$ 10,911,870	\$ 1,567,970	\$ 183,555
Public safety	172,629,424	29,888,956	(968,142)	1,652,424
Judicial	10,780,531	3,098,548	88,759	
Public works	16,794,794	1,883,015		56,462,688
Culture and recreation	18,044,295	1,866,740	75,055	20,857,480
Community support	15,363,130		11,048,065	
Long-term debt interest and fiscal charges	8,846,315			
Total Governmental Activities	324,367,675	47,649,129	11,811,707	79,156,147
Business-type Activities:				
Wastewater	31,443,978	34,444,912		14,684,600
Water	33,198,374	47,074,546		5,186,457
Municipal golf courses	1,198,958	335,745		
Total Business-type Activities	65,841,310	81,855,203		19,871,057
Total	\$ 390,208,985	\$ 129,504,332	\$ 11,811,707	\$ 99,027,204

General Revenues:

Taxes:

 Property taxes, levied for general purposes

 Residential construction taxes

 Room taxes

Franchise fees

Intergovernmental revenues:

 Consolidated tax, restricted for debt service

 Motor vehicle fuel taxes, restricted for the construction, maintenance and repair of streets and highways

 Other local government shared revenues

Investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

NET ASSETS, JULY 1

As previously reported

Prior period adjustment

As restated

NET ASSETS, JUNE 30

**CITY OF NORTH LAS VEGAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008**

NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
\$ (69,245,791)		\$ (69,245,791)
(142,056,186)		(142,056,186)
(7,593,224)		(7,593,224)
41,550,909		41,550,909
4,754,980		4,754,980
(4,315,065)		(4,315,065)
<u>(8,846,315)</u>		<u>(8,846,315)</u>
<u>(185,750,692)</u>		<u>(185,750,692)</u>
	\$ 17,685,534	17,685,534
	19,062,629	19,062,629
	<u>(863,213)</u>	<u>(863,213)</u>
	<u>35,884,950</u>	<u>35,884,950</u>
<u>(185,750,692)</u>	<u>35,884,950</u>	<u>(149,865,742)</u>
77,024,811		77,024,811
499,417		499,417
330,333		330,333
16,717,339		16,717,339
34,179,293		34,179,293
2,512,512		2,512,512
7,394,283		7,394,283
7,727,611	1,455,994	9,183,605
23,144,183	2,329,165	25,473,348
<u>41,365,458</u>	<u>(41,365,458)</u>	
<u>210,895,240</u>	<u>(37,580,299)</u>	<u>173,314,941</u>
25,144,548	(1,695,349)	23,449,199
1,058,445,618	294,110,047	1,352,555,665
<u>(2,781,920)</u>		<u>(2,781,920)</u>
<u>1,055,663,698</u>	<u>294,110,047</u>	<u>1,349,773,745</u>
<u>\$ 1,080,808,246</u>	<u>\$ 292,414,698</u>	<u>\$ 1,373,222,944</u>

FUNCTIONS/PROGRAMS

Governmental Activities:

General government
Public safety
Judicial
Public works
Culture and recreation
Community support
Long-term debt interest
and fiscal charges

Total Governmental Activities

Business-type Activities:

Wastewater
Water
Municipal golf courses

Total Business-type Activities

Total

General Revenues:

Taxes:

Property taxes, levied for general purposes
Residential construction taxes
Room taxes

Franchise fees

Intergovernmental revenues:

Consolidated tax, restricted for debt service
Motor vehicle fuel taxes, restricted for the construction,
maintenance and repair of streets and highways
Other local government shared revenues

Investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

NET ASSETS, JULY 1

As previously reported
Prior period adjustment

As restated

NET ASSETS, JUNE 30

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Fund Financial Statements

**CITY OF NORTH LAS VEGAS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010**

	<u>GENERAL FUND</u>	<u>PUBLIC SAFETY TAX</u>	<u>CAPITAL PROJECTS STREET IMPROVEMENTS</u>	<u>CAPITAL PROJECTS CIVIC CENTER FACILITIES</u>
ASSETS				
Cash and investments:				
Restricted:				
Customer deposits	\$ 18,535			
Capital assets			\$ 231,539	\$ 60,023,701
Unrestricted	4,125,577	\$ 13,596,399	4,723,116	6,258,875
Accounts receivable, net of allowance	6,714,923		1,268,991	
Property taxes receivable	279,640	170,323		
Grants receivable	187,473		4,605,346	
Special assessments receivable				
Prepaid items	286,519	5,021		
Due from other funds	11,013,139			
Due from other governments	10,049,577			
Inventories				
Total Assets	<u>\$ 32,675,383</u>	<u>\$ 13,771,743</u>	<u>\$ 10,828,992</u>	<u>\$ 66,282,576</u>
LIABILITIES				
Accounts payable	\$ 2,355,176	\$ 173,311	\$ 3,163,000	\$ 7,090,533
Accrued salaries and benefits	6,947,315	860,888	49,912	18,128
Due to other funds			2,504,218	
Due to other governments	400,975			
Customer deposits	18,535			
Unearned revenue			403,600	
Total Liabilities	<u>9,722,001</u>	<u>1,034,199</u>	<u>6,120,730</u>	<u>7,108,661</u>
FUND BALANCES				
Unreserved, reported in:				
General fund	22,953,382			
Special revenue funds		12,737,549		
Debt service fund			4,708,262	59,173,915
Capital projects funds				
Total Fund Balances	<u>22,953,382</u>	<u>12,737,549</u>	<u>4,708,262</u>	<u>59,173,915</u>
Total Liabilities and Fund Balances	<u>\$ 32,675,383</u>	<u>\$ 13,771,743</u>	<u>\$ 10,828,992</u>	<u>\$ 66,282,576</u>

(continued)

**CITY OF NORTH LAS VEGAS
GOVERNMENTAL FUNDS
BALANCE SHEET
(Continued)
JUNE 30, 2010**

CAPITAL PROJECTS MUNICIPAL BUILDINGS FACILITIES	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
\$ 40,151,716	\$ 111,325	\$ 129,860
	45,930,177	100,406,956
	570,242	74,634,144
	173,571	8,554,156
	10,414,755	623,534
	324,529	15,207,574
	73,660	324,529
		365,200
	1,923,729	11,013,139
	17,748	11,973,306
		17,748
<u>\$ 40,151,716</u>	<u>\$ 59,539,736</u>	<u>\$ 223,250,146</u>
\$ 1,048,434	\$ 4,367,500	\$ 18,197,954
6,229	543,107	8,425,579
	7,102,779	9,606,997
	55,450	456,425
	111,325	129,860
	63,763	467,363
<u>1,054,663</u>	<u>12,243,924</u>	<u>37,284,178</u>
		22,953,382
	35,651,221	48,388,770
	3,278,094	3,278,094
39,097,051	8,366,497	111,345,725
<u>39,097,051</u>	<u>47,295,813</u>	<u>185,965,971</u>
<u>\$ 40,151,716</u>	<u>\$ 59,539,736</u>	<u>\$ 223,250,146</u>

ASSETS

Cash and investments:
 Restricted:
 Customer deposits
 Capital assets
 Unrestricted
 Accounts receivable, net of allowance
 Property taxes receivable
 Grants receivable
 Special assessments receivable
 Prepaid items
 Due from other funds
 Due from other governments
 Inventories

Total Assets

LIABILITIES

Accounts payable
 Accrued salaries and benefits
 Due to other funds
 Due to other governments
 Customer deposits
 Unearned revenue

Total Liabilities

FUND BALANCES

Unreserved, reported in:
 General fund
 Special revenue funds
 Debt service fund
 Capital projects funds

Total Fund Balances

Total Liabilities and Fund
 Balances

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CITY OF NORTH LAS VEGAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Fund Balances - Governmental Funds		\$ 185,965,971
Net assets are different because:		
Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in the governmental funds:		
Capital assets	\$ 1,390,952,823	
Less accumulated depreciation	<u>(290,910,424)</u>	1,100,042,399
Other assets used in governmental activities are not current financial resources; and therefore, are not reported in the governmental funds:		
Unamortized debt issuance costs		1,709,833
Certain liabilities, including bonds payable, are not due and payable in the current period; and therefore, are not reported in the governmental funds:		
Leases payable	(46,359)	
Bonds payable	(187,860,700)	
Interest payable	(1,845,139)	
Unamortized bond premiums and discounts	(3,761,872)	
Compensated absences	<u>(33,132,429)</u>	(226,646,499)
Unearned revenue represents amounts that are not available to fund current expenditures; and therefore, are not reported as revenue in the governmental funds.		467,358
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds are reported with governmental activities on the statement of net assets.		17,483,861
Internal service fund balances that are related to business-type activities.		1,785,323
Net Assets - Governmental Activities		<u><u>\$ 1,080,808,246</u></u>

**CITY OF NORTH LAS VEGAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>GENERAL FUND</u>	<u>PUBLIC SAFETY TAX</u>	<u>CAPITAL PROJECTS STREET IMPROVEMENTS</u>	<u>CAPITAL PROJECTS CIVIC CENTER FACILITIES</u>
REVENUES				
Taxes:				
Ad valorem	\$ 22,523,158	\$ 33,148,725		
Other taxes	330,333			
Licenses and permits	26,062,330			
Intergovernmental	40,346,436		\$ 22,801,371	
Charges for services	21,127,646			
Fines and forfeitures	9,392,310			
Miscellaneous	5,578,261	4,937	1,315,942	\$ 1,455,765
Total Revenues	<u>125,360,474</u>	<u>33,153,662</u>	<u>24,117,313</u>	<u>1,455,765</u>
EXPENDITURES				
Current:				
General government	31,866,059	359,733	37,672	34,098,757
Public safety	114,614,157	32,065,905	581,718	476,566
Judicial	10,139,590			
Public works	13,480,023		27,764,067	490,846
Culture and recreation	10,784,624		5,087	
Community support	3,095,353			
Debt service:				
Services and supplies				
Principal				
Interest				
Total Expenditures	<u>183,979,806</u>	<u>32,425,638</u>	<u>28,388,544</u>	<u>35,066,170</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(58,619,332)</u>	<u>728,024</u>	<u>(4,271,231)</u>	<u>(33,610,405)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	46,795,701	123,000	2,906,880	13,192,000
Transfers out	(3,405,540)	(1,068,900)	(1,172,590)	(6,025,200)
Refunding bonds issued				
Payment to refunded bond escrow agent				
Bond premiums, discounts and costs of issuance				
Total Other Financing Sources (Uses)	<u>43,390,161</u>	<u>(945,900)</u>	<u>1,734,290</u>	<u>7,166,800</u>
Net Change in Fund Balances	<u>(15,229,171)</u>	<u>(217,876)</u>	<u>(2,536,941)</u>	<u>(26,443,605)</u>
FUND BALANCES, JULY 1				
As previously reported	39,361,189	13,413,854	7,245,203	85,617,520
Prior period adjustment	<u>(1,178,636)</u>	<u>(458,429)</u>		
As restated	<u>38,182,553</u>	<u>12,955,425</u>	<u>7,245,203</u>	<u>85,617,520</u>
FUND BALANCES, JUNE 30	<u>\$ 22,953,382</u>	<u>\$ 12,737,549</u>	<u>\$ 4,708,262</u>	<u>\$ 59,173,915</u>

(continued)

**CITY OF NORTH LAS VEGAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
(Continued)
FOR THE YEAR ENDED JUNE 30, 2010**

CAPITAL PROJECTS VARIOUS NEW MUNICIPAL BUILDINGS FACILITIES	NONMAJOR GOVERNMENTAL FUNDS	TOTAL	
	\$ 21,352,928	\$ 77,024,811	REVENUES
	499,417	829,750	Taxes:
		26,062,330	Ad valorem
	52,984,820	116,132,627	Other taxes
	2,169,292	23,296,938	Licenses and permits
	513,154	9,905,464	Intergovernmental revenues
\$ 859,729	5,835,879	15,050,513	Charges for services
			Fines and forfeits
			Miscellaneous
859,729	83,355,490	268,302,433	Total Revenues
			EXPENDITURES
15,996	771,751	67,149,968	Current:
3,042,850	14,498,665	165,279,861	General government
	449,448	10,589,038	Public safety
730,616	12,955,887	55,421,439	Judicial
4,032,430	30,436,784	45,258,925	Public works
	12,417,667	15,513,020	Culture and recreation
			Community support
	15,975	15,975	Debt service:
	11,547,700	11,547,700	Services and supplies
	9,079,721	9,079,721	Principal
			Interest
7,821,892	92,173,597	379,855,647	Total Expenditures
(6,962,163)	(8,818,107)	(111,553,214)	Excess (Deficiency) of Revenues Over (Under) Expenditures
	25,108,608	88,126,189	OTHER FINANCING SOURCES (USES)
	(30,535,301)	(42,207,531)	Transfers in
	3,145,000	3,145,000	Transfers out
	(3,071,110)	(3,071,110)	Refunding bonds issued
	(52,183)	(52,183)	Payment to refunded bond escrow agent
			Bond premiums, discounts and costs of issuance
	(5,404,986)	45,940,365	Total Other Financing Sources (Uses)
(6,962,163)	(14,223,093)	(65,612,849)	Net Change in Fund Balances
46,059,214	62,663,761	254,360,741	FUND BALANCES, JULY 1
	(1,144,855)	(2,781,920)	As previously reported
			Prior period adjustment
46,059,214	61,518,906	251,578,821	As restated
\$ 39,097,051	\$ 47,295,813	\$ 185,965,971	FUND BALANCES, JUNE 30

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CITY OF NORTH LAS VEGAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2010

Net Change in Fund Balances - Governmental Funds	\$	(65,612,849)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives:

Expenditures for capital assets	\$ 112,969,552	
Gain/loss from disposal of capital assets	(292,442)	
Less current year depreciation	<u>(36,366,486)</u>	76,310,624

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

Contributed/donated capital assets	32,486,134	
Change in unearned revenue	<u>(13,716,250)</u>	18,769,884

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net assets. Repayment of bond principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net assets.

Refunding debt issued	(3,145,000)	
Refunded debt	3,005,000	
Change in accrued interest payable	136,686	
Bond principal payments	11,547,700	
Amortization of bond premiums, discounts and advance refunding charges	191,083	
Capital lease financing	(46,359)	
Compensated absences	<u>(8,962,752)</u>	2,726,358

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities on the statement of net assets.

(7,583,679)

Internal service fund transactions that are related to business-type activities

534,210

Change in Net Assets - Governmental Activities

\$ 25,144,548

**CITY OF NORTH LAS VEGAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BY FUNCTION AND DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Ad valorem	\$ 23,147,400	\$ 22,296,405	\$ 22,523,158	\$ 226,753
Room tax	261,300	350,000	330,333	(19,667)
Licenses and permits	34,674,100	26,551,200	26,062,330	(488,870)
Intergovernmental	48,225,100	39,329,300	40,346,436	1,017,136
Charges for services	22,698,600	20,319,700	21,127,646	807,946
Fines and forfeitures	10,568,000	10,062,600	9,392,310	(670,290)
Miscellaneous	9,334,700	6,597,909	5,578,261	(1,019,648)
Total Revenues	148,909,200	125,507,114	125,360,474	(146,640)
EXPENDITURES BY FUNCTION AND DEPARTMENT				
Current:				
General Government:				
Legislative	738,100	720,800	696,964	(23,836)
Executive	8,237,200	7,919,320	7,154,138	(765,182)
City Attorney	4,122,400	3,954,376	3,692,507	(261,869)
City Clerk	1,301,900	1,280,817	1,228,607	(52,210)
Finance	5,454,600	5,728,517	5,098,793	(629,724)
Planning	2,714,500	2,745,733	2,667,104	(78,629)
General expense	9,816,500	12,636,469	11,327,946	(1,308,523)
Public Safety:				
Police	35,881,200	35,291,107	35,223,079	(68,028)
Corrections	30,075,600	28,693,789	27,874,636	(819,153)
Fire	39,353,600	38,721,104	37,526,696	(1,194,408)
Protective services	16,383,300	15,056,089	13,989,746	(1,066,343)
Judicial:				
Municipal court	6,696,900	6,720,892	6,695,775	(25,117)
Marshals	3,267,700	3,445,289	3,443,815	(1,474)
Public Works:				
Administration	1,728,100	995,102	882,848	(112,254)
Development flood control	2,003,400	1,740,857	1,712,818	(28,039)
Roadway operations	6,355,400	6,027,470	5,344,779	(682,691)
Engineering	2,304,800	1,661,541	1,778,051	116,510
Real property	1,016,700	785,937	709,261	(76,676)
Construction	2,523,100	2,325,388	1,939,088	(386,300)
Survey	1,813,500	1,345,985	1,113,178	(232,807)
Culture and Recreation:				
Participant recreation	4,091,500	4,347,450	3,843,682	(503,768)
Parks	8,764,000	7,631,379	6,940,942	(690,437)
Community Support:				
Housing and neighborhood services	2,280,700	2,191,689	2,048,067	(143,622)
Economic development	1,053,300	897,567	899,659	2,092
7500 acre project	100,000	145,000	147,627	2,627
Total Expenditures	198,078,000	193,009,667	183,979,806	(9,029,861)
Deficiency of Revenues Under Expenditures	(49,168,800)	(67,502,553)	(58,619,332)	8,883,221

(continued)

**CITY OF NORTH LAS VEGAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BY FUNCTION AND DEPARTMENT
(Continued)
FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
OTHER FINANCING SOURCES (USES)				
Transfers in	41,544,200	46,893,333	46,795,701	(97,632)
Transfers out	(3,424,800)	(3,020,511)	(3,405,540)	(385,029)
Contingency	(500,000)	(319,449)		319,449
Total Other Financing Sources	37,619,400	43,553,373	43,390,161	(163,212)
Net Change in Fund Balances	(11,549,400)	(23,949,180)	(15,229,171)	8,720,009
FUND BALANCE, JULY 1				
As previously reported	35,992,223	39,361,189	39,361,189	
Prior period adjustment		(1,178,636)	(1,178,636)	
As restated	35,992,223	38,182,553	38,182,553	
FUND BALANCE, JUNE 30	<u>\$ 24,442,823</u>	<u>\$ 14,233,373</u>	<u>\$ 22,953,382</u>	<u>\$ 8,720,009</u>

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**CITY OF NORTH LAS VEGAS
SPECIAL REVENUE FUND - PUBLIC SAFETY TAX
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - BY FUNCTION AND DEPARTMENT
FOR THE YEAR ENDED JUNE 30, 2010**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Ad valorem	\$ 34,202,200	\$ 32,779,826	\$ 33,148,725	\$ 368,899
Miscellaneous			4,937	4,937
Total Revenues	<u>34,202,200</u>	<u>32,779,826</u>	<u>33,153,662</u>	<u>373,836</u>
EXPENDITURES				
Current:				
General Government	1,405,500	483,571	359,733	(123,838)
Public Safety:				
Police	24,175,800	24,618,048	22,361,123	(2,256,925)
Safe Streets 2000	109,200	109,200	46,172	(63,028)
Corrections	10,062,600	9,424,600	9,322,388	(102,212)
Protective Services	354,500	354,500	336,222	(18,278)
Total Expenditures	<u>36,107,600</u>	<u>34,989,919</u>	<u>32,425,638</u>	<u>(2,564,281)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,905,400)</u>	<u>(2,210,093)</u>	<u>728,024</u>	<u>2,938,117</u>
OTHER FINANCING SOURCES (USES)				
Transfer in		123,000	123,000	
Transfer out	<u>(4,079,200)</u>	<u>(1,068,900)</u>	<u>(1,068,900)</u>	
Total Other Financing Uses	<u>(4,079,200)</u>	<u>(945,900)</u>	<u>(945,900)</u>	
Net change in Fund Balances	<u>(5,984,600)</u>	<u>(3,155,993)</u>	<u>(217,876)</u>	<u>2,938,117</u>
FUND BALANCE, JULY 1				
As previously reported	9,952,869	13,499,631	13,413,854	(85,777)
Prior period adjustment		<u>(458,429)</u>	<u>(458,429)</u>	
As restated	<u>9,952,869</u>	<u>13,041,202</u>	<u>12,955,425</u>	<u>(85,777)</u>
FUND BALANCE, JUNE 30	<u>\$ 3,968,269</u>	<u>\$ 9,885,209</u>	<u>\$ 12,737,549</u>	<u>\$ 2,852,340</u>

**CITY OF NORTH LAS VEGAS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	MAJOR		NONMAJOR	TOTAL ENTERPRISE FUNDS	ACTIVITIES
	WASTEWATER	WATER	MUNICIPAL GOLF COURSES		INTERNAL SERVICE FUNDS
ASSETS					
Current Assets:					
Cash, cash equivalents and investments:					
Restricted:					
Customer deposits	\$ 148,993	\$ 3,134,515		\$ 3,283,508	
Bond retirement	3,914,587	3,040,120		6,954,707	
Capital Assets	118,060,303			118,060,303	
Unrestricted	27,843,590	35,374,624	\$ 1,258,054	64,476,268	\$ 22,215,172
Total cash, cash equivalents and investments	149,967,473	41,549,259	1,258,054	192,774,786	22,215,172
Accounts receivable, net of allowance	3,891,729	3,826,890		7,718,619	330,849
Grants receivable	6,475,000			6,475,000	
Due from other governments	3,207,311			3,207,311	2,522
Prepaid items	5,928	8,892		14,820	
Inventories	15,181	2,452,143	4,757	2,472,081	218,728
Deferred charges	26,902,421	317,503		27,219,924	73,755
Total Current Assets	190,465,043	48,154,687	1,262,811	239,882,541	22,841,026
Capital Assets:					
Land and other nondepreciable assets	12,522,739	2,434,299	628,747	15,585,785	
Improvements other than buildings	16,338	2,989,330	4,506,192	7,511,860	148,073
Buildings and improvements	744,845	5,847,759	1,943,622	8,536,226	720,666
Equipment	2,242,162	3,885,620	96,396	6,224,178	8,475,257
Infrastructure	99,783,387	182,567,666		282,351,053	
Construction in progress	191,259,660	2,339,298		193,598,958	
Less accumulated depreciation	(28,483,470)	(73,929,145)	(581,177)	(102,993,792)	(4,223,118)
Net Capital Assets	278,085,661	126,134,827	6,593,780	410,814,268	5,120,878
Total Assets	468,550,704	174,289,514	7,856,591	650,696,809	27,961,904
LIABILITIES					
Current Liabilities:					
Accounts payable	20,553,064	312,962	273,811	21,139,837	4,106,902
Accrued salaries and benefits	174,810	252,059	10,283	437,152	264,676
Compensated absences	197,769	633,842	10,689	842,300	145,659
Interest payable	1,832,718	281,883		2,114,601	
Customer deposits	148,993	3,134,515		3,283,508	
Due to other governments	8,433,342	3,054,513		11,487,855	66,997
Bonds payable	2,794,200	3,650,800		6,445,000	
Total Current Liabilities	34,134,896	11,320,574	294,783	45,750,253	4,584,234

(continued)

**CITY OF NORTH LAS VEGAS
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
(Continued)
JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES	
	MAJOR		NONMAJOR		
	WASTEWATER	WATER	MUNICIPAL GOLF COURSES	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
Noncurrent Liabilities:					
Other post-employment benefits liability (OPEB)					5,726,028
Compensated absences	484,682	867,529	40,210	1,392,421	167,781
Bonds payable	283,602,524	25,751,585		309,354,109	
Total Noncurrent Liabilities	284,087,206	26,619,114	40,210	310,746,530	5,893,809
Total Liabilities	318,222,102	37,939,688	334,993	356,496,783	10,478,043
NET ASSETS					
Invested in capital assets, net of related debt	109,749,240	96,732,442	6,593,780	213,075,462	5,120,878
Restricted for capital projects	13,317,115			13,317,115	
Unrestricted	27,262,242	39,617,384	927,818	67,807,444	12,362,983
Total Net Assets	\$ 150,328,597	\$ 136,349,826	\$ 7,521,598	294,200,021	\$ 17,483,861
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(1,785,323)	
Net Assets of Business-Type Activities				\$ 292,414,698	

**CITY OF NORTH LAS VEGAS
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR		NONMAJOR	TOTAL ENTERPRISE FUNDS	INTERNAL SERVICE FUNDS
	WASTEWATER	WATER	MUNICIPAL GOLF COURSES		
OPERATING REVENUES					
Charges for services:					
Utility fees	\$ 32,602,346	\$ 44,955,163		\$ 77,557,509	
Construction fees	1,622,219	2,050,192		3,672,411	
Other fees	220,347	69,191	\$ 335,745	625,283	\$ 20,815,203
Fines and forfeitures	652,339	1,056,342		1,708,681	
Miscellaneous	574,717	562,455		1,137,172	
Total Operating Revenue	35,671,968	48,693,343	335,745	84,701,056	20,815,203
OPERATING EXPENSES					
Salaries and wages	3,467,289	6,747,547	302,292	10,517,128	10,334,293
Employee benefits	1,313,302	2,537,648	88,363	3,939,313	4,073,773
Services and supplies	16,556,436	17,218,099	578,680	34,353,215	8,228,942
Depreciation	2,938,051	5,441,279	229,623	8,608,953	1,343,626
Amortization of lease	500,000			500,000	
Total Operating Expenses	24,775,078	31,944,573	1,198,958	57,918,609	23,980,634
OPERATING INCOME (LOSS)	10,896,890	16,748,770	(863,213)	26,782,447	(3,165,431)
NONOPERATING REVENUES (EXPENSES)					
Investment Earnings	1,455,965	29		1,455,994	
Intergovernmental	9,682,311			9,682,311	
Gain on disposition of assets	15,719	1,805		17,524	134,952
Bond premiums, discounts and costs of issuance	60,445	36,425		96,870	
Interest expense	(6,729,345)	(1,290,226)		(8,019,571)	
Total Nonoperating Revenues (Expenses)	4,485,095	(1,251,967)		3,233,128	134,952
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	15,381,985	15,496,803	(863,213)	30,015,575	(3,030,479)
CAPITAL CONTRIBUTIONS IN	5,002,289	5,186,457		10,188,746	
TRANSFERS IN (OUT)					
Transfers in		631,462	375,000	1,006,462	2,750,000
Transfers out	(13,468,246)	(28,903,674)		(42,371,920)	(7,303,200)
Total Transfers	(13,468,246)	(28,272,212)	375,000	(41,365,458)	(4,553,200)
CHANGES IN NET ASSETS	6,916,028	(7,588,952)	(488,213)	(1,161,137)	(7,583,679)
NET ASSETS, JULY 1	143,412,569	143,938,778	8,009,811		25,067,540
NET ASSETS, JUNE 30	\$ 150,328,597	\$ 136,349,826	\$ 7,521,598		\$ 17,483,861
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(534,210)	
Change in Net Assets of Business-Type Activities				\$ (1,695,349)	

**CITY OF NORTH LAS VEGAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	MAJOR		NONMAJOR	TOTAL	INTERNAL SERVICE FUNDS
	WASTEWATER	WATER	MUNICIPAL GOLF COURSES		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	\$ 35,298,398	\$ 48,328,702	\$ 335,746	\$ 83,962,846	\$ 20,481,832
Cash received for interfund services					
Cash paid to employees for services	(4,473,585)	(8,686,456)	(386,068)	(13,546,109)	(11,715,521)
Cash paid to suppliers	(7,229,675)	(15,180,850)	(315,061)	(22,725,586)	(9,221,838)
Net Cash Provided by (Used in) Operating Activities	23,595,138	24,461,396	(365,383)	47,691,150	(455,527)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in		631,462	375,000	1,006,462	
Transfers out	(13,459,120)	(28,912,800)		(42,371,920)	(4,553,200)
Net Cash Provided by (Used in) Noncapital Financing Activities	(13,459,120)	(28,281,338)	375,000	(41,365,458)	(4,553,200)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Interest paid on obligations	(6,546,050)	(1,325,386)		(7,871,436)	
Principal payments on bond obligations	(2,684,850)	(3,372,150)		(6,057,000)	
Proceeds from bond obligations	143,514,330			143,514,330	
Proceeds from disposition of assets	15,719	1,806		17,525	140,253
Acquisition and construction of capital assets	(134,430,281)	(1,183,720)	(1)	(135,614,002)	(322,365)
Net Cash Used in Capital and Related Financing Activities	(131,132)	(5,879,450)	(1)	(6,010,583)	(182,112)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment earnings	1,876,331	29		1,876,360	
Net Cash Provided by Investing Activities	1,876,331	29		1,876,360	
 Net Increase (Decrease) in Cash	 11,881,217	 (9,699,363)	 9,616	 2,191,470	 (5,190,839)
 CASH AND CASH EQUIVALENTS, JULY 1	 138,086,256	 51,248,622	 1,248,438	 190,583,316	 27,406,011
CASH AND CASH EQUIVALENTS, JUNE 30	<u>\$ 149,967,473</u>	<u>\$ 41,549,259</u>	<u>\$ 1,258,054</u>	<u>\$ 192,774,786</u>	<u>\$ 22,215,172</u>

(continued)

**CITY OF NORTH LAS VEGAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
(Continued)
FOR THE YEAR ENDED JUNE 30, 2010**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	MAJOR		NONMAJOR	TOTAL	ACTIVITIES
	WASTEWATER	WATER	MUNICIPAL GOLF COURSES		INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:					
Operating income (loss)	\$ 10,896,890	\$ 16,748,770	\$ (863,213)	\$ 26,782,447	\$ (3,165,431)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation expense	2,938,051	5,441,279	229,623	8,608,953	1,343,626
Changes in assets and liabilities:					
(Increase) decrease					
Receivables	383,816	6,588,661		6,972,477	(333,371)
Allowance for doubtful accounts	(673,948)	(2,451,459)		(3,125,407)	
Prepaid items	494,073	(8,892)		485,181	(302)
Inventory	3,658	29,419	1,127	34,204	61,224
(Decrease) increase					
Accounts payable and accrued expenses	5,105,272	458,789	267,080	5,831,141	1,714,658
Due to other governments	4,457,652	1,552,928		6,010,580	25,478
Unearned revenues	(1,200)	(3,987,534)		(3,988,734)	
Customer deposits		80,309		80,309	(101,409)
Total Adjustments	12,707,374	7,703,500	497,830	20,908,704	2,709,904
Net Cash Provided by (Used in) Operating Activities	\$ 23,604,264	\$ 24,452,270	\$ (365,383)	\$ 47,691,150	\$ (455,527)
Noncash Investing, Capital and Financing Activities:					
Capital assets contributed by developers	\$ 5,002,289	\$ 5,186,457		\$ 10,188,746	
Amortization of bond premiums, discounts and issuance costs	60,445	36,425		96,870	

**CITY OF NORTH LAS VEGAS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2010**

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and investments	\$ 15,541,504
Accounts receivable, net of allowance for doubtful accounts	2,085,015
Special assessments receivable	<u>130,341</u>
Total assets	<u>\$ 17,756,860</u>
 LIABILITIES	
Accounts and contracts payable	\$ 8,131,658
Due to other governments	198,982
Funds held for/due to others	<u>9,426,220</u>
Total liabilities	<u>\$ 17,756,860</u>

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Notes to the Financial Statements

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements
For the Year Ended June 30, 2010

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of North Las Vegas (the "City"), incorporated in 1946, is governed by an elected Mayor and four City Council members. The City is a full-service city located at the northern tip of the Las Vegas valley. Services provided by the City include a municipal court, public safety (police and fire), water and wastewater, highways and streets, planning and zoning, parks and recreational facilities, libraries, community development and general administrative services.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental entities in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. As required by GAAP, these financial statements present the activities of the City and its component units. Blended component units, although legally separate entities, are in substance, part of the City's operations and, therefore, data from these units is combined with data of the primary government.

In determining how to define the financial reporting entity, management considered all potential component units using the standards prescribed under GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. These statements define the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organization for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the organization's governing board, and either the ability of the primary government to impose its will on the organization or the possibility that the organization will provide a financial benefit to or impose a financial burden on the primary government. In addition to financial accountability, component units can be other organizations in which the economic resources received or held by that organization are entirely or almost entirely for the direct benefit of the primary government, the primary government is entitled to or has the ability to otherwise access a majority of the economic resources received or held by that organization and the resources to which the primary government is entitled or has the ability to otherwise access are significant to the primary government.

Based on the above criteria, that there are no requirements that would cause the City to be included in another entities' financial statements and the following entities were determined to be component units of the City and have been presented as blended component units, these component units' governing bodies are substantially the same as the governing body of the City.

North Las Vegas Redevelopment Agency (the "Agency")
North Las Vegas Library District (the "Library District")

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

Additionally, the State of Nevada, Department of Taxation, dictates that the Agency and the Library District are legally separate entities for budget reporting purposes and the City provides a majority of services required by the Agency and the Library District, such as financial administration, human resources administration, and redevelopment planning. Revenues for the Agency and Library District are derived from property taxes assessed on the redevelopment district and library district, respectively, and transfers from the City's general fund. Based on these factors, the Agency and Library District are included within the financial statements as special revenue funds using the "blending" method for financial reporting purposes.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double counting of internal activities. Services provided by the general fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the general fund. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and service charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are specifically associated with a specific function or business-type activity. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or business-type activity, (2) operating grants and contributions, and (3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes, internally dedicated resources and other items not properly included among program revenues are reported instead as *general revenues*.

The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component units. Separate statements for each fund category, *governmental, proprietary and fiduciary*, are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column; all remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues, such as fees and/or charges for services and operating expenses generally result from exchange transactions, such as providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Nonoperating revenues, such as subsidies and investment earnings, and nonoperating expenses result from nonexchange transactions or ancillary services.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

statements. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*, the City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements; the City has elected not to follow FASB pronouncements issued after November 30, 1989.

The governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*, whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. When revenues are due, but will not be collected within this 60-day period, the receivable is recorded and an offsetting deferred revenue account is established. Deferred revenues also arise when the government receives resources before it has legal claim to them, and thus in subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed and the revenue is recognized. Expenditures generally are recorded when liabilities are incurred as under accrual accounting; however, debt service expenditures, as well as expenditures related to compensated absences, post-employment benefits other than pensions, and claims and judgments, are recorded only when payment is due.

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, motor vehicle privilege taxes and liquor taxes), gaming taxes, gasoline taxes, grants, franchise fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives payment.

Property tax revenue is recognized in the fiscal year in which the taxes become due to the extent they are collected during the fiscal year or soon enough thereafter that they can be used to finance current period expenditures (no later than 60 days after year end).

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund and accounts for the accumulation of financial resources of the general government, except for those required to be accounted for in a separate fund.

The **Public Safety Tax Fund**, a special revenue fund, accounts for voter-approved property tax overrides to be used exclusively for public safety programs.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

The **Capital Projects Street Improvements Fund** accounts for the design, acquisition, construction and improvements of and to various streets and roadways within the City limits.

The **Capital Projects Civic Center Facilities Fund** accounts for the costs of acquisition, construction, equipping and furnishing of a new civic center facility financed through the sale of general obligation bonds.

The **Capital Projects Municipal Buildings Facilities Fund** accounts for the costs of acquisition, construction, equipping and furnishing of various new facilities, including a police facility for an outlying area, a fire station and a multi-generational center; financing is provided by the sale of general obligation bonds.

The City reports the following major enterprise funds:

The **Wastewater Utility Fund** accounts for the collection and transmission of sewerage. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing and related debt service, billing and collection.

The **Water Utility Fund** accounts for the delivery of water services. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance, financing and related debt service, billing and collection.

Additionally, the City reports the following fund types:

Internal Service Funds account for certain operations that provide services or resources to other departments and/or agencies of the City on a cost-reimbursement basis, such as vehicle acquisition and maintenance and the City's self-insurance program.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds in a fiduciary capacity for individuals, private organizations, other governmental units, and/or other funds and include funds held for inmates, retention requirements pursuant to construction contracts and property assessments pledged for the payment of principal and interest.

D. Assets, Liabilities and Net Assets or Equity

1. Cash and Investments

The City invests by individual fund in two instances, but primarily pools cash resources of all other funds in order to facilitate the management of cash and investments (Note III). Cash includes currency on hand and demand deposits with banks or financial institutions. The city pools its cash resources into an internal investment management pool having the characteristics of a demand deposit account, in that all funds (including the proprietary funds) may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. As such, the cash applicable to any fund is readily identifiable and available to meet operating

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

requirements. With this approach, the City is able to invest the monies at higher interest rates and with longer maturities. With the exception of those funds that are legally required to retain interest earnings, all other interest revenue is recorded as interest income in the general fund.

The City's cash and cash equivalents on deposit with financial institutions are often in excess of federally-insured limits, and the risk of losses related to such concentrations may increase as a result of recent economic developments including, but not limited to, weakness in the commercial and investment banking systems. The extent of a future loss to be sustained as a result of uninsured deposits in the event of a future failure of a financial institution, if any, however, is not subject to estimation at this time.

The City is required to comply with Nevada Revised Statutes (NRS) governing investments and, in that regard, has invested in only (1) the Local Government Pooled Investment Fund administered by the Nevada State Treasurer, with oversight provided by the State's Board of Finance, (2) securities and other obligations of the United States Government, (3) money market mutual funds that invest only in securities issued by United States government agencies, and (4) money market demand deposit accounts. The City may also invest in commercial paper with a remaining maturity of no more than 270 days, bankers' acceptances not exceeding 180 days to maturity and negotiable notes or short-term negotiable bonds issued by local governments of the State of Nevada; however, the City has chosen not to undertake investments in these types of investment securities during the fiscal year ended June 30, 2010.

Investments are stated at fair value based on quoted market prices in accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and for External Investment Pools*.

2. *Receivables and Payables*

Activity between funds that are representative of a lending/borrowing arrangement and are outstanding at the end of the fiscal year (*i.e.*, interfund loans) are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Receivables (Note IV) are shown net of an allowance for uncollectible accounts, if applicable.

3. *Property Taxes*

Property taxes in Nevada are levied in accordance with Article 10 of the State Constitution. Taxes on real property are levied on July 1 of each year and a lien is also placed on the property on July 1. The Clark County Treasurer bills and collects the City's share of property taxes. The County Treasurer then remits on a monthly basis to the City all property taxes collected. The taxes are due on the third Monday in August, but can be paid in quarterly installments on or before the third Monday in August, and the first Monday in October, January and March. 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 from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer may sell the property to satisfy the tax lien.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

4. *Inventories and Prepaid Items*

Most of the City's inventory (Note V) is valued at cost using the first-in/first-out (FIFO) method, with the exception of inventory held for resale, which is valued at market value. Inventories of governmental funds in the fund financial statements are considered consumable supplies and as such, are recorded as expenditures at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the fund financial statements.

5. *Restricted Assets*

The City classifies "customer deposits" as restricted assets. "Unspent bond proceeds" of the City's bond issuances are also reported as restricted assets, as the use of these assets is restricted. In addition, "bond retirement" amounts accumulated to pay debt service payments over the next 12 months are also classified as restricted assets.

6. *Capital Assets*

Capital assets (Note VI), which include land, buildings, equipment and infrastructure (e.g., roads, bridges, curbs and gutters, drainage systems and water and wastewater utility systems) are reported in the proprietary fund financial statements and in the applicable governmental or business-type activities columns in the government-wide financial statements. The City defines capital assets as those assets used in operations with an individual initial cost of \$5,000 or more and an estimated useful life extending beyond a single reporting period. All purchased capital assets are valued at cost or estimated historical cost. Contributed and donated capital assets are recorded at their estimated fair market value on the date of their contribution or donation.

The City's capital assets are depreciated over the following estimated useful lives using the straight-line method:

Buildings	40 years
Improvements other than buildings	15-40 years
Machinery and equipment	5-10 years
Infrastructure	15-100 years

7. *Compensated Absences*

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits which are paid to employees in the event of separation from City employment. A liability for these benefits is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements, as well as reductions in force. These amounts are included as a liability in the government-wide and proprietary fund statements.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

8. *Post-Employment Benefits Other than Pensions (OPEB)*

Effective July 1, 2007, the City implemented the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions* (Note XI). In accordance with the transition rules of the statement, the City elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB obligation at zero for the year ended June 30, 2007. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contributions (ARC) of the City, calculated using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The OPEB obligation at June 30, 2010, was determined by adding the annual OPEB cost and interest earnings to the OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

9. *Long-Term Obligations*

In the government-wide financial statements, and proprietary fund financial statements, long-term debt (Note IX) and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different than the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, the governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and any premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

10. *Inter-fund Transactions*

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed (Note VIII).

11. *Equity Classifications*

In the government-wide and proprietary fund financial statements, equity is classified as net assets and displayed in three components:

Invested in Capital Assets, Net of Related Debt – Consists of capital assets, net of accumulated depreciation, and is reduced by outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

Restricted Net Assets – Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

Unrestricted Net Assets – Consists of all other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is reported as fund balances and is displayed as reserved, unreserved/designated and unreserved/undesignated. Reservations of fund balance are established for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Unreserved/designated fund balances represent amounts that are designated by management for a specific purpose.

12. Use of Estimates

The preparation of these financial statements includes estimates and assumptions made by management that affect the reported amounts; actual results could differ from those estimates.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

The City adheres to the Local Government Budget and Finance Act (Act) incorporated within the Statutes of the State of Nevada, in which annual budgets are legally adopted by the City Council for all funds except Agency Funds. Budgeted revenues and appropriations for all fund types are consistent with accounting principles generally accepted in the United States of America.

On or before April 15, the Finance Director submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada State Department of Taxation and the citizens through public hearings. The Nevada Department of Taxation notifies the City Council of whether or not the budget is in compliance with the law and appropriate regulations. Public hearings, at which all changes made to the tentative budget are indicated, are conducted on the third Tuesday in May. The City Council adopts the budget prior to June 1 and submits it to the Nevada Tax Commission (Department of Taxation) for final approval.

Formal budgetary integration is employed as a management control tool during the fiscal year for all funds. Appropriations lapse at year end and encumbered appropriations are re-appropriated in the ensuing fiscal year.

In accordance with State Statutes, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt service function) of the general, special revenue, and capital projects funds. Pursuant to NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium-term obligation repayments, and other long-term contracts expressly authorized by law. The sum of operating and nonoperating expenses in proprietary funds also may not exceed total appropriations.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

Per State law, the City Manager is authorized to transfer budgeted amounts between functions or funds if the City Council is notified at the next regular meeting and the action is noted in the official minutes. Amendments, which affect the total fund appropriations or transfers between funds, are accomplished through formal City Council approval.

Augmentations and/or amendments to the adopted budget are made a matter of public record by actions of the City Council. The budget reflected in the accompanying financial statements has been amended from the original budget amounts in accordance with State Statutes.

III. Cash and Investments

The cash balances of all funds held by the City are pooled and invested for the purpose of increasing interest earnings through investment activities. Cash and investments are reported as "restricted" or "unrestricted," as appropriate in the government-wide and fund financial statements.

The following is a reconciliation of the City's cash and investments as of June 30, 2010:

Cash:	
Cash on hand	\$ 13,818
Deposits in banks	25,069,476
Investments	380,619,128
Total Cash and Investments	<u>\$405,702,422</u>

Total cash and investments at June 30, 2010, were presented in the City's financial statements as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental activities	\$ 96,849,316	\$100,536,816	\$197,386,132
Business-type activities	64,476,268	128,298,518	192,774,786
Fiduciary funds		15,541,504	15,541,504
Total Cash and Investments	<u>\$161,325,584</u>	<u>\$244,376,838</u>	<u>\$405,702,422</u>

The City manages its investment portfolio in compliance with the NRS and its adopted Cash and Investment Financial Policy. Pursuant to NRS 355.170, permitted investments include obligations of the U.S. Treasury and agencies, not to exceed ten years to maturity; negotiable certificates of deposit issued by insured financial institutions, notes or short-term negotiable bonds issued by other local governments of the State of Nevada; bankers' acceptances eligible for rediscount with the Federal Reserve Bank that do not exceed 180 days in maturity and 20% of total investments; commercial paper having an "A-1" rating or equivalent, not to exceed 270 days to maturity and 20% of total investment; and money market mutual funds invested only in federal government agency securities with an "AAA" rating or equivalent or in repurchase agreements fully collateralized by such securities. Additionally, the City is permitted to purchase for investment the following securities, with certain limitations: notes, bonds and obligations issued by corporations, collateralized mortgage obligations and asset-backed securities.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

A. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for daily operations.

At June 30, 2010, the City had the following investment types and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1 to 3</u>
U.S. Treasury securities	\$ 82,377,123	\$ 13,663,396	\$ 68,713,727
U.S. government-sponsored securities	124,469,477	39,529,327	84,940,150
State Treasurer's investment pool	2,447,179	2,447,179	
Money market mutual funds consisting of U.S. government-sponsored securities	171,325,349	171,325,349	
	<u>\$380,619,128</u>	<u>\$226,965,251</u>	<u>\$153,653,877</u>

B. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. One of the ways that the City manages its credit risk is by purchasing investment securities that are rated "AAA." At June 30, 2010, the rating for each investment type was as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Not Required</u>	<u>AAA</u>	<u>Unrated</u>
		<u>to be Rated</u>		
U.S. Treasury securities	\$ 82,377,123	\$82,377,123		
U.S. government-sponsored securities	124,469,477		\$124,469,477	
State Treasurer's investment pool	2,447,179			\$2,447,179
Money market mutual funds consisting of U.S. government-sponsored securities	171,325,349		171,325,349	
	<u>\$380,619,128</u>	<u>\$82,377,123</u>	<u>\$295,794,826</u>	<u>\$2,447,179</u>

C. Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the entity's deposits may not be returned to it. Pursuant to NRS 356.005, local governments may deposit public money in any insured state or national bank, in any insured credit union or in any insured savings and loan association; however, State Statutes do not specifically require collateral for demand deposits. The City's demand deposits were covered at year end by the Federal Depository Insurance Corporation (FDIC) up to \$250,000 for each financial institution with which the City has demand deposit accounts.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

At June 30, 2010, the carrying amount of the City's cash deposits in financial institutions was \$3,381,134 and the institution's balance was \$4,476,979. The City participates in a collateral pool for public deposits program administered by the Nevada State Treasurer. The program serves as an alternative method to allow financial institutions and local government agencies within the State to participate in a pooled collateralization of their deposits in an efficient and cost effective manner. The program provides for centralized reporting, processing and management of all pledged collateral through the State Treasurer's Office. The State Treasurer requires that acceptable securities pledged as collateral be maintained at 102% of those entities' deposits participating in the pool and that the pledged securities be held by a third party for the benefit of the Nevada State Treasurer. As such, at year end the FDIC covered \$250,000 and the remaining \$4,226,979 was secured by the Nevada State Treasurer's pooled collateral program at 102%.

D. Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party.

At June 30, 2010, the City's individual investments in U.S. Treasuries, U.S. government-sponsored securities and federal agencies were held in the City's name either by the City's contracted custodial services provider or the counterparty to the transaction's trust department.

IV. Receivables

Receivables as of June 30, 2010, including the applicable allowances for doubtful accounts, were as follows:

	General	Public Safety Tax	Capital Projects Street Improvements	Wastewater	Water	Nonmajor Governmental	Nonmajor Proprietary	Totals
Receivables:								
Interest	\$ 1,741,801					\$ 103,077		\$ 1,844,878
Property taxes	279,640	\$ 170,323				173,571		623,534
Grants	187,473		\$ 4,605,346	\$ 6,475,000		10,414,755		21,682,574
Accounts	5,077,501			4,490,927	\$5,318,903	565,602	\$ 330,849	15,783,782
Special assessments						324,529		324,529
Due from other governments	10,049,577			3,207,311		1,923,729	2,522	15,183,139
Due from other funds	11,013,139							11,013,139
Gross receivables	28,349,131	170,323	4,605,346	14,173,238	5,318,903	13,505,263	333,371	66,455,575
Less: Allowance for doubtful accounts	(104,379)			(599,198)	(1,492,013)	(98,437)		(2,294,027)
Net total receivables	\$ 28,244,752	\$ 170,323	\$ 4,605,346	\$13,574,040	\$3,826,890	\$ 13,406,826	\$ 333,371	\$64,161,548

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

V. Inventories

Inventories as of June 30, 2010, were as follows:

	Nonmajor Governmental Funds	Wastewater	Water	Nonmajor Proprietary Funds	Internal Service Funds	Total
Inventories:						
Supplies	\$ 17,748	\$ 15,181	\$ 593,420	\$ 4,757	\$218,728	\$ 849,834
Water stored for future use			1,858,723			1,858,723
Total inventories	<u>\$ 17,748</u>	<u>\$ 15,181</u>	<u>\$2,452,143</u>	<u>\$ 4,757</u>	<u>\$218,728</u>	<u>\$2,708,557</u>

VI. Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases ⁽¹⁾	Decreases ⁽²⁾	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 169,778,044	\$ 4,751,623		\$ 174,529,667
Construction in progress	71,432,567	109,546,896	\$ 278,037	180,701,426
Total capital assets not being depreciated	<u>241,210,611</u>	<u>114,298,519</u>	<u>278,037</u>	<u>355,231,093</u>
Capital assets, being depreciated				
Improvements other than buildings	76,552,155	11,183,608	15,001,436	72,734,327
Buildings and improvements	106,809,253	104,703		106,913,956
Equipment	61,942,004	2,255,823	3,852,392	60,345,435
Infrastructure	762,591,082	33,136,930		795,728,012
Total capital assets being depreciated	<u>1,007,894,493</u>	<u>46,681,064</u>	<u>18,853,828</u>	<u>1,035,721,730</u>
Less accumulated depreciation for:				
Improvements other than buildings	15,188,270	2,206,792	219,817	17,175,245
Buildings and improvements	22,166,797	2,647,824		24,814,621
Equipment	41,285,307	5,813,700	3,316,272	43,782,735
Infrastructure	179,219,093	25,922,042	3,311	205,137,824
Total accumulated depreciation	<u>257,859,468</u>	<u>36,590,358</u>	<u>3,539,400</u>	<u>290,910,424</u>
Governmental activities capital assets, net	<u>\$ 991,245,636</u>	<u>\$ 124,389,225</u>	<u>\$ 15,592,462</u>	<u>\$1,100,042,399</u>

(1) Includes capital assets transferred from proprietary funds.

(2) Includes capital assets transferred to proprietary funds and retired assets.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Increases⁽¹⁾</u>	<u>Decreases⁽²⁾</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 15,585,785			\$ 15,585,785
Construction in progress	58,193,877	\$ 135,427,518	\$ 22,437	193,598,958
Total capital assets not being depreciated	<u>73,779,662</u>	<u>135,427,518</u>	<u>22,437</u>	<u>209,184,743</u>
Capital assets, being depreciated				
Improvements other than buildings	7,511,860			7,511,860
Buildings and improvements	8,536,226			8,536,226
Equipment	6,730,705	141,955	648,482	6,224,178
Infrastructure	272,113,141	10,237,912		282,351,053
Total capital assets being depreciated	<u>294,891,932</u>	<u>10,379,867</u>	<u>648,482</u>	<u>304,623,317</u>
Less accumulated depreciation for:				
Improvements other than buildings	2,594,160	1,246,550		3,840,710
Buildings and improvements	2,060,061	230,997		2,291,058
Equipment	3,821,254	667,647	585,004	3,903,897
Infrastructure	86,494,368	6,463,759		92,958,127
Total accumulated depreciation	<u>94,969,843</u>	<u>8,608,953</u>	<u>585,004</u>	<u>102,993,792</u>
Business-type activities capital assets, net	<u>\$ 273,701,751</u>	<u>\$ 137,198,432</u>	<u>\$ 85,915</u>	<u>\$ 410,814,268</u>

(1) Includes capital assets transferred from governmental funds.

(2) Includes capital assets transferred to governmental funds and retired assets.

Depreciation expense was charged to functions and programs of the City as follows:

Governmental activities:

General government	\$ 25,724,603
Public safety	4,016,470
Judicial	172,301
Public works	5,039,297
Culture and recreation	1,315,399
Community support	98,416
Capital assets held by internal service funds are charged to functions based on their usage	<u>1,343,626</u>
Total depreciation expense - governmental activities	<u>\$ 37,710,112</u>

Business-type activities:

Water	\$ 5,441,279
Wastewater	2,938,051
Golf courses	229,623
Total depreciation expense - business-type activities	<u>\$ 8,608,953</u>

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

In addition, the City has active construction projects as of June 30, 2010. These projects include public safety projects associated with the City's police and fire facilities, as well as installation of traffic signals in developing areas; the design, acquisition, construction and improvements of and to various streets and roadways within the City limits; capital improvements associated with parks and recreation buildings and facilities; costs of acquisition, construction, equipping and furnishing new municipal facilities, including a civic center, multi-generational center and general government capital improvement projects. At June 30, 2010, the City's construction and other significant commitments were as follows:

<u>Project</u>	
Special Revenue Fund - Public Safety Tax	\$ 828,403
Capital Projects Funds - Street Improvements Projects	8,508,859
Capital Projects Funds - Civic Center Facilities	55,719,186
Capital Projects Funds - Various New Municipal Buildings Facilities	4,300,321
Capital Projects Funds - Parks and Recreation	10,675,027
Capital Projects Funds - Public Safety Projects	4,384,239
Water and Wastewater Utility Funds	182,587,571
Total	<u>\$ 267,003,606</u>

VII. Prior Period Adjustments

A. Restatement of Fund Balances, July 1, 2009, for Governmental Funds

During the fiscal year, the City contracted with an independent certified public accountancy firm to assist in determining the City's compliance with State of Nevada Assembly Bill No. 418 (AB 418) for the period of October 1, 2005 through September 30, 2009. As a result of this agreed-upon procedures engagement, it was determined that expenditures totaling \$1,637,065 were charged to incorrect funds. Consequently, a prior period adjustment was recorded revising previously reported beginning fund balances as follows: more COPS fund from \$6,873,549 to \$8,510,614; public safety tax fund from \$13,413,854 to \$12,955,425; general fund from \$39,361,189 to \$38,182,553.

B. Restatement of Net Assets, July 1, 2009, for Governmental Activities

In previous years, for reporting purposes, the City rolled up four fiduciary funds with governmental funds relating to bail deposits and deposit requirements relative to specific conditions. Although in some instances these deposits eventually were recognized by the City as revenues, they are nonetheless, resources held for the benefit of parties outside the government. As a result, a prior period adjustment was recorded reducing previously reported net assets of the City's governmental activities by \$2,781,920.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

VIII. Interfund Receivables, Payables and Transfers

A. Due To/From Other Funds

The outstanding balances between funds result mainly from the time lag between the dates (1) that inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The composition of amounts due to/from other funds reported in the fund financial statements at June 30, 2010, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Public Safety Support	\$ 382,523
	Community Development	2,425,349
	Grant Fund Non-Capital Projects	8,100
	Debt Service	213
	Capital Projects - Parks and Recreation	2,994,944
	Capital Projects - Public Safety	1,291,651
	Capital Projects - Street Improvements	2,504,218
	Fiduciary Fund - Workers' Compensation Retention	1,406,141
Total Due To/Due From Other Funds		<u>\$ 11,013,139</u>

B. Transfers

The City uses transfers to move revenues from the fund that State Statutes or the City's budget requires to collect them to the fund required to expend them and also to move restricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers are reported in the fund financial statements at June 30, 2010, as follows:

		<u>Transfers To</u>						
	<u>General</u>	<u>Public Safety Tax</u>	<u>Capital Projects Street Improvements</u>	<u>Capital Projects Civic Center Facilities</u>	<u>Water Enterprise Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Fund</u>	<u>Total</u>
Transfers from:								
General						\$ 3,205,540	\$ 200,000	\$ 3,405,540
Public Safety Tax						1,068,900		1,068,900
Capital Projects Street Improvements	\$ 713					1,171,877		1,172,590
Capital Projects Civic Center Facilities						6,025,200		6,025,200
Wastewater Enterprise Fund	13,468,246							13,468,246
Water Enterprise Fund	18,403,674			\$ 10,500,000				28,903,674
Nonmajor Governmental Funds	10,369,868	\$ 123,000	\$ 2,906,880	2,692,000	\$ 631,462	13,637,091	175,000	30,535,301
Internal Service Fund	4,553,200							4,553,200
Total transfers	\$46,795,701	\$ 123,000	\$ 2,906,880	\$ 13,192,000	\$ 631,462	\$ 25,108,608	\$ 375,000	\$89,132,651

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

IX. Long-Term Debt

A. Compliance

The City is required to comply with NRS governing debt limitation requirements and, in that regard, is within its legal debt limit at June 30, 2010. In addition, there are a number of limitations and restrictions contained in the various bond indentures with which the City's management believes the City was in compliance at June 30, 2010.

The federal Tax Reform Act of 1986 imposes a rebate requirement with respect to some bonds issued by the City. Under this Act, an amount may be required to be rebated to the United States Treasury (called "arbitrage") for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebutable arbitrage is computed as of each installment computation date and as of the most recent such date, the City's management believes that there is no rebutable arbitrage amount due. Future calculations might result in adjustments to this determination.

B. Capital Lease

In January 2010, the City has entered into a three-year lease agreement as lessee for financing the acquisition of certain exercise equipment for one of the recreation centers with a down payment of \$1,665. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

The assets acquired through the capital lease are as follows:

Asset:	<u>Governmental Activities</u>
Machinery and equipment	\$ 44,820
Less: Accumulated depreciation	(469)
Total	<u>\$ 44,351</u>

C. Current Refunding

On May 27, 2010, the City issued \$3,145,000 in General Obligation (Limited Tax) Medium-Term Refunding Bonds, Series 2010 (the "Refunding Bonds"). These Bonds were issued to refund \$3,005,000 of outstanding Series 2004 Bonds (the "Refunded Bonds") with an average interest rate of 4.5%. The Refunding Bonds bear an interest rate of 4.38%. The net proceeds of \$3,071,110 (after an underwriter's discount of \$5,000 and issuance costs of \$68,890) were deposited with an escrow agent to provide for the debt service payment on the outstanding Series 2004 Bonds. As a result, these Bonds are considered to be defeased and the related liability has been removed from the City's governmental activities column of the statement of net assets. The purpose of the refunding was to reduce the debt service payments over the next few years due to decreasing revenues.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

statements as a deduction from bonds payable, will be charged to governmental activities through the year 2014, the remaining life of the Bonds. The transaction resulted in an economic loss (difference between the present values of the debt service payments on the old and new debt) of \$66,947

D. New Debt Issue

On June 17, 2010, the City issued \$145 million in Water and Wastewater Improvement Bonds (Additionally Secured by Pledged Revenues) (Taxable Direct Pay Build America Bonds) Series 2010A with an average interest rate of 4.22%. The net proceeds of \$143,540,927 (after an underwriter's discount of \$939,073 and issuance costs of \$520,000) will be used to acquire and construct improvement projects for the City's water and wastewater systems, including completion of the City's Wastewater Reclamation Facility.

The City issued these taxable Build America Bonds ("BAB") under the *American Recovery and Reinvestment Act of 2009*, which allows the City to issue taxable bonds and receive a payment from the federal government amounting to 35% of the interest due on each semi-annual payment date (the "BAB Credit"). Currently, the issuance of taxable bonds, which are offset with a BAB Credit, is a less expensive method of financing, rather than the traditional tax-exempt bonds.

E. Changes in Long-Term Liabilities

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the following totals for governmental activities. At year end, \$328,690 of internal service funds accrued compensated absences are included in the amounts listed in the following schedule.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

F. Changes to Long-Term Debt

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds Payable:					
\$5,000,000 2000 Recreation Center Building Bonds due in annual installments through March 2010; interest varies between 5% and 5.2%	\$ 625,000		\$ 625,000		
\$2,500,000 2002 Judicial/Public Safety Facilities Bonds due in annual installments through May 2018; interest varies between 3.7% and 4.9%	1,185,000		110,000	\$ 1,075,000	\$ 115,000
\$4,915,000 2002 Street Improvement refunding Bonds due in annual installments through May 2014; interest varies between 3.7% and 4.5%	2,495,000		500,000	1,995,000	520,000
\$32,500,000 2003 Judicial/Public Safety Facilities bonds due in annual installments through March 2023; interest varies between 3% and 5%	19,715,000		1,380,000	18,335,000	1,435,000
\$7,465,000 2004 Jail Facility refunding bonds due in annual installments through April 2011; interest varies between 2.5% and 3.5%	2,270,000		1,120,000	1,150,000	1,150,000
\$5,000,000 2004 Library District medium-term bonds due in annual installments through June 2014; interest is at 4.5%	3,005,000		3,005,000		
\$55,000,000 2006 Public Buildings Facilities medium-term bonds due in annual installments through March 2016; interest varies between 4% and 5%	40,625,000		5,130,000	35,495,000	5,335,000
\$105,000,000 2006 Civic Center Facilities bonds due in annual installments through May 2036; interest varies between 4.25% and 5%	104,445,000		825,000	103,620,000	1,140,000
\$7,630,000 2007A Judicial/Public Safety Facilities refunding bonds due in annual installments through May 2023; interest is at 4.15%	7,630,000			7,630,000	
\$1,530,000 2007B Street Improvement refunding bonds due in annual installments through June 2015; interest varies between 3.76% and 4.02%	1,340,000		198,000	1,142,000	207,000

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
\$3,145,000 2010 Library District medium-term refunding bonds due in annual installments through April 2020; interest is at 4.38%		\$ 3,145,000		3,145,000	
\$46,359 2010 Capital lease due in monthly installments through April 2013		46,359		46,359	19,980
	<u>183,335,000</u>	<u>3,191,359</u>	<u>12,893,000</u>	<u>173,633,359</u>	<u>9,921,980</u>
Special Assessment Bonds Payable:					
\$2,468,000 2002 SIAD No. 58 (Craig Road Phase I) improvement bonds due in annual installments through August 2011; interest varies between 4% and 4.5%	455,000		140,000	315,000	150,000
\$1,289,100 2003 SIAD No. 59 (Craig Road Phase II) improvement bonds due in semi-annual installments through December 2013; interest is at 4%	116,000		23,700	92,300	29,200
\$3,250,000 2007 SIAD No. 61 (Ann Road) improvement bonds due in semi-annual installments through March 2017; interest is at 3.829%	2,688,400		293,200	2,395,200	304,500
\$1,250,000 2007 SIAD No. 62 (Clayton Street) improvement bonds due in semi-annual installments through March 2017; interest is at 3.829%	1,034,000		112,800	921,200	117,100
\$12,680,000 2007 SIAD No. 63 (Lamb Blvd.) improvement bonds due in semi-annual installments through May, 2017; interest varies between 3.4 and 4 %.	11,640,000		1,090,000	10,550,000	1,140,000
	<u>15,933,400</u>		<u>1,659,700</u>	<u>14,273,700</u>	<u>1,740,800</u>
Deferred Amounts:					
Issuance discounts	(39,513)		(4,425)	(35,088)	(6,530)
Issuance premiums	4,088,373		291,413	3,796,960	238,751
Issuance costs	(1,805,741)	47,183	(143,088)	(1,709,836)	168,948
	<u>2,243,119</u>	<u>47,183</u>	<u>143,900</u>	<u>2,052,036</u>	<u>401,169</u>
Compensated Absences Payable	24,416,626	19,615,077	10,585,834	33,445,869	12,838,147
Total governmental activities	<u>225,928,145</u>	<u>22,853,619</u>	<u>25,282,434</u>	<u>223,404,964</u>	<u>24,902,096</u>

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
General obligation bonds payable:					
\$15,000,000 1999 Water/Wastewater general obligation revenue bonds due in annual installments through August 2009; interest varies between 4.875% and 4.9%	690,000		690,000		
\$704,000 2003A Water/Wastewater general obligation refunding revenue bonds due in annual installments through October 2012; interest is at 4.15%	568,000		5,000	563,000	179,000
\$8,685,000 2003B Water general obligation refunding revenue bonds due in annual installments through November 2015; interest varies between 3% and 5%	3,415,000		465,000	2,950,000	480,000
\$14,365,000 2005A Water/Wastewater general obligation refunding revenue bonds due in annual installments through December 2017; interest is at 5%	13,170,000		1,255,000	11,915,000	1,325,000
\$10,030,000 2005B Water/Wastewater general obligation refunding revenue bonds due in annual installments through August 2019; interest varies between 3.25% and 4%	10,030,000			10,030,000	840,000
\$140,000,000 2006 General obligation Wastewater reclamation system bonds due in annual installments through October 2036; interest varies between 4% and 5%	140,000,000		2,550,000	137,450,000	2,655,000
\$5,713,000 2007 Water/Wastewater general obligation refunding revenue bonds due in annual installments through September 2014; interest is at 3.885%	5,217,000		1,092,000	4,125,000	966,000
\$145,000,000 2010A Water/Wastewater improvement bonds (Build America Bonds) due in annual installments through June 2040; interest varies between 4.137% and 6.572%		145,000,000		145,000,000	
	<u>173,090,000</u>	<u>145,000,000</u>	<u>6,057,000</u>	<u>312,033,000</u>	<u>6,445,000</u>
Deferred Amounts:					
Issuance discounts	(1,423)		(356)	(1,067)	(356)
Issuance premiums	4,240,147		259,209	3,980,938	259,209
Issuance costs	(1,984,999)	1,485,669	(161,983)	(3,308,685)	(152,203)
	<u>2,253,725</u>	<u>1,485,669</u>	<u>96,870</u>	<u>671,186</u>	<u>106,650</u>
Compensated Absences Payable	<u>1,415,343</u>	<u>1,473,064</u>	<u>653,687</u>	<u>2,234,721</u>	<u>842,300</u>
Total business-type activities	<u>176,759,068</u>	<u>147,958,733</u>	<u>6,807,557</u>	<u>314,938,907</u>	<u>7,393,950</u>
Total Long-term Debt	<u>\$ 402,687,213</u>	<u>\$170,812,352</u>	<u>\$ 32,089,991</u>	<u>\$ 538,343,871</u>	<u>\$ 32,296,046</u>

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

G. Annual Payment Requirements for Debt Service

The annual requirements to pay principal and interest on all bonds outstanding at June 30, 2010, was as follows:

Year Ending June 30	General Obligation Ad Valorem Debt		General Obligation Non-Ad Valorem Debt		Special Assessment Debt		Total Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities:								
2011	\$1,877,000	\$171,783	\$ 8,025,000	\$ 7,933,282	\$ 1,740,800	\$ 536,989	\$ 11,642,800	\$ 8,642,054
2012	760,000	101,703	8,365,000	7,554,280	1,817,600	462,790	10,942,600	8,118,873
2013	798,000	69,947	9,035,000	7,216,407	1,715,600	391,311	11,548,600	7,677,665
2014	605,000	35,906	9,410,000	6,840,684	1,780,000	322,239	11,795,000	7,198,829
2015	247,000	9,929	9,840,000	6,449,154	1,830,700	251,026	11,917,700	6,710,110
2016-20			27,410,000	27,279,004	5,389,000	308,177	32,799,000	27,587,183
2021-25			23,200,000	21,926,318			23,200,000	21,926,318
2026-30			28,795,000	15,750,200			28,795,000	15,750,200
2031-35			36,735,000	7,810,250			36,735,000	7,810,250
2036-40			8,485,000	424,250			8,485,000	424,250
	<u>4,287,000</u>	<u>389,268</u>	<u>169,300,000</u>	<u>109,183,929</u>	<u>14,273,700</u>	<u>2,272,532</u>	<u>187,860,700</u>	<u>111,845,731</u>
Business-Type Activities:								
2011			6,445,000	16,481,875			6,445,000	16,481,875
2012			6,452,000	16,605,679			6,452,000	16,605,679
2013			6,745,000	16,316,924			6,745,000	16,316,924
2014			6,837,000	16,029,675			6,837,000	16,029,675
2015			7,109,000	15,720,276			7,109,000	15,720,276
2016-20			34,565,000	73,854,757			34,565,000	73,854,757
2021-25			42,625,000	64,384,723			42,625,000	64,384,723
2026-30			53,260,000	51,374,144			53,260,000	51,374,144
2031-35			66,335,000	35,232,751			66,335,000	35,232,751
2036-40			81,660,000	15,584,204			81,660,000	15,584,204
			<u>312,033,000</u>	<u>321,585,007</u>			<u>312,033,000</u>	<u>321,585,007</u>
Total	<u>\$4,287,000</u>	<u>\$389,268</u>	<u>\$481,333,000</u>	<u>\$430,768,936</u>	<u>\$14,273,700</u>	<u>\$2,272,532</u>	<u>\$499,893,700</u>	<u>\$433,430,738</u>

H. Special Assessment Debt

During fiscal 1994 and 2006, the City issued \$2,961,790 and \$42,180,000, respectively, in special assessment local improvement bonds. The full faith and credit of the City is not pledged for the repayment of these bonds and they do not constitute a debt of the City; thus, the debt is not included in the City's financial statements. In the event of a delinquency in the payment of any assessment installment, the City will not have any obligation with respect to these bonds other than to apply reserve funds and to commence foreclosure proceedings with respect to the property being assessed.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

I. Subsequent Activity

The City Council authorized the sale of \$17,090,000 of a General Obligation (Limited Tax) Medium-Term Refunding Bond to refund outstanding General Obligation (Limited Tax) Medium Term Bonds issued in 2006 totaling \$55 million. The City contributed unspent bond proceeds from the 2006 issue totaling \$20 million to the refunding transaction. The delivery and settlement of the bond subsequently occurred on July 1, 2010. The new Bond matures July 1, 2020 and the coupon rate is 4.18%.

J. Defeased Debt

In May 2007, the City issued \$7,630,000 in general obligations bonds. The proceeds were used to defease \$710,000 of the 2002 Judicial/Public Safety Bonds and to defease \$6,525,000 of the 2003 Judicial/Public Safety Bonds. The bonds were defeased to take advantage of lower interest rates in order to achieve a debt service savings. As of June 30, 2010, the outstanding portion of the 1997 Judicial/Public Safety defeased bonds was \$7,235,000.

K. Compensated Absences

The liability for compensated absences is included on the government-wide statement of net assets. It will be liquidated through the employee benefits internal service fund, which is funded by assessing a flat percentage to each fund based on the fund's gross salaries. Current balances of accumulated vacation, holiday, compensatory and sick leave pay as of June 30, 2010, were as follows:

	Governmental Activities	Business-Type Activities	Total
Absence type:			
Annual leave	\$ 9,769,247	\$ 872,072	\$ 10,641,319
Holiday	6,398,627	280,430	6,679,057
Compensatory	4,685		4,685
Sick	17,273,310	1,082,219	18,355,529
Total compensated absences payable	<u>\$ 33,445,869</u>	<u>\$ 2,234,721</u>	<u>\$ 35,680,590</u>

The current and noncurrent balances for compensated absences payable as of June 30, 2010, were as follows:

	Governmental Activities	Business-Type Activities	Total
Compensated absences payable:			
Current portion	\$ 12,838,147	\$ 842,300	\$ 13,680,447
Noncurrent portion	20,607,722	1,392,421	22,000,143
	<u>\$ 33,445,869</u>	<u>\$ 2,234,721</u>	<u>\$ 35,680,590</u>

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

X. Defined Benefit Pension Plan

Eligible employees and elected officials of the City participate in the Nevada Public Employees' Retirement System (the "Plan"), a cost-sharing, multiple-employer, public employee retirement system. The Plan was established in 1949 by the State Legislature and is governed by the Public Employees Retirement Board, whose seven members are appointed by the Governor. The City does not exercise any control over the Plan and is not liable for any obligations thereof. Salaries and wages of \$139,910,987 for the year ended June 30, 2010, were subject to contributions to the Plan. Under State Statutes, eligible regular and safety (police and fire) employees of the City are covered under the Plan with the City contributing 21.5% and 37% of their salary, respectively, to the Plan for the year ended June 30, 2010.

Contribution rates are established by NRS, are tied to the increase in taxable sales within the State each year, and provide for yearly increases of up to 1% until such time as the actuarially determined unfunded liability of the Plan is reduced to zero. Contributions payable to the Plan are billed on the basis of salaries paid during the Plan fiscal year ending June 30, and are made in accordance with funding requirements determined by the actuary of the Plan. The contributions for salaries paid for the fiscal year ended June 30, 2010, were made in monthly installments for the year commencing in August 2009. Contributions to the Plan made by the City over the past three years, which were equal to the required contributions, were as follows:

Year Ended June 30:	Contribution to the Plan
2008	\$33,610,014
2009	36,260,095
2010	38,869,843

All persons employed in positions considered to be one-half time or more participate in the Plan. Regular employees who retire at age 65, with at least five years of credited service, at age 60 with at least 10 years of credited service, or at any age with 30 years of credited service and police or fire employees who retire at age 65 with five years of service, at age 55 with 10 years of service, at age 50 with 20 years of service or at any age with 30 years of service, are entitled to a retirement benefit, payable monthly for life. The benefit is equal to 2.67% of their average salary for each year of credited service up to a maximum of 90% if hired before July 1, 1985, and up to a maximum of 75% if hired on or after that date. Average salary is the employee's average compensation for the 36 consecutive months of highest compensation; benefits fully vest upon reaching five years of service. Vested employees who have the necessary years of credited service, but have not reached the required age, may retire at any age with the benefit actuarially reduced by 4% of the unmodified benefit for each year the member is under the appropriate retirement age. The Plan also provides for death and disability benefits, which are established by State Statutes.

The contribution liability as of June 30, 2010, was as follows:

Governmental	Business-	
<u>Activities</u>	<u>Type</u>	
	<u>Activities</u>	<u>Total</u>
\$ 2,672,403	\$149,768	\$2,822,171

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

The liability as of June 30, 2010, includes the period from July 1, 2009, through June 30, 2010. The City records pension costs on the accrual basis for all funds. An annual report containing financial statements and required supplemental information for the State of Nevada Public Employees Retirement System (PERS) may be obtained by writing PERS, 693 West Nye Lane, Carson City, Nevada 89703-1599.

XI. Other Post-Employment Benefits

The City provides other post-employment benefits (OPEB) for all its non-Teamster employees through a cost-sharing, multiple-employer, defined benefit healthcare plan and an agent multiple-employer defined benefit healthcare plan. The City also participates in the Teamsters Security Fund for Southern Nevada, a cost-sharing multiple-employer defined benefit plan that covers the City's International Brotherhood of Teamsters employees.

A. Non-Teamster Employees

Plan Information – In accordance with State Statutes, retirees of the City may continue insurance coverage through existing plans, if enrolled as an active employee at the time of retirement. There are three options offered by the City for eligible active non-Teamster employees and retirees. Active non-Teamster employees have access to Anthem Blue Cross Blue Shield (the City Plan), which is a fully insured health maintenance organization (HMO) plan. Prior to September 1, 2008, eligible non-Teamster retirees had the option to participate in the Nevada Public Employees Benefit Program (PEPB). In addition, the City also offers a Life Insurance Plan (Life Insurance) for both active and retiree non-Teamster employees

The City Plan and PEBP provide medical, dental and vision benefits to eligible active and retired employees and their beneficiaries. PEBP benefit provisions are established by the State Legislature. PEBP issues a publicly available financial report that includes financial statements and required supplementary information. This report can be obtained by writing PEBP, 901 South Stewart Street, Suite 1001, Carson City, Nevada 89701 and the Teamsters Plan report can be obtained by writing Teamsters Local Union 14, Security Fund for Southern Nevada, 1250 S. Burnham Avenue, Las Vegas, Nevada, 89104.

Funding Policy – Contribution requirements of plan members and the City under the City Plan and the Life Insurance are established and may be amended by the City Council.

The City currently pays 100% of the premiums for active employee coverage under the City Plan at an average cost of \$865 per employee per month for the fiscal year ended June 30, 2010. Retirees enrolled in the plan receive no direct subsidy from the City. Under State Statutes, retiree loss experience is pooled with active loss experience for the purpose of setting rates. The difference between the true claims cost and the blended premium is an implicit rate subsidy that creates an other post-employment benefit (OPEB) cost for the City.

The City is required to pay PEBP an explicit subsidy, based on years of service, for retirees who are enrolled in this plan. In 2010, retirees were eligible for a \$79 per-month subsidy after five years of service with any Nevada state or local government agency(ies). The maximum subsidy of

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

\$436 per month is earned after 20 years of combined service with any eligible agency(ies) and is set by State Legislation.

The annual OPEB cost for each plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded liabilities (or funding excess) over a period not-to-exceed thirty years.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plans and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress presented as Required Supplementary Information following the notes to financial statements, provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the plan members at that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and value of assets, consistent with the long-term perspective of the calculations.

Significant methods and assumptions are as follows:

Actuarial Valuation Date	Actuarial Methods				Actuarial Assumptions	
	Actuarial Cost Method	Amortization Method	Remaining Amortization Period	Asset Valuation Method	Investment Rate of Return	Healthcare Inflation Rate(s)
June 30, 2008	Entry Age Normal	Level Dollar	28 Years	No Assets in Trust	4%	12% Initially 5% Ultimately

The City's actuarial valuation results of it's OPEB at June 30, 2010, are as follows:

	City Plan	PEBP	Life Insurance	Total
Annual Required Contribution (ARC)				
Normal cost	\$ 1,033,351		\$ 127,137	\$ 1,160,488
Amortization of UAAL	403,494	\$ 1,214,453	89,394	1,707,342
Interest on net OPEB Obligation	105,984	33,896	8,847	148,725
Subtotal	1,542,829	1,248,349	225,378	3,016,555
ARC Adjustment	(54,310)	(2,276)	(669)	(57,254)
Contributions made	(219,403)	(681,448)	(50,556)	(951,407)

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

Increase in net OPEB obligation	\$	1,269,116	\$	564,625	\$	174,153	\$	2,007,893
Net OPEB obligation, July 1	\$	2,649,608	\$	847,349	\$	221,178	\$	3,718,135
Net OPEB obligation, June 30	\$	3,918,724	\$	1,411,974	\$	395,331	\$	5,726,028

	City Plan	PEBP	Life Insurance
Actuarial Accrued Liability (AAL)	\$ 9,946,490	\$21,056,976	\$2,203,647
Current actuarial value of assets			
Unfunded Actuarial Accrued Liability (UAAL)	\$ 9,946,490	\$21,045,976	2,203,647
Funded ratio (actuarial value of plan assets / AAL)	0.00%	0.00%	0.00%
Covered payroll	\$74,691,727	\$74,691,727	\$74,691,727
UAAL as percentage of covered payroll	13.32%	28.18%	2.95%

The City's annual OPEB cost, the percentage of annual cost contributed and the net OPEB obligation for 2010, 2009 and 2008 were as follows:

	Year Ended June 30,	Annual OPEB Cost	Percent of OPEB Cost Contributed	Net OPEB Obligation
City Plan	2010	\$ 1,494,319	14.68%	\$ 3,918,724
	2009	1,499,713	13.39%	1,298,828
	2008	1,499,713	13.39%	1,298,828
PEBP	2010	1,263,031	53.95%	1,411,974
	2009	1,063,102	79.88%	213,932
	2008	1,063,102	79.88%	213,932
Life Insurance	2010	225,193	22.45%	395,331
	2009	195,112	44.43%	108,421
	2008	195,112	44.43%	108,421

The City utilizes the self-insurance reserve internal service fund (self-insurance reserve) to allocate OPEB costs. Each fund incurs a charge for service from the self-insurance reserve for its portion of the annual OPEB costs based on each fund's actual salary costs. As of June 30, 2010, the self-insurance reserve has \$22,215,172 in cash and investments held on behalf of the City. The City intends to use some of these assets for future OPEB funding. Because these assets are not held in an irrevocable trust, they are not considered plan assets at this time and as such, are not reflected in any OPEB funding schedules. However, pursuant to an actuarial valuation study, the City has

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

recorded a liability in the self-insurance reserve as of June 30, 2010, in the amount of \$5,726,028. The City is required to have its actuarial valuation study updated every two years and will make funding decisions with regard to OPEB costs accordingly.

B. Teamster Employees

As noted above, the City participates in the Teamsters Security Fund for Southern Nevada (the Teamsters Plan), a cost-sharing, multiple-employer defined benefit plan that covers the City's International Brotherhood of Teamsters employees.

Plan Information – The plan available to active and retiree employees represented by the International Brotherhood of Teamsters is the Teamsters Plan, which is a preferred provider organization (PPO) and administered by Zenith Administrators, Inc. The Teamsters Plan is a welfare benefit plan that provides hospital, medical, prescription, dental, vision, life and accidental death and dismemberment insurance. Financial statements for the Teamsters Plan can be obtained by writing Zenith Administrators, Inc., 101 Convention Center Drive, Suite 600, Las Vegas, Nevada, 89109.

Funding Policy – The plan is financed by employer contributions pursuant to collective bargaining agreements, interest earned on the investment of reserve funds and through voluntary contributions of participants to retain eligibility. No contributing employer has liability, directly or indirectly, to provide the benefits established under the plan beyond the obligation to make contributions as stipulated in the respective collective bargaining agreement. The Teamsters Plan clearly states that benefits are not guaranteed to always be available and that events may occur that force the trustees of the Teamsters Plan to change, reduce and/or eliminate the Teamster Plan altogether. The City contributes \$792 per month for each active Teamster employee and has no monetary obligation to the Teamsters Plan for retirees. The City's contributions to the Teamsters Plan for the years ended June 30, 2009 and 2010 were \$9,367,147, and \$8,384,042, respectively, which equaled the required contributions each year. The amount of covered payroll and number of Teamster employees at June 30, 2009, was \$74,987,259 and 1,014; the amount of covered payroll and number of Teamster employees at June 30, 2010, was \$74,691,727 and 803.

XII. Risk Management

The City's operating activities are concentrated in the Las Vegas, Nevada metropolitan area; and therefore, realization of the City's receivables and its future operations could be affected by an adverse change in the economic conditions in the area.

The United States is experiencing a widespread recession accompanied by declines in residential real estate sales, mortgage lending and related construction activity, higher energy costs and other inflationary trends, and weakness in the commercial and investment banking systems, and is engaged in a war, all of which are likely to have far-reaching effects on the economic activity in the country for an indeterminate period. The near- and long-term impact of these factors on the

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

southern Nevada economy and the City's operating activities cannot be predicted at this time but may be substantial.

In the ordinary course of its operations, claims are filed against the City. It is the opinion of management that these claims will not have any material adverse effect on the City's financial position, results of operation, or cash flows.

The City does not accrue for estimated future legal and defense costs, if any, to be incurred in connection with outstanding or threatened litigation and other disputed matters but rather, records such as period costs when services are rendered.

The City is exposed to various risks of losses related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, state and local governments are required to report a liability for claims if information available prior to issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In addition, there are also situations in which incidents occur before the balance sheet date but claims are not reported or asserted when the financial statements are prepared. In these instances, claims have been estimated based upon the City's past experience adjusted for current trends. These claims are included in accounts payable and accrued expenses in the government-wide financial statements.

The City maintains a self-insurance internal service funds for the following types of risk exposure:

Liability Insurance – The City maintains its self-insurance fund to cover all liability and property damage claims made or occurring prior to securing its excess liability policy. NRS 41.035 caps the City's tort liability to \$50,000 per claim for causes of action, which occurred on or before September 30, 2007, to \$75,000 per claim for causes of action, which occurred on or after October 1, 2007, and to \$100,000 per claim for causes of action, which occur on or after October 1, 2011. These caps do not apply to civil rights claims against the City in either State or Federal courts.

Workers' Compensation – The City maintains a self-insurance fund related to workers' compensation claims. Self-insurance is in effect up to an individual stop-loss amount of \$1,500,000 per claim for public safety employees and \$750,000 per claim for all other employees. Coverage from private insurers is maintained for losses in excess of the claim stop loss amount up to \$1,000,000 per accident. Settlement claims have not exceeded the commercial coverage in any of the past four fiscal years.

Other Post-Employment Benefits – The City maintains a self-insurance fund for unemployment compensation, post-employment benefits other than pensions and employee separation leave benefit distributions. The City reimburses the State for the actual costs of unemployment claims on a quarterly basis. Earned but unused leave benefits are distributed to employees from this fund at separation.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to the Financial Statements (continued)
For the Year Ended June 30, 2010

Changes in the claims liability amounts for the past two years were as follows:

	Liability	Current Year Claims and Changes in	Claim	Liability
	<u>July 1, 2009</u>	<u>Estimates</u>	<u>Payments</u>	<u>June 30, 2010</u>
Liability	\$ 3,157,014	\$ 1,808,788	\$ 1,968,252	\$ 2,997,550
Workers' compensation	2,573,210	1,661,519	2,112,237	2,122,492
Other post-employment benefits (OPEB)	3,307,209	2,418,819		5,726,028
Unemployment claims and leave payouts		9,160,017	9,160,017	
Total	<u>\$ 9,037,433</u>	<u>\$ 15,049,143</u>	<u>\$13,240,506</u>	<u>\$ 10,846,070</u>

	Liability	Current Year Claims and Changes in	Claim	Liability
	<u>July 1, 2008</u>	<u>Estimates</u>	<u>Payments</u>	<u>June 30, 2009</u>
Liability	\$ 2,053,595	\$ 2,165,113	\$ 1,061,694	\$ 3,157,014
Workers' compensation	2,283,869	1,644,063	1,354,722	2,573,210
Other post-employment benefits (OPEB)	6,069,000	(2,761,791)		3,307,209
Unemployment claims and leave payouts		4,214,821	4,214,821	
Total	<u>\$10,406,464</u>	<u>\$ 5,262,206</u>	<u>\$ 6,631,237</u>	<u>\$ 9,037,433</u>

Required Supplementary Information

CITY OF NORTH LAS VEGAS, NEVADA
Required Supplementary Information
For the Year Ended June 30, 2010

Schedule of Funding Progress, Post-Employment Benefits Other Than Pensions

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percent of Covered Payroll
<u>City Plan</u>						
June 30, 2008		\$ 9,946,490	\$ 9,946,490	0%	\$ 74,691,727	13.32%
<u>PEBP⁽¹⁾</u>						
June 30, 2008		21,056,976	21,056,976	0%	74,691,727	28.18%
<u>Life Plan</u>						
June 30, 2008		2,203,647	2,203,647	0%	74,691,727	2.95%

⁽¹⁾ PEBP is a closed plan; and therefore, there are no current employees covered by the plan.

CITY OF NORTH LAS VEGAS, NEVADA
Notes to Required Supplementary Information
For the Year Ended June 30, 2010

I. Post-Employment Benefits Other Than Pensions

The June 30, 2008, actuarial valuation was the first valuation of the post-employment benefit plans; however, due to a misinterpretation, the City had the June 30, 2008, actuarial valuation recalculated. As additional actuarial valuations are obtained, this schedule will ultimately present information from the three most recent valuations.

For the year ended June 30, 2010, no significant events occurred that would have affected, and therefore, would have changed the benefit provision, size or composition of those covered by the other post-employment benefit plans, or the actuarial methods and assumptions used in the revised actuarial valuation report dated June 30, 2008.

The actuarial accrued liability and unfunded actuarial accrued liability involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. The estimates are subject to continual revision.

Additional information related to post-employment benefits other than pensions can be found in Note XI to the City's financial statements.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

The following is a brief summary of certain provisions of the Bond Ordinance and is qualified in its entirety by the provisions of the Bond Ordinance itself.

Definitions

As used in the Bond Ordinance, the following terms shall, for all purposes, have the following meanings unless the context clearly requires otherwise.

"annual principal and interest requirements" means the sum of the principal of and interest on the Outstanding Bonds and any other Outstanding designated securities payable from the Pledged Revenues having a lien thereon superior to or on a parity with the lien thereon of the Bonds, to be paid during any Bond Year, but excluding any amount payable from capitalized interest; and any reserve requirements to secure such payments unless otherwise expressly provided.

In calculating this amount, the principal amount of bonds required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the ordinance or other instrument authorizing the issuance of such bonds shall be treated as maturing in the Bond Year in which such bonds are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such bonds occurs.

"Bond Act" means NRS 350.500 through 350.720, and all laws amendatory thereof, designated in 350.500 thereof as the Local Government Securities Law.

"Bond Fund" or "2011 Bond Fund" means the special account designated as the "City North Las Vegas, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2011, Pledged Revenues, Interest and Principal Retirement Fund," created in the Bond Ordinance.

"Bond Requirements" means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds and any additional bonds or other additional securities payable from the Pledged Revenues and hereafter issued, or such part of such securities or such other securities relating to the Project as may be designated, as such principal, premiums and interest become due at maturity or on a Redemption Date designated in a mandatory redemption schedule, in a notice of prior redemption, or otherwise.

"2002 Bonds" means the securities designated as the "City of North Las Vegas, Nevada, General Obligation (Limited Tax) Judicial/Public Safety Bonds (Additionally Secured by Pledged Revenues), Series 2002."

"2003 Bonds" means the securities designated as the "City of North Las Vegas, Nevada, General Obligation (Limited Tax) Judicial/Public Safety Bonds (Additionally Secured by Pledged Revenues), Series 2003."

"2006 Bonds" means the securities designated as the "City of North Las Vegas, Nevada, General Obligation (Limited Tax) Building Bonds (Additionally Secured by Pledged Revenues), Series 2006."

"2007 Bonds" means the securities designated as the "City of North Las Vegas, Nevada, General Obligation (Limited Tax) Judicial/Public Safety Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2007A."

"Bonds" means the securities designated as the "City of North Las Vegas, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2011."

"Bond Year" means the 12 months commencing on June 2 of any calendar year and ending on June 1 of the next succeeding calendar year.

"Budget Act" means NRS 354.470 to 354.626, inclusive, and all laws amendatory thereof, designated in 354.470 thereof as the Local Government Budget Act.

"City" means the city of City North Las Vegas in the State, and constituting a political subdivision thereof, or any successor municipal corporation.

"City Finance Director" or "Finance Director" means the de jure or de facto chief financial officer of the City and designated as such by the City, or his or her successor in functions, if any.

"City Manager" means Acting City Manager, as chief administrative officer of the City.

"City Treasurer" or "Treasurer" means the de jure or de facto city treasurer of the City and designated as such by the City, or his or her successor in functions, if any.

"Clerk" or "City Clerk" means the de jure or de facto county clerk of the City and designated as such by the City, or his successor in functions, if any.

"combined maximum annual principal and interest requirements" means the greatest of the annual principal and interest requirements to be paid during any Bond Year for the period beginning with the Bond Year in which such computation is made and ending with the Bond Year in which any bond last becomes due at maturity or on a Redemption Date on which any bond thereafter maturing is called for prior redemption. If any outstanding bonds are subject to variable interest rates, for the purpose of such computation, such interest rates shall be determined by an Independent Accountant, an independent feasibility consultant or the City Finance Director. Any such computation shall be adjusted as provided in Section 803C of the Bond Ordinance, and shall be made by an Independent Accountant, an independent feasibility consultant or the City Finance Director if expressly so required.

"Costs of Issuance Account" means the special account designated as the "City of North Las Vegas, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2011, Costs of Issuance Account," created in the Bond Ordinance.

"Escrow Account" means the special account designated as the "City of North Las Vegas, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2011, Escrow Account," created in the Bond Ordinance.

"Escrow Agent" means The Bank of New York Mellon Trust Company, N.A., or any successor escrow agent for the Refunded Bonds.

"Escrow Agreement" means the Escrow Agreement relating to the Refunded Bonds between the City and the Escrow Agent, as it may be amended or modified from time to time in accordance with its terms.

"Events of Default" means the events stated in Section 1103 of the Bond Ordinance.

"Federal Government" means the United States, or any agency, instrumentality or corporation thereof.

"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.

"Fiscal Year" means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year; but if the Nevada legislature changes the statutory fiscal year relating to the City, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such modification, if any.

"General Tax Interest Fund" means the "City North Las Vegas, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2011, General Tax Interest Fund," created in the Bond Ordinance.

"General Tax Principal Fund" means the "City North Las Vegas, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2011, General Tax Principal Fund," created in the Bond Ordinance.

"General Taxes" or "Taxes" means general (ad valorem) taxes levied by the City against all taxable property within the boundaries of the City (unless otherwise qualified).

"Income Account" means the special account designated as the "City North Las Vegas, Nevada, Consolidated Tax Pledged Revenues Income Account" created in the ordinance authorizing the issuance of the 2002 Bonds and continued in the Bond Ordinance.

"Independent Accountant" means any certified public accountant, or any firm of certified public accountants, duly licensed to practice and practicing as such under the laws of the State, as from time to time appointed and compensated by the City:

- (a) Who or which is, in fact, independent and not under the domination of the City;

(b) Who or which does not have any substantial interest, direct or indirect, with the City, and

(c) Who or which is not connected with the City as an officer or employee thereof, but who may be regularly retained to make annual or similar audits of any books or records of the City.

"Mayor" means the de jure or de facto mayor of the City, or his or her successor in functions, if any.

"NRS" means Nevada Revised Statutes.

"Outstanding" when used with reference to the Bonds or any other designated securities and as of any particular date means all the Bonds or any such other securities payable from the Pledged Revenues or otherwise relating to the Project, as the case may be, in any manner theretofore and thereupon being executed and delivered:

(a) Except any Bond or other security canceled by the City, by the Paying Agent or otherwise on the City's behalf, at or before such date;

(b) Except any Bond or other security the payment of which is then due or past due and moneys fully sufficient to pay the same are on deposit with the Paying Agent;

(c) Except any Bond or other security for the payment or the redemption of which moneys at least equal to the City's Bond Requirements to the date of maturity or to any Redemption Date, shall have heretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in the Bond Ordinance; and

(d) Except any Bond or other security in lieu of or in substitution for which another bond or other security shall have been executed and delivered pursuant to Sections 306 or 1209 of the Bond Ordinance.

"owner" or any similar term, when used in conjunction with any Bonds, or any other designated securities, means the registered owner of any Bonds or other security which is registrable for payment if it shall at the time be registered for payment otherwise than to bearer.

"parity bonds" or "securities" means bonds or securities which have a lien on the Pledged Revenues that is on a parity with the lien thereon of the Bonds, including the 2002 Bonds, the 2003 Bonds, the 2006 Bonds and the 2007 Bonds.

"Paying Agent" means The Bank of New York Mellon Trust Company, N.A., or any successor thereto or any successor paying agent for the Bonds appointed by the City Council.

"Person" means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State, or any other body corporate and politic other than

the City), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

"Pledged Revenues" means a 15% portion of all income and revenue received by the City pursuant to NRS 360.680, 360.690 and 360.700 and allowed to be pledged pursuant to NRS 360.698.

The Pledged Revenues means all or a portion of the Pledged Revenues. The designated term indicates sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification. "Pledged Revenues" includes income derived from revenues distributed pursuant to Sections 10, 11 and 12 of Chapter 660, Statutes of Nevada 1997, to the City imposed by the City if the City Council is authorized to include and elects to include the additional revenues in "Pledged Revenues" for the remaining term of the Bonds.

"Project" means the refunding of the Refunded Bonds.

"Project Act" means, collectively, NRS Chapter 360, Section 7.040 of the City's Charter and NRS 268.672 through 268.740, inclusive, as amended from time to time.

"Rebate Account" means the "City North Las Vegas, Nevada, General Obligation (Limited Tax) Refunding Bonds, Series 2011, Rebate Account" created in the Bond Ordinance.

"Redemption Date" means a date fixed for the redemption prior to their respective maturities of any Bonds or other designated securities payable from any Pledged Revenues in any mandatory redemption schedules, or in any notice of prior redemption or otherwise fixed and designated by the City.

"Redemption Price" means, when used with respect to a Bond or other designated security payable from any Pledged Revenues, the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof prior to the stated maturity date of such Bond or other security on a Redemption Date in the manner contemplated in accordance with the security's terms.

"Refunded Bonds" means the portion of the 2002 Bonds, the 2003 Bonds and/or the 2006 Bonds specified by the Finance Director or the City Manager to be refunded using the proceeds of the Bonds, together with other moneys available therefor.

"Registrar" means The Bank of New York Mellon Trust Company, N.A. or any successor thereto or any successor registrar for the Bonds appointed by the City Council.

"Regular Record Date" means the 15th day of the calendar month next preceding each interest payment date.

"Special Record Date" means a special date fixed by the Paying Agent to determine the names and addresses of owners of the Bonds for the payment of any defaulted interest on any of the Bonds, as further provided in the Bond Ordinance. At least 10 days' notice will be given by the Paying Agent by first-class regular mail to each owner of a Bond as stated on the Registrar's registration list at the close of business on a date fixed by the Paying Agent,

stating the date of the Special Record Date and the due date fixed for the payment of such defaulted interest.

"State" means the State of Nevada, in the United States.

"subordinate bonds" or "subordinate securities" means bonds or securities which have a lien on the Pledged Revenues that is subordinate and junior to the lien thereon of the Bonds.

"superior bonds" or "superior securities" means bonds or securities which have a lien on the Pledged Revenues that is superior to the lien thereon of the Bonds.

"Tax Code" means the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds.

"Taxes" means General Taxes.

"trust bank" means a "commercial bank," as defined herein, which bank is authorized to exercise and is exercising trust powers, and also means any branch of the Federal Reserve Bank.

Application of Proceeds

First, there will be deposited into the Escrow Account to be held by the Escrow Agent, an amount from Bond proceeds and any other moneys therein (including moneys deposited therein, if any, from the debt service fund for the Refunded Bonds), and any initial cash remaining uninvested, fully sufficient to establish the Escrow Account and to buy the Federal Securities or other investments designated in the Escrow Agreement for credit to the Escrow Account, to be used solely for the purpose of paying the Bond Requirements of the Refunded Bonds as provided in the Escrow Agreement. After completion of the Project, any unexpected balance of Bond proceeds in the Escrow Account shall be deposited into the Bond Fund to be used to pay the principal of and interest on the Bonds.

The balance of the proceeds received from the sale of the Bonds will be deposited into the Costs of Issuance Account to be held by the City. Moneys in the Costs of Issuance Account shall be used solely to defray wholly or in part all costs of issuing the Bonds and the costs of rebates to the United States under Section 148 of the Tax Code. After the Project is complete and after all expenses have been paid or adequate provision therefor is made, any unexpended balance of Bond proceeds (or, unless otherwise required by law, any other moneys) remaining in the Costs of Issuance Account shall be deposited into the Bond Fund to be used to pay the principal of and interest on the Bonds.

Flow of Funds

So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, the entire Pledged Revenues shall be set aside and credited immediately to a special fund known as the "Income Account."

So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, each Fiscal Year the Income Account shall be administered, and the moneys on deposit therein shall be applied in the following order of priority:

(1) First, from the Pledged Revenues, there will be credited to any bond fund created to pay the principal of, interest on and prior redemption premiums due on any superior bonds or superior securities issued in accordance with the provisions of the Bond Ordinance:

(a) Monthly, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of interest on the superior bonds or superior securities.

(b) Monthly, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next installment of principal of the superior bonds or superior securities coming due at maturity, and an amount sufficient to pay the principal of, interest on and any prior redemption premiums due on the outstanding superior bonds or superior securities.

(2) Second, the following transfers will be credited to the Bond Fund concurrently with the payments required to be made to the bond funds for the 2002 Bonds, the 2003 Bonds, the 2006 Bonds, the 2007 Bonds and any additional parity securities by any bond ordinances adopted authorizing the issuance of parity securities:

(a) Monthly, commencing on the first day of the month following the date of delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys available therefor, to pay the next maturing installment of interest on the Bonds then Outstanding, and monthly thereafter, commencing on each interest payment date, one-sixth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next maturing installment of interest on the Bonds then outstanding.

(b) Monthly, commencing on the first day of the month following the date of delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys available therefor, to pay the next installment of principal of the Bonds coming due at maturity and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next installments of principal coming due at maturity, or pursuant to mandatory sinking fund requirements, if any.

No payment need be made into the Bond Fund if the amount in the Bond Fund totals a sum at least equal to the entire amount of the Outstanding Bonds as to all Bond Requirements, both accrued and not accrued, to their respective maturities, in which case moneys in that account in an amount at least equal to such Bond Requirements will be used solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof in the Bond

Fund and any other moneys derived from the Pledged Revenues will be applied as provided in the Bond Ordinance.

(3) Third, either concurrently with or subsequent to the payments required above, any moneys remaining in the Income Account may be used by the City for the payment of Bond Requirements of additional bonds or other additional securities payable from the Pledged Revenues and hereafter authorized to be issued. The lien of such additional bonds or other additional securities on the Pledged Revenues and the pledge thereof for the payment of such additional securities will be superior to, on a parity with or subordinate to the lien and pledge of the Bonds as therein provided. Payments for bond and reserve funds for any superior securities will be made concurrently with the payments for superior securities required above. Payments for bond and reserve funds for additional parity securities will be made concurrently with the payments for the Bonds required above, but payments for bond and reserve funds for additional subordinate securities will be made after the payments required above for superior or parity securities.

(4) Fourth, and subject to the above provisions but prior to the transfer of any Pledged Revenues to the payment of subordinate securities, there will be transferred into the Rebate Account such amounts as are required to be deposited therein to meet the City's obligations under "Tax Covenant" below, in accordance with Section 148(f) of the Tax Code. Amounts in the Rebate Account will be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Rebate Account in excess of those required to be on deposit therein by such covenant and Section 148(f) of the Tax Code may be withdrawn therefrom and used for any lawful purpose relating to the Project.

(5) Fifth, any Pledged Revenues thereafter remaining in the Income Account may be used at any time during any Fiscal Year whenever in the Fiscal Year there shall have been credited to the Bond Fund, to the Rebate Account, and to each other bond fund and reserve fund, if any, for the payment of any other securities payable from the Pledged Revenues, all amounts required to be deposited in those special accounts for such portion of the Fiscal Year, for any one or any combination of lawful purposes relating to the Project, or otherwise, as the City may from time to time determine.

Lien of the Bonds

The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues on a parity with the Outstanding 2002 Bonds, 2003 Bonds, the 2006 Bonds, the 2007 Bonds and any parity securities hereafter issued, subject to and after any superior liens upon such Pledged Revenues of any superior bonds or superior securities hereafter issued.

The Bonds, the 2002 Bonds, the 2003 Bonds, the 2006 Bonds, the 2007 Bonds and any parity securities hereafter authorized to be issued and from time to time Outstanding are equally and ratably secured by a lien on the Pledged Revenues and shall not be entitled to any priority one over the other in the application of the Pledged Revenues, regardless of the time or times of the issuance of the Bonds and any other such securities, it being the intention of the City that there shall be no priority among the Bonds and any such parity securities, regardless of the fact that they may be actually issued and delivered at different times.

Superior or Parity Securities

The City may issue additional securities payable from the Pledged Revenues and constituting a lien thereon superior to or on a parity with, the lien thereon of the Bonds. The City may issue securities refunding all or a part of the Bonds (or funding or refunding any other then Outstanding securities payable from Pledged Revenues), as provided in "Refunding Securities" below; but before any such additional superior or parity securities are authorized or actually issued (excluding any superior or parity refunding securities other than any securities refunding subordinate bonds or other subordinate securities):

(1) At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities, the City shall not be in default in making any required payments described at subsections (a), (b), (c), or (d) of the section entitled "Flow of Funds" above, with respect to any superior or parity securities.

(2) Except as hereinafter otherwise provided: (1) the Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of the additional superior or parity securities shall have been at least sufficient to pay an amount equal to the combined maximum annual principal and interest requirements (to be paid during any one Bond Year, commencing with the Bond Year in which the additional superior or parity securities are issued and ending on March 1 of the year in which any then Outstanding Bonds last mature) of the Outstanding Bonds and any other Outstanding superior or parity securities of the City and the bonds or other securities proposed to be issued (excluding the reserves therefor); or, (2) the Pledged Revenues estimated by the City's chief financial officer, an independent feasibility consultant or an Independent Accountant to be derived in the first five Fiscal Years immediately succeeding the issuance of the other additional superior or parity securities proposed to be issued, shall be at least equal to maximum annual principal and interest requirements to be paid during such Fiscal Years (the "Earnings Test").

(3) In the computation of the Earnings Test, the amount of the Pledged Revenues for the next preceding Fiscal Year must be decreased and may be increased by the amount of any loss or gain conservatively estimated by the City's chief financial officer, independent feasibility consultant or Independent Accountant making the computation, which loss or gain results from any change in the rate of the levy of that part of the taxes constituting a part of the Pledged Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of such superior or parity securities, as if such modified rate shall have been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the City before the computation of the designated Earnings Test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year.

Subordinate Securities

Nothing in the Bond Ordinance prevents the City from issuing additional bonds or other additional securities payable from the Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds.

Superior Securities

Nothing in the Bond Ordinance prevents the City from issuing additional bonds or other additional securities payable from the Pledged Revenues having a lien thereon prior and superior to the Bonds; however, such additional superior bonds or other additional superior securities shall not be issued as general obligations of the City.

Refunding Securities

Refunding bonds or other refunding securities issued, unless issued as subordinate securities, will enjoy complete equality of lien with the portion of any securities of the same issue which is not refunded, if there is any; and the owner or owners of the refunding securities will be subrogated to all of the rights and privileges enjoyed by the owner or owners of the unrefunded securities of the same issue partially refunded by the refunding securities.

If only a part of the Outstanding bonds and other Outstanding securities of any issue or issues payable from the Pledged Revenues is refunded, then such securities may not be refunded without the consent of the owner or owners of the unrefunded portion of such securities:

(1) Unless the refunding securities do not increase for any Bond Year the annual principal and interest requirements evidenced by the refunding securities and by the Outstanding securities not refunded on and before the last maturity date or last Redemption Date, if any, whichever is later, of the unrefunded securities, and unless the lien of any refunding bonds or other refunding securities on the Pledged Revenues is not raised to a higher priority than the lien thereon of the bonds or other securities thereby refunded; or

(2) Unless the lien on any Pledged Revenues for the payment of the refunding securities is subordinate to each such lien for the payment of any securities not refunded; or

(3) Unless the refunding bonds or other refunding securities are issued in compliance with the requirements listed above under "Superior or Parity Securities".

Adequacy and Applicability of Pledged Revenues

The Bond Ordinance provides that there shall be imposed and collected the taxes constituting the Pledged Revenues. Fifteen percent of the taxes distributed to the City pursuant to NRS 360.680, 360.690 and 360.700 is expected to generate an amount sufficient to produce Pledged Revenues to pay in each Fiscal Year:

(1) An amount equal to the sum of the annual principal and interest requirements on the Bonds and any other securities payable from the Pledged Revenues in that year and any amounts required to be accumulated from the Pledged Revenues in such Bond Year into any reserves for such securities;

(2) Any amounts required to meet then existing deficiencies relating to any account relating to the Pledged Revenues or any securities payable therefrom (the "Rate Covenant").

The Rate Covenant is subject to compliance by the City with any legislation, regulation or other action of the United States or the State in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges due to the City as a result of the imposition of the taxes constituting the Pledged Revenues, including increases in the amounts of such charges. All of the Pledged Revenues are subject to distribution to the payment of the Bond Requirements of all securities payable from the Pledged Revenues, including reasonable reserves therefor, as provided in the Bond Ordinance and the payment of expenses of the Project.

Subject to the foregoing, the City Council has covenanted in the Bond Ordinance to cause the Pledged Revenues to be collected as soon as reasonable and to prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including the imposition of penalties for any defaults, to the end that the Pledged Revenues will be adequate to meet the requirements of the Bond Ordinance and any other supplemental instrument.

Events of Default

Each of the following events is an "event of default" under the Bond Ordinance; provided that breach of the undertakings of the City under the Continuing Disclosure Certificate shall not constitute an event of default under the Bond Ordinance and the rights and remedies provided in the Bond Ordinance in the event of default are not applicable to a breach of the obligation of the City under the Continuing Disclosure Certificate:

(a) Nonpayment of Principal and Premium. Payment of the principal of any of the Bonds, or any prior redemption premium due in connection therewith, or both, is not made when the same becomes due and payable, at maturity, on the mandatory redemption dates specified in the Bond Ordinance, or by proceedings for optional prior redemption, or otherwise;

(b) Nonpayment of Interest. Payment of any installment of interest on the Bonds is not made when the same becomes due and payable;

(c) Incapable to Perform. The City for any reason is rendered incapable of fulfilling its obligations under the Bond Ordinance;

(d) Nonperformance of Duties. The City fails to carry out and to perform (or in good faith to begin the performance of) all acts and things lawfully required to be carried out or to be performed by it under any contract relating to the Pledged Revenues or otherwise, including without limitation, the Bond Ordinance, and such failure continues for 60 days after receipt of notice from the owners of 10% in principal amount of the Bonds then Outstanding;

(e) Appointment of Receiver. An order or decree is entered by a court of competent jurisdiction with the consent or acquiescence of the City appointing a receiver or receivers for the Pledged Revenues and any other moneys subject to the lien to secure the payment of the Bonds, or if an order or decree having been entered without the consent or acquiescence of the City is not vacated or discharged or stayed on appeal within 60 days after entry; and

(f) Default of Any Provision. The City makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and

other provisions contained in the Bonds or in the Bond Ordinance on its part to be performed, and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the City by the owners of 10% in principal of the Bonds then Outstanding.

Remedies for Default

Upon the happening and continuance of any of the events of default, as described under "Events of Default" above, then and in every case the owner or owners or not less than 10% in principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the City and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under the Bond Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or in an award of execution of any power in the Bond Ordinance granted for the enforcement of any proper, legal or equitable remedy as the owner or owners may deem most effectual to protect and to enforce the rights aforesaid, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the City to act as if it were the trustee of an express trust, or any combination of such remedies. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Bonds and any parity securities then Outstanding.

Amendment of the Bond Ordinance

The Bond Ordinance may be amended or supplemented by instruments adopted by the City in accordance with the laws of the State, without receipt by the City of any additional consideration, but with the written consent of the insurer of the Bonds, if any, or the owners of at least a majority in aggregate principal amount of the Bonds authorized by the Bond Ordinance and Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding any Bonds which may then be held or owned for the account of the City, but including such refunding securities as may be issued for the purpose of refunding any of the Bonds if the refunding securities are not owned by the City. No such instrument shall permit without the written consent of the insurer of the Bonds, if any, or all owners of the Bonds adversely and materially affected thereby:

- (1) A change in the maturity or in the terms of redemption of the principal of any Outstanding Bond or any installment of interest thereon; or
- (2) A reduction in the principal amount of any Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith, without the consent of the owner of the bond; or
- (3) A reduction of the percentages or otherwise affecting the description of Bonds the consent of the owners of which is required for any modification or amendment; or
- (4) The establishment of priorities as between Bonds issued and Outstanding under the provisions of the Bond Ordinance; or

(5) The modifications of or otherwise materially and prejudicially affecting the rights or privileges of the owners of less than all of the Bonds then Outstanding.

Whenever the City proposes to amend or modify the Bond Ordinance, it will cause notice of the proposed amendment to be given not later than 30 days prior to the date of the proposed enactment of the amendment by mail to the Paying Agent, the Registrar, and the insurer of the Bonds, if any, or the owner of each of the Bonds Outstanding. The notice will briefly set forth the nature of the proposed amendment and will state that a copy of the proposed amendatory instrument is on file in the office of the Clerk for public inspection.

Whenever at any time within one year from the date of the mailing of such notice, there shall be filed in the office of the Clerk an instrument or instruments executed by insurer of the Bonds, if any, or the owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument; thereupon, but not otherwise, the City may adopt the amendatory instrument and the instrument shall become effective.

If the insurer of the Bonds, if any, or the owners of at least a majority in aggregate principal amount of the Bonds Outstanding, at the time of the adoption of the amendatory instrument, or the predecessors in title of such owners shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond, whether or not the owner shall have consented to or shall have revoked any consent as provided in the Bond Ordinance, shall have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the City from taking any action pursuant to the provisions thereof.

Any consent to an amendment to the Bond Ordinance given by the owner of a Bond shall be irrevocable for a period of 6 months from the date of the mailing of the notice as described above, and shall be conclusive and binding upon all future owners of the same Bond during that period. The consent may be revoked at any time after 6 months from the date of the above-described mailing by the owner who gave the consent or by a successor in title by filing notice of the revocation with the Clerk, but the revocation shall not be effective if the owners of at least a majority in aggregate principal amount of the Bonds Outstanding, before the attempted revocation, consented to and approved the amendatory instrument referred to in the revocation.

If the insurer of the Bonds, if any, or the owners of all the then Outstanding Bonds consent, the terms and the provisions of the Bond Ordinance or of any instrument amendatory thereof or supplemental thereto and the rights and the obligations of the City and of the owner of the Bonds thereunder may be modified or amended in any respect upon the adoption by the City and upon the filing with the Clerk of an instrument to that effect, and no notice to owners of Bonds, by mailing shall be required, nor shall the time of consent be limited except as may be provided in the consent.

Tax Covenant

The City covenants in the Bond Ordinance for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any project financed with the proceeds of the

Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant will remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the City in fulfilling this covenant under the Tax Code have been met.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2011 Bonds. The 2011 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 2011 Bonds, 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 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2011 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2011 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 2011 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 2011 Bonds, except in the event that use of the book-entry system for the 2011 Bonds is discontinued.

To facilitate subsequent transfers, all 2011 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 2011 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 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2011 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 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2011 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2011 Bond documents. For example, Beneficial Owners of 2011 Bonds may wish to ascertain that the nominee holding the 2011 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.

Redemption notices shall be sent to DTC. If less than all of the 2011 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2011 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 City 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 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2011 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 City 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 City, 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 City 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 2011 Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2011 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2011 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 City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of North Las Vegas, Nevada (the "Issuer") in connection with the issuance of the City of North Las Vegas, Nevada General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2011, in the aggregate principal amount of \$27,070,000 (the "Bonds"). The Bonds are being issued pursuant to an ordinance adopted by the City Council of the Issuer on October 5, 2011 (the "Ordinance"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

SECTION 2. Definitions. In addition to the definitions set forth in the Ordinance or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" shall mean, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Material Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

a. The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's fiscal year of each year, commencing nine (9) months following the end of the Issuer's fiscal year ending June 30, 2011, provide to the MSRB (in an electronic format as prescribed by the MSRB), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other

than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

b. If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall file or cause to be filed with the MSRB a notice in substantially the form attached as Exhibit "A."

c. The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

a. A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

b. An update of the type of information identified in Exhibit "B" hereto, which is contained in the tables in the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall file or cause to be filed with the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the events listed below with respect to the Bonds:

a. Principal and interest payment delinquencies;

b. Non-payment related defaults, *if material*;

c. Unscheduled draws on debt service reserves reflecting financial difficulties;

- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of bondholders, *if material*;
- h. Bond calls, *if material*, and tender offers;
- i. Defeasances;
- j. Release, substitution or sale of property securing repayment of the Bonds, *if material*;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;* annual financial information and operating data is included in the final official statement.
- m. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

SECTION 6. Format; Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in the format prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

As of the date of this Disclosure Certificate, all documents submitted to the MSRB must be in portable document format (PDF) files configured to permit documents to be saved, viewed, printed and retransmitted by electronic means. In addition, such PDF files must

* For the purposes of the event identified in subparagraph (b)(5)(i)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and official or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

be word-searchable, provided that diagrams, images and other non-textual elements are not required to be word-searchable.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: October 27, 2011

CITY OF NORTH LAS VEGAS, NEVADA

By: _____
Acting Finance Director

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of North Las Vegas, Nevada

Name of Bond Issue: \$27,070,000 City of North Las Vegas, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2011

CUSIP:

Date of Issuance: October 27, 2011

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Ordinance adopted on October 5, 2011, and the Continuing Disclosure Certificate executed on October 27, 2011, by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____, _____

CITY OF NORTH LAS VEGAS, NEVADA

By: _____
Its: _____

EXHIBIT "B"

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

See page -iv- of this Official Statement

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APPENDIX E

FORM OF APPROVING OPINION OF BOND COUNSEL

[Closing date]

City of North Las Vegas, Nevada
2200 Civic Center Drive
North Las Vegas, Nevada 89030

\$27,070,000

**City of North Las Vegas, Nevada
General Obligation (Limited Tax) Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2011**

Ladies and Gentlemen:

We have acted as bond counsel to the City of North Las Vegas, Nevada (the "City" and the "State," respectively), in connection with its issuance of the "City of North Las Vegas, Nevada, General Obligation (Limited Tax) Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2011" in the aggregate principal amount of \$27,070,000 (the "Bonds"), pursuant to an authorizing ordinance adopted and approved by the City Council of the City on October 5, 2011 (the "Ordinance"). In such capacity, we have examined the City's certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Ordinance.

Regarding questions of fact material to our opinions, we have relied upon the City's certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute the valid and binding limited tax general obligations of the City.
2. All of the taxable property in the City is subject to the levy of annual general (ad valorem) taxes to pay the Bonds, subject to the limitations imposed by the Constitution and laws of the State.
3. As provided in the Ordinance and in accordance with the provisions of NRS 361.463, taxes levied for the payment of the bonded indebtedness (including the Bonds) of all overlapping units within the boundaries of the City (i.e., the State, the City, and any other political subdivision therein) and for the payment of interest on such indebtedness enjoy a priority over taxes levied by each such unit (including, without limitation, the State and the City)

for all other purposes (subject to any exception implied by law for the exercise of the police power) where reduction is necessary in order to comply with NRS 361.453.

4. The Bonds are additionally secured by and payable from the Pledged Revenues. The Ordinance creates a valid lien on the Pledged Revenues pledged therein for the security of the Bonds on a parity with the lien thereon any parity securities hereafter issued, and subject to the lien of the Outstanding Prior Bonds. The Ordinance also creates a valid lien on the Bond Fund. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Pledged Revenues or on the funds and accounts created by the Ordinance.

5. Interest on the 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 hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except that such interest is required to be included in calculating the adjusted current earnings adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the City's certified proceedings and in certain other documents and certain other certifications furnished to us.

6. Under laws of the State in effect as of the date hereof, the 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.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the City pursuant to the Bonds and the Ordinance are subject to the application of equitable principles, 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 America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying (i) the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay when due, at stated maturity or upon prior redemption, all principal of, any prior redemption premiums, and interest on the Refunded Bonds; and (ii) the mathematical calculations of the yield of the Bonds and the yield of certain investments made with the proceeds of the Bonds and other moneys deposited in the Escrow Account.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any state or federal tax consequences

arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

RENO427873.2

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