

MEETING NOTICE AND AGENDA

COMMITTEE ON LOCAL GOVERNMENT FINANCE

Date and Time of Meeting: April 30, 2015 9:00 a.m.

Place of Meeting: Nevada Gaming Control Board
1919 College Parkway
Board Room #100
Carson City, Nevada

Video Conference To: Nevada Gaming Control Board
Grant Sawyer State Office Building
555 East Washington Avenue
Room 2450
Las Vegas, Nevada

This meeting will also be part of a teleconference. Please call the Department at (775) 684-2100 for the call-in number.

Action may be taken on the items indicated in **BOLD**:

1. ROLL CALL AND OPENING REMARKS
2. PUBLIC COMMENT (See Note 2)
In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.
3. **FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS**
 - a) **For Possible Action: Discussion and Consideration of City of North Las Vegas Financial Condition**
 - 1) **Report by City on the following matters:**
 - a) **FY 15/16 Tentative Budget, including revenue, expenditures, cash flow analysis and scheduled debt repayments;**
 - b) **Status of payments made to date regarding Writ of Garnishment by 5th & Centennial, LLC et al;**
 - c) **Status of collective bargaining agreements expiring 6/30/15;**
 - 2) **Report by Department on cash flow statements received from the City and monthly reports of cash balance in General Fund.**
 - b) **For Possible Action: Discussion Regarding Smoky Valley Library District Financial Condition**
 - 1) **Report by Library District regarding going concern audit opinion in the FY 13/14 Annual Audit Report**
4. **For Possible Action: REQUEST TO INITIATE RULE-MAKING REGARDING AMENDING NAC 287.788 TO CLARIFY THE ROLE OF CLGF IN THE APPROVAL OF OPEB TRUST FUND INVESTMENT PLANS**
5. **For Possible Action: REPORT FROM SUBCOMMITTEE REGARDING GUIDANCE ON ENTERPRISE FUNDS AND SPECIAL REVENUE FUNDS**

6. BRIEFING TO AND FROM THE COMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF

a) Report by Department on legislative bill drafts

7. REVIEW AND APPROVAL OF MINUTES
For Possible Action: CLGF Meeting – February 6, 2015

8. For Possible Action: Schedule Date and Review Agenda Topics for the Next Meeting

9. Public Comment (See Note 2)

In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.

10. For Possible Action: ADJOURNMENT

NOTE 1: Items on this agenda may be taken in a different order than listed. Items may be combined for consideration by the Committee on Local Government Finance. Items may be pulled or removed from the agenda at any time.

NOTE 2: Public comment may be made on any issue and any discussion of those items; provided that comment will be limited to areas relevant to and within the authority of the Committee on Local Government Finance. No action will be taken on any items raised in the public comment period. At the discretion of the Chairman, public comment may be received prior to action on individual agenda items. Public Comment may not be limited based on viewpoint. Prior to the commencement and conclusion of a contested case or a quasi judicial proceeding that may affect the due process rights of an individual, the Committee may refuse to consider public comment. See NRS 233B.126.

NOTE 3: We are pleased to make accommodations for members of the public who are disabled. Please notify the Department of Taxation in writing, at 1550 College Parkway, Carson City, Nevada, 89706 or call (775) 684-2066 prior to the meeting.

NOTE 4: Materials and files for items on this agenda are maintained in the offices of the Department of Taxation located in Carson City, Nevada. Requests for copies of materials and files for items on this agenda may be made to:
Terry Rubald, Deputy Executive Director, Department of Taxation, 1550 College Parkway, Carson City, NV 89706

Notice of this meeting was posted in the following Carson City, Nevada location: Department of Taxation 1550 College Parkway; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street

Notice of this meeting was emailed for posting to the following locations: Department of Taxation, 4600 Kietzke Lane, Building L, Suite 235, Reno; Department of Taxation, 2550 Paseo Verde, Suite 180, Henderson; Department of Taxation, 555 E. Washington Street; Las Vegas; Clark County Office, 500 South Grand Central Parkway, Las Vegas. Notice of this meeting was also posted on the Internet through the Department of Taxation website at www.tax.nv.gov and on the Department of Administration website at <https://notice.nv.gov/>.

CLGF Meeting April 30, 2015

Agenda Item 3(a):

**Discussion and Consideration of
City of North Las Vegas Financial Condition**

CITY OF NORTH LAS VEGAS
Cash Flow Projections for the General Fund
Fiscal Year 2014-15
February 2015

CNLV GENERAL FUND CASH FLOW PROJECTIONS FOR FY 2014-15
PRESENTED IN THOUSANDS (000's)

| | Revised Actual July | Revised Actual August | Revised Actual September | Actual October | Actual November | Actual December | Actual January | Actual February | Projected March | Projected April | Projected May | Projected June | Total Actual + Projected |
|----------------------------------|---------------------------|-----------------------------|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------|---------------------|---------------------|-----------------------------|
| RECEIPTS/DEPOSITS | Source: | | | | | | | | | | | | |
| CTX | \$ 3,917 | \$ 4,144 | \$ 3,527 | \$ 3,808 | \$ 4,098 | \$ 3,748 | \$ 3,630 | \$ 4,824 | \$ 3,520 | \$ 3,245 | \$ 2,674 | \$ 3,520 | \$ 44,655 |
| Real Property Taxes | 8 | 105 | 1,915 | 261 | 1,341 | 82 | 463 | 1,074 | 508 | 957 | 45 | 55 | \$ 6,814 |
| Personal Property Taxes | 247 | 45 | 5 | 4 | 50 | 149 | 45 | 86 | 98 | 46 | 70 | 70 | \$ 915 |
| Gaming Taxes | 1 | 88 | 213 | 3 | 216 | 82 | 1 | 263 | 33 | 243 | - | 255 | \$ 1,398 |
| Room & Gaming Taxes | - | 406 | - | - | 598 | - | - | 628 | - | - | 406 | - | \$ 2,038 |
| Payment in-Lieu-of Taxes | - | 523 | - | 523 | - | - | 600 | - | 548 | - | - | - | \$ 2,194 |
| PILT | - | - | - | 6,000 | - | 5,872 | 1,000 | - | - | 3,718 | - | 7,153 | \$ 23,743 |
| Franchise Fees | 344 | 2,682 | 268 | 337 | 4,275 | 216 | 277 | 2,488 | 890 | 469 | 4,301 | 268 | \$ 16,815 |
| Franchise Fees - Utility Funds | - | - | 1,025 | - | - | 1,025 | - | - | 1,138 | - | - | 1,139 | \$ 4,327 |
| Municipal Court | 862 | 810 | 878 | 848 | 840 | 760 | 764 | 948 | 1,064 | 700 | 700 | 700 | \$ 9,874 |
| Business License | 1,228 | 1,073 | 670 | 700 | 227 | 666 | 1,388 | 699 | 707 | 604 | 311 | 184 | \$ 8,457 |
| Permits | 431 | 165 | 492 | 345 | 386 | 287 | 181 | 298 | 555 | 245 | 210 | 167 | \$ 3,762 |
| Cash Receipts | 57 | 57 | 60 | 60 | 51 | 54 | 43 | 76 | 49 | - | - | - | \$ 507 |
| Administrative Charges | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 169 | 169 | 169 | 169 | 169 | \$ 1,734 |
| Other Charges for Services | 137 | 117 | 457 | 169 | 156 | 51 | 122 | 174 | 62 | 50 | 50 | 50 | \$ 1,595 |
| Transfers In | - | - | - | - | - | - | - | - | - | - | - | - | \$ - |
| Sale of Real Property | 1,860 | - | - | - | - | - | - | - | - | - | - | - | \$ 1,860 |
| Assessment Collections (note) | - | - | - | - | - | - | (2,572) | - | - | - | - | - | \$ (2,572) |
| Other | 1,809 | 451 | 226 | (623) | 50 | 358 | 496 | 59 | - | - | - | - | \$ 2,826 |
| Total Receipts | \$ 11,028 | \$ 10,793 | \$ 9,863 | \$ 12,562 | \$ 12,415 | \$ 13,477 | \$ 6,565 | \$ 11,786 | \$ 9,341 | \$ 10,446 | \$ 8,936 | \$ 13,730 | \$ 130,942 |
| Total Receipts Y-T-D | \$ 11,028 | \$ 21,821 | \$ 31,684 | \$ 44,246 | \$ 56,661 | \$ 70,138 | \$ 76,703 | \$ 88,489 | \$ 97,830 | \$ 108,276 | \$ 117,212 | \$ 130,942 | \$ 130,942 |
| EXPENDITURES/PAYMENTS | | | | | | | | | | | | | |
| Salaries & Benefits | \$ (9,335) | \$ (7,486) | \$ (6,734) | \$ (6,672) | \$ (6,640) | \$ (9,085) | \$ (7,420) | \$ (6,694) | \$ (6,735) | \$ (6,735) | \$ (6,735) | \$ (6,735) | \$ (87,006) |
| Services & Supplies / Capital | (1,984) | (1,756) | (2,162) | (1,059) | (1,570) | (2,492) | (1,300) | (1,146) | (1,520) | (2,856) | (2,983) | (3,162) | \$ (24,000) |
| Transfers Out | (431) | (1,869) | (726) | (722) | (722) | 985 | (1,463) | (561) | (561) | (561) | (561) | (561) | \$ (7,753) |
| 5th & Centennial Lawsuit | - | - | - | (4,359) | - | - | (1,000) | - | - | (941) | - | - | \$ (6,300) |
| Total Disbursements | \$ (11,750) | \$ (11,111) | \$ (9,622) | \$ (12,812) | \$ (8,932) | \$ (10,592) | \$ (11,183) | \$ (8,401) | \$ (8,816) | \$ (11,093) | \$ (10,289) | \$ (10,458) | \$ (125,059) |
| Total Disbursements Y-T-D | \$ (11,750) | \$ (22,861) | \$ (32,483) | \$ (45,295) | \$ (54,227) | \$ (64,819) | \$ (76,002) | \$ (84,403) | \$ (93,219) | \$ (104,312) | \$ (114,601) | \$ (125,059) | \$ (125,059) |
| CASH BALANCE | | | | | | | | | | | | | |
| Net change in Cash | \$ (722) | \$ (318) | \$ 241 | \$ (250) | \$ 3,483 | \$ 2,885 | \$ (4,618) | \$ 3,385 | \$ 525 | \$ (647) | \$ (1,353) | \$ 3,272 | \$ 5,883 |
| Beginning Cash | 4,582 | 3,860 | 3,542 | 3,783 | 3,533 | 7,016 | 9,901 | 5,283 | 8,668 | 9,193 | 8,546 | 7,193 | \$ 4,582 |
| End Cash Balance | \$ 3,860 | \$ 3,542 | \$ 3,783 | \$ 3,533 | \$ 7,016 | \$ 9,901 | \$ 5,283 | \$ 8,668 | \$ 9,193 | \$ 8,546 | \$ 7,193 | \$ 10,465 | \$ 10,465 |

Note:

Assessment collections were inadvertently included in the calculations for the first six months of the fiscal year.

CITY OF NORTH LAS VEGAS
Cash Flow Projections for the General Fund
Fiscal Year 2014-15
January 2015

CNLV GENERAL FUND CASH FLOW PROJECTIONS FOR FY 2014-15
PRESENTED IN THOUSANDS (000's)

| | | Revised Actual July | Revised Actual August | Revised Actual September | Actual October | Actual November | Actual December | Actual January | Projected February | Projected March | Projected April | Projected May | Projected June | Total Actual + Projected |
|----------------------------------|----------------------------------|---------------------------|-----------------------------|--------------------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|--------------------|---------------------|---------------------|---------------------|-----------------------------|
| RECEIPTS/DEPOSITS | | | | | | | | | | | | | | |
| CTX | Source: ES IG Rev File | \$ 3,917 | \$ 4,144 | \$ 3,527 | \$ 3,808 | \$ 4,098 | \$ 3,748 | \$ 3,630 | \$ 4,824 | \$ 3,210 | \$ 3,245 | \$ 2,674 | \$ 3,520 | \$ 44,345 |
| Real Property Taxes | ES IG Rev File -1 | 8 | 105 | 1,915 | 261 | 1,341 | 82 | 463 | 1,074 | 508 | 896 | 45 | 55 | \$ 6,753 |
| Personal Property Taxes | ES IG Rev File -2 | 247 | 45 | 5 | 4 | 50 | 149 | 45 | 86 | 99 | 70 | 70 | 70 | \$ 940 |
| Gaming Taxes | With Personal Prop Taxes | 1 | 88 | 213 | 3 | 216 | 82 | 1 | 263 | 33 | 243 | - | 255 | \$ 1,398 |
| Room & Gaming Taxes | ES IG Rev File LVCVA (Qtrly) | - | 406 | - | - | 598 | - | - | 628 | - | - | 406 | - | \$ 2,038 |
| Payment in-Lieu-of Taxes | 100-311306 | - | 523 | - | 523 | - | - | 600 | - | 548 | - | - | - | \$ 2,194 |
| PILT | Transfers In/Out Report | - | - | - | 6,000 | - | 5,872 | 1,000 | - | 3,000 | 3,718 | - | 4,178 | \$ 23,768 |
| Franchise Fees | ES Fr Fee Rev File | 344 | 2,682 | 268 | 337 | 4,275 | 216 | 277 | 2,488 | 589 | 469 | 4,301 | 268 | \$ 16,514 |
| Franchise Fees - Utility Funds | 100-306106 | - | - | 1,025 | - | - | 1,025 | - | - | 1,252 | - | - | 1,025 | \$ 4,327 |
| Municipal Court | GL Det Dwnld Municipal Co | 862 | 810 | 878 | 848 | 840 | 760 | 764 | 700 | 700 | 700 | 700 | 760 | \$ 9,322 |
| Business License | BL | 1,228 | 1,073 | 670 | 700 | 227 | 666 | 1,388 | 184 | 317 | 604 | 311 | 184 | \$ 7,552 |
| Permits | GL Det Dwnld PAC | 431 | 165 | 492 | 345 | 386 | 287 | 181 | 181 | 245 | 245 | 210 | 167 | \$ 3,335 |
| Cash Receipts | GL Det Dwnld Cash Receipt | 57 | 57 | 60 | 60 | 51 | 54 | 43 | - | - | - | - | - | \$ 382 |
| Administrative Charges | 100-321400 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | 127 | \$ 1,524 |
| Other Charges for Services | GL Det Dwnld DFC, PL, RP | 137 | 117 | 457 | 169 | 156 | 51 | 122 | 87 | 37 | 139 | 82 | 93 | \$ 1,647 |
| Transfers In | Transfers In/Out Report | - | - | - | - | - | - | - | - | - | - | - | - | \$ - |
| Sale of Real Property | | 1,860 | - | - | - | - | - | - | - | - | - | - | - | \$ 1,860 |
| Assessment Collections | | - | - | - | - | - | - | - | - | - | - | - | - | \$ (2,572) |
| Other | | 1,809 | 451 | 226 | (623) | 50 | 358 | 496 | - | - | - | - | - | \$ 2,767 |
| Total Receipts | | \$ 11,028 | \$ 10,793 | \$ 9,863 | \$ 12,562 | \$ 12,415 | \$ 13,477 | \$ 6,565 | \$ 10,642 | \$ 10,665 | \$ 10,456 | \$ 8,926 | \$ 10,702 | \$ 128,094 |
| Total Receipts Y-T-D | | \$ 11,028 | \$ 21,821 | \$ 31,684 | \$ 44,246 | \$ 56,661 | \$ 70,138 | \$ 76,703 | \$ 87,345 | \$ 98,010 | \$ 108,466 | \$ 117,392 | \$ 128,094 | \$ 128,094 |
| EXPENDITURES/PAYMENTS | | | | | | | | | | | | | | |
| Salaries & Benefits | Payroll Costing Report | \$ (9,335) | \$ (7,486) | \$ (6,734) | \$ (6,672) | \$ (6,640) | \$ (9,085) | \$ (7,420) | \$ (6,694) | \$ (6,735) | \$ (6,735) | \$ (6,735) | \$ (6,735) | \$ (87,006) |
| Services & Supplies / Capital | Posted Payment Register (AP Mod) | (1,984) | (1,756) | (2,162) | (1,059) | (1,570) | (2,492) | (1,300) | (1,145) | (3,162) | (2,856) | (1,858) | (3,162) | \$ (24,506) |
| Transfers Out | Transfers In/Out Report | (431) | (1,869) | (726) | (722) | (722) | 985 | (1,463) | (561) | (561) | (561) | (561) | (561) | \$ (7,753) |
| 5th & Centennial Lawsuit | | - | - | - | (4,359) | - | - | (1,000) | (1,641) | - | - | - | - | \$ (7,000) |
| Total Disbursements | | \$ (11,750) | \$ (11,111) | \$ (9,622) | \$ (12,812) | \$ (8,932) | \$ (10,592) | \$ (11,183) | \$ (10,041) | \$ (10,458) | \$ (10,152) | \$ (9,154) | \$ (10,458) | \$ (126,265) |
| Total Disbursements Y-T-D | | \$ (11,750) | \$ (22,861) | \$ (32,483) | \$ (45,295) | \$ (54,227) | \$ (64,819) | \$ (76,002) | \$ (86,043) | \$ (96,501) | \$ (106,653) | \$ (115,807) | \$ (126,265) | \$ (126,265) |
| CASH BALANCE | | | | | | | | | | | | | | |
| Net change in Cash | | \$ (722) | \$ (318) | \$ 241 | \$ (250) | \$ 3,483 | \$ 2,885 | \$ (4,618) | \$ 601 | \$ 207 | \$ 304 | \$ (228) | \$ 244 | \$ 1,829 |
| Beginning Cash | | 4,582 | 3,860 | 3,542 | 3,783 | 3,533 | 7,016 | 9,901 | 5,283 | 5,884 | 6,091 | 6,395 | 6,167 | \$ 6,411 |
| End Cash Balance | | \$ 3,860 | \$ 3,542 | \$ 3,783 | \$ 3,533 | \$ 7,016 | \$ 9,901 | \$ 5,283 | \$ 5,884 | \$ 6,091 | \$ 6,395 | \$ 6,167 | \$ 6,411 | \$ 8,240 |

City of North Las Vegas
General Fund Ending Fund Balance (Unaudited)
FY 2014-15

| <u>Month</u> | <u>Balance</u> | <u>Percentage</u> |
|--------------|----------------|-------------------|
| January | 15,421,305 | 13.13% |
| Feburary | 13,824,761 | 11.77% |

City of North Las Vegas
Outstanding Indebtedness
July 1, 2015

| Issue | P & I | | Scheduled Principal and Interest Payments | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------------|---------------------------------|---|------------|------------|------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | Original Amount | Amount Outstanding July 1, 2015 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | FY16 | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 | FY31 | FY32 | FY33 | FY34 | FY35 | FY36 | FY37 | FY38 | FY39 | FY40 |
| General Fund | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Series 2003 Judicial/Public Safety Bonds | 32,500,000 | 8,847,644 | 324,431 | 324,431 | 2,294,431 | 225,931 | 225,931 | 225,931 | 2,610,931 | 2,615,625 | | | | | | | | | | | | | | | | | |
| Series 2006 City Hall Bonds | 105,000,000 | 162,985,450 | 4,709,700 | 4,709,700 | 6,259,700 | 6,257,200 | 6,250,950 | 6,260,950 | 6,266,200 | 6,451,700 | 8,908,200 | 8,911,450 | 8,907,700 | 8,909,750 | 8,911,250 | 8,909,000 | 8,907,500 | 8,911,000 | 8,908,500 | 8,909,500 | 8,908,000 | 8,908,250 | 8,909,250 | | | | |
| Series 2007A Judicial/Public Safety Refunding Bonds | 7,630,000 | 9,226,920 | 316,645 | 391,645 | 388,533 | 2,625,420 | 2,629,348 | 2,619,125 | 230,168 | 26,038 | | | | | | | | | | | | | | | | | |
| Series 2010 Medium-Term Refunding Bonds (Fund 100) | 17,090,000 | 3,051,226 | 509,130 | 508,175 | 508,418 | 508,837 | 508,455 | 508,211 | | | | | | | | | | | | | | | | | | | |
| Series 2011 Refunding Bonds | 27,070,000 | 43,615,513 | 1,420,738 | 1,414,738 | 2,223,738 | 2,220,750 | 2,219,175 | 2,218,675 | 2,218,875 | 2,217,275 | 2,218,875 | 2,215,325 | 2,219,650 | 2,083,000 | 2,079,725 | 2,078,975 | 2,082,000 | 2,078,000 | 2,075,500 | 2,084,250 | 2,083,500 | 2,078,500 | 2,084,250 | | | | |
| Total | 189,290,000 | 227,726,752 | 7,280,644 | 7,348,689 | 11,674,819 | 11,838,138 | 11,833,859 | 11,832,892 | 11,326,174 | 11,310,638 | 11,127,075 | 11,126,775 | 11,127,350 | 10,992,750 | 10,990,975 | 10,987,975 | 10,989,500 | 10,989,000 | 10,984,000 | 10,993,750 | 10,991,500 | 10,986,750 | 10,993,500 | | | | |
| Increase/Decrease over Prior Fiscal Year | | | | 68,045 | 4,326,131 | 163,319 | (4,280) | (967) | (506,719) | (15,536) | (183,563) | (300) | 575 | (134,600) | (1,775) | (3,000) | 1,525 | (500) | (5,000) | 9,750 | (2,250) | (4,750) | 6,750 | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tax Override Fund 268 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Series 2010 Medium-Term Refunding Bonds (Fund 268) | | 12,854,421 | 2,144,897 | 2,140,878 | 2,141,898 | 2,143,667 | 2,142,057 | 2,141,025 | | | | | | | | | | | | | | | | | | | |
| Increase/Decrease over Prior Fiscal Year | | | | (4,020) | 1,021 | 1,769 | (1,610) | (1,033) | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NLV Library District | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2008 Alexander Library Interlocal Agreement | 7,000,000 | 6,366,250 | 527,500 | 1,945,000 | 1,946,000 | 1,947,750 | | | | | | | | | | | | | | | | | | | | | |
| Series 2010 Medium-Term Refunding Bonds | 3,145,000 | 2,377,948 | 476,761 | 474,898 | 477,378 | 473,982 | 474,929 | | | | | | | | | | | | | | | | | | | | |
| Total | 10,145,000 | 8,744,198 | 1,004,261 | 2,419,898 | 2,423,378 | 2,421,732 | 474,929 | | | | | | | | | | | | | | | | | | | | |
| Increase/Decrease over Prior Fiscal Year | | | | 1,415,637 | 3,480 | (1,646) | (1,946,803) | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Enterprise Funds | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Series 2003B Water Refunding Bonds | 8,685,000 | 471,500 | 471,500 | | | | | | | | | | | | | | | | | | | | | | | | |
| Series 2005A Water & Sewer Refunding Bonds | 14,365,000 | 4,888,375 | 1,881,375 | 1,879,500 | 1,127,500 | | | | | | | | | | | | | | | | | | | | | | |
| Series 2005B Water & Sewer Refunding Bonds | 10,030,000 | 6,083,838 | 1,209,138 | 1,214,100 | 1,220,900 | 1,220,800 | 1,218,900 | | | | | | | | | | | | | | | | | | | | |
| Series 2006 Wastewater Reclamation System Bonds | 140,000,000 | 195,710,603 | 8,976,131 | 8,953,506 | 8,933,381 | 8,915,256 | 8,898,631 | 8,883,006 | 8,867,881 | 8,852,756 | 8,842,006 | 8,830,006 | 8,816,256 | 8,805,131 | 8,805,294 | 8,821,819 | 8,831,591 | 8,838,856 | 8,856,438 | 8,896,819 | 8,954,663 | 9,001,200 | 9,045,063 | 9,084,913 | | | |
| Series 2010A Water & Wastewater Improv Bonds (Note) | 145,000,000 | 311,721,262 | 9,303,731 | 9,623,731 | 10,383,115 | 11,505,387 | 11,483,174 | 12,673,214 | 12,617,328 | 12,554,240 | 12,481,360 | 12,407,925 | 12,327,536 | 12,235,482 | 12,124,955 | 11,996,284 | 11,869,797 | 11,739,510 | 11,594,764 | 11,420,559 | 11,227,882 | 11,037,061 | 10,847,110 | 10,657,044 | 19,580,876 | 19,208,583 | 18,820,615 |
| 2013 Sloan Channel Interlocal Agreement | 7,000,000 | 5,379,901 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 129,901 | | | | | | | | | | | | | | | | | |
| Total | 325,080,000 | 524,255,479 | 22,591,875 | 22,420,837 | 22,414,896 | 22,391,443 | 22,350,705 | 22,306,220 | 22,235,210 | 21,536,897 | 21,323,366 | 21,237,931 | 21,143,792 | 21,040,613 | 20,930,248 | 20,818,102 | 20,701,388 | 20,578,366 | 20,451,201 | 20,317,378 | 20,182,545 | 20,038,261 | 19,892,173 | 19,741,957 | 19,580,876 | 19,208,583 | 18,820,615 |
| Increase/Decrease over Prior Fiscal Year | | | | -171,038 | -5,941 | -23,453 | -40,738 | -44,485 | -71,010 | -698,312 | -213,531 | -85,435 | -94,139 | -103,179 | -110,365 | -112,146 | -116,715 | -123,022 | -127,165 | -133,823 | -134,833 | -144,284 | -146,088 | -150,216 | -161,080 | -372,293 | -387,968 |

Note:

These are Build America Bonds (BAB) and as such, the interest payments are subsidized by the federal government; however, since the BAB credit is recorded as a revenue and there's no guarantee the federal government will continue to subsidize the interest payments, the amounts reflected in this schedule are stated at gross.

FY 2016 Budget Workshop

April 15, 2015



FY 2016 Budget Workshop 1

General Fund FY 2015 Estimated Actuals

- Audited Beginning Fund Balance (\$3.8M) ↓
 - Reduced to 6.27% in 2014
- Revenues (est. increases) \$3.6M ↑
- Expenditures (est. savings) \$0.2M ↑
- Estimated Ending Fund Balance \$10.1M
 - 8.05% Restored

FY 2016 Budget Workshop 2

Proposed FY 2016 Budget



FY 2016 Budget Workshop 3

What this Budget includes:

- No Property Tax rate increases
- Maintains current service levels
- New Bailiff Program (6 FTE's)
- All 2016 Debt Service Requirements
- Adopted 2016 CIP plan
- Subsidies for Library, Aliante Golf Course, Municipal Golf Course and Self Ins. fund
- Current staffing levels and 5 new positions
- City match (fund 287) for COPS hiring grant
- General fund Contingency \$500K
- Est. \$1M increase to General Fund Ending Balance

FY 2016 Budget Workshop 4

2016 New FTE Positions

| Division | Fund | Position | FTE's Added | Salary + Benefits |
|-----------------|---------------|-------------------------------------|-------------|-------------------|
| Accounting | General | Financial Analysts II | 2 | \$263,720 |
| Bailiff Program | General | 1 Supervisor, 4 Bailiffs 2 PT | 6 | 457,903 |
| Safekey | Safekey | Rec Leaders | 2 | 130,736 |
| Pump Operations | Water Utility | Electronics Technician | 1 | 86,257 |
| Total | | | 11 | 938,616 |

FY 2016 Budget Workshop 5

What this Budget assumes:

- \$2M in new Medical Marijuana revenue
- Benefit Rate increases for Appt/Elec/Team of 3.95%
 - (2.25% PER's, 0.7% Emp Bene, 1.0% WC)
- Holiday sell back program frozen
- Merits and COLA's frozen

FY 2016 Budget Workshop 6

2016 Tentative Budget General Fund

- Estimated Beginning Fund Balance \$10.1M
 - 8.05%
- Revenues \$132.2M
- Expenditures \$131.2M
- Estimated Ending Fund Balance \$11.1M
 - 8.49%

FY 2016 Budget Workshop 7

General Fund Revenues FY 2015 vs. FY 2016

| Description by Major Source | FY 2015 Estimated | FY 2016 Budget | \$ Chg | % Chg |
|-----------------------------|----------------------|----------------------|--------------------|-------------|
| Consolidated Taxes | 46,509,860 | 48,825,320 | 2,315,460 | 5.0% |
| Licenses and Permits | 33,615,507 | 35,931,229 | 2,315,722 | 6.9% |
| Property Tax | 7,557,040 | 7,993,531 | 436,491 | 5.8% |
| Fines and Forfeits | 5,704,500 | 5,777,500 | 73,000 | 1.3% |
| Other | 10,836,119 | 10,185,217 | (650,902) | (6.0%) |
| Transfers | 23,743,485 | 23,492,404 | (251,081) | (1.1%) |
| Total Revenues | \$127,966,511 | \$132,205,201 | \$4,238,690 | 3.3% |

FY 2016 Budget Workshop 8

General Fund Expenditures FY 2015 vs. FY 2016

| Description by Function | FY 2015 Estimated | FY 2016 Budget | \$ Chg | % Chg |
|---------------------------|----------------------|----------------------|--------------------|-------------|
| General Government | 18,783,538 | 21,631,763 | 2,848,225 | 15.2% |
| Judicial | 7,287,521 | 5,074,680 | (2,212,841) | (29.4%) |
| Public Safety | 78,762,507 | 84,550,442 | 5,787,935 | 7.3% |
| Public Works | 2,527,647 | 2,305,456 | (222,191) | (8.8%) |
| Culture and Rec | 8,358,236 | 8,419,227 | 60,991 | 0.7% |
| Community Support | 1,670,262 | 1,569,815 | (100,447) | (6.0%) |
| Attrition / Cont. | (1,690,073) | 500,000 | 2,190,073 | (129.6%) |
| Transfers Out | 10,208,961 | 7,156,000 | (3,052,961) | (29.9%) |
| Total Expenditures | \$125,908,599 | \$131,207,383 | \$5,298,784 | 4.2% |

FY 2016 Budget Workshop 9

General Fund Expenditures FY 2015 vs. FY 2016

| Description by Category | FY 2015 Estimated | FY 2016 Budget | \$ Chg | % Chg |
|---------------------------|----------------------|----------------------|--------------------|-------------|
| Salaries | 56,211,426 | 57,293,201 | 1,081,775 | 1.9% |
| Benefits | 32,613,696 | 33,956,065 | 1,360,369 | 4.1% |
| Supplies & Services | 28,514,589 | 32,302,117 | 3,787,528 | 13.3% |
| Capital Outlay | 50,000 | 0 | (50,000) | (100.0%) |
| Attrition / Cont. | (1,590,073) | 500,000 | 2,090,073 | (131.4%) |
| Transfers Out | 10,208,961 | 7,156,000 | (3,052,961) | (29.9%) |
| Total Expenditures | \$125,908,599 | \$131,207,383 | \$5,298,784 | 4.2% |

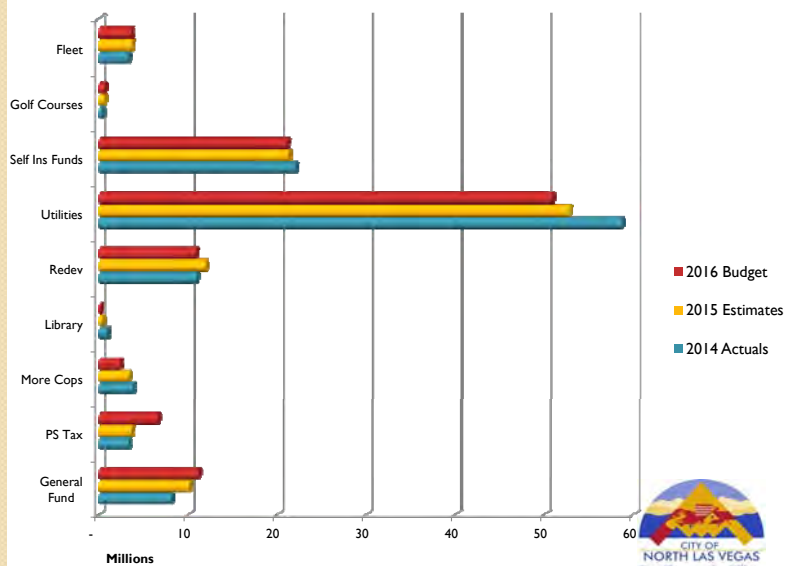
FY 2016 Budget Workshop 10

Progression from 7-Yr Financial Summit Projection to Tentative Budget

| GENERAL FUND | <u>7-YR Financial Summit Projection</u> | <u>Tentative Budget</u> | <u>Net Change</u> |
|---|--|--------------------------------|--------------------------|
| Beginning FB | \$ 10,070,285 | \$10,136,612 | \$ 66,327 |
| Revenues | 127,289,583 | 132,205,201 | 4,915,618 |
| Operating Expenses | 130,795,560 | 130,238,729 | (556,831) |
| Other Funds Support | 2,562,160 | 968,654 | (1,593,506) |
| Estimated Ending Fund Balance | 4,002,148 | 11,134,430 | 7,132,282 |
| 8% Ending FB Requirement | 10,275,066 | 10,496,591 | 221,525 |
| GF Surplus/ (Shortfall) Identified | (6,272,918) | 637,839 | 6,910,757 |

FY 2016 Budget Workshop 11

3 YEAR FUND BALANCE COMPARISON



FY 2016 Budget Workshop 12

Future Considerations

- Succession Planning
- Service levels
- Staffing levels
- Formal Reduction Plan of PILT transfer
- Utilities cash balances and infrastructure reserves
- Budget Stabilization Fund
- Capital reserves
- Contractual commitments
- Bond Ratings
- Legislative Impacts

FY 2016 Budget Workshop 13

City of North Las Vegas Fiscal Year 2016 Budget Workshop April 15th, 2015

Questions?



FY 2016 Budget Workshop 14

CITY OF NORTH LAS VEGAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2014**

STATE OF NEVADA

**CITY OF
NORTH LAS VEGAS**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE YEAR ENDED
JUNE 30, 2014**

**PREPARED BY
DEPARTMENT OF FINANCE
DARREN ADAIR
DIRECTOR OF FINANCE**

CITY OF NORTH LAS VEGAS

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CITY OF NORTH LAS VEGAS

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Mayor
John Lee

Council Members
Anita G. Wood
Pamela A. Goynes-Brown
Wade W. Wagner
Isaac E. Barron



City Manager
Dr. Qiong X. Liu P.E., PTOE

Finance Department - Darren Adair, Director

2250 Las Vegas Boulevard North, Suite 710 - North Las Vegas, Nevada 89030-5875
Telephone: (702) 633-1460 - Fax: (702) 649-5077 - TDD: (702)326-6868
www.cityofnorthlasvegas.com

February 6, 2015

To the Honorable Mayor, Members of City Council and Citizens of the City of North Las Vegas:

The Comprehensive Annual Financial Report (CAFR) for the City of North Las Vegas (the "City") for the fiscal year ended June 30, 2014, is hereby submitted. The State of Nevada (the "State") law requires that a local government obtain an annual audit by independent certified public accountants of its financial statements in accordance with auditing standards generally accepted in the United States.

Except for the independent auditors' reports included herein, this report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Piercy Bowler Taylor & Kern, Certified Public Accountants and Business Advisors. The goal of an independent audit is to provide reasonable assurance that the basic financial statements of the City for the fiscal year ended June 30, 2014, are free of material misstatement. An independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and, evaluating the overall financial statement presentation. The independent auditors concluded, based on their audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the City's basic financial statements for the fiscal year ended June 30, 2014, are presented fairly in all material respects in conformity with GAAP. The independent auditors' report on the basic financial statements is presented as the first component of the Financial Section of this report.

The independent audit of the basic financial statements of the City was part of a broader, federally-mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the basic financial statements, but also on the City's compliance with certain provisions of laws, regulations, contracts, grant agreements and internal controls over both financial reporting and compliance.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors on the basic financial statements.

Profile of the City of North Las Vegas

The City of North Las Vegas is located in Clark County, Nevada. With a population of approximately 230,491 as of July 1, 2014, the City ranks as the fourth largest city in the State of Nevada. The City was incorporated in 1946 and currently occupies 100.7 square miles and is approximately 45% built-out, with a majority of land remaining undeveloped. The City is empowered by State Statutes to extend its corporate limits by annexation, which it has done from time to time. The City boasts a cosmopolitan cultural diversity, living up to its motto of being "Your Community of Choice."

The City is empowered by State Statutes to levy a property tax on both real and personal property located within its boundaries. The City's property tax rate is \$1.1637 per \$100 in assessed valuation.

The City operates under a Council-Manager form of government, with elective offices consisting of the mayor, four City Council members and two municipal judges. The mayor and municipal judges are elected at-large, while Council members must live within and are elected by the constituents of their respective ward; all are elected on a non-partisan basis. Terms of office for the mayor and City Council are four years and are staggered so that City-wide elections are held every two years for two or three of the five offices; terms of office for the municipal judges are six years.

The City provides a full range of services, including a municipal court, public safety (police, fire, and building safety), water and wastewater, highways and streets, planning and zoning, parks and recreational facilities, community development and general administrative services. In addition to general governmental activities, the City Council exercises oversight responsibility for the North Las Vegas Library District and the North Las Vegas Redevelopment Agency; consequently, these activities have been included in this financial report as blended component units.

The annual budget serves as the foundation for the City's financial planning and control. Prior to April 15, the finance director submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada Department of Taxation and the citizens through public hearings. 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 Department of Taxation for final approval.

Activities of the general fund, special revenue funds, debt service fund, capital projects funds, enterprise funds and internal service funds are included in the annual budget. The level of budgetary control is statutorily required to be exercised at the function level. Encumbered amounts lapse at year-end.

Local Economy

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, though it suffered during the recent recession. During the downturn, Southern Nevada experienced drastic declines in visitor volume and a change in spending habits for those visitors who continued to come to the area. Such changes led to significant drops in taxable sales, gaming revenue, and room occupancy. It followed that many businesses were forced to close or scale back operations, leading to record unemployment and underemployment for the area. Visitor volume has since rebounded to pre-recession levels and is on pace to exceed 2013's volume. Additionally, many other economic indicators have begun to show early signs of improvement as well.

Employment, a key driver of the economy, continues to draw significant attention. Consumer spending is vital to economic health, and it does not occur at the level necessary to maintain a healthy economy when large portions of the population are unemployed, underemployed, or fearful that they may become unemployed. Under these conditions, individuals tend to spend more for their needs, and to save, to the extent possible, for the “rainy day” that they perceive to be coming. Strong employment, or perceived employment options, improves consumer confidence, and leads to more spending: the fuel which drives the economic engine.

Long-Term Financial Planning

In 2006, for budgetary and financial planning purposes, the City Council mandated that an 18% ratio of fund balance (including transfers), compared to the combined total of encumbrances and operating expenditures, be maintained in the General Fund. For several reasons, the most prominent being declining revenues, the City Council temporarily modified the aforementioned fund balance policy by enacting Resolution No. 2471 which required that the City produce a budget which would result in a General Fund ending fund balance of no less than 8% (including transfers) of General Fund expenditures. In May 2014, the City Council temporarily reduced the ratio to 6% (including transfers) to allow sufficient funding to settle an outstanding legal dispute with its employee collective bargaining groups. The change in General Fund balance during fiscal year 2014 was a decrease in ending fund balance from 8.4% in fiscal year 2013 to 6.3% (including transfers) at the end of fiscal year 2014. The long term goal of the City Council is to return to near the 18% fund balance previously targeted through managing cost and increasing revenues to rebuild fund balance over time.

Maintaining adequate levels of service is a critical challenge that must be addressed as the City’s population continues to grow in this challenging economic environment. The City maintains a five-year financial forecast for its major funds and certain special revenue funds, which serves as the cornerstone for the financial action plan and operating budget strategies. The forecasts provide an understanding of how the total financial program will be affected by certain economic factors and assumptions, and enable the City to estimate the resources that will be necessary to meet the requirements of existing programs and to make necessary adjustments accordingly.

Since 2007, the City has been implementing cost-saving actions in order to continue its prudent fiscal management. Such actions have included across the board budget reductions, the elimination of vacant positions, major reductions in discretionary spending, implementation of efficiency savings in all departments, and investigation of shared services with other local jurisdictions. In addition, a number of capital improvement projects have been delayed, cancelled, or were reduced in scope.

Looking to the future, the City has taken action to balance the fiscal year 2015 budget. The most notable action taken was the implementation of organizational changes to promote efficiency and the settlement of outstanding litigation with the City’s employee bargaining groups and certain property owners. The City continues to work with its employee bargaining groups in an effort to attain more savings through further employee concessions.

The Capital Improvement Plan (CIP) is a multi-year planning document that is updated and adopted on an annual basis. The CIP prioritizes major capital projects and identifies revenue sources available to finance the improvements. The City Council adopted a FY 2015-19 CIP in excess of \$295.4 million, though it continually evaluates the financial condition of the City in order to ensure that the timing and scope of all projects are fiscally prudent.

Major initiatives

The North 5th Street Super-Arterial, a major, four-phase street project continues to progress. Portions of the project already completed include the widening and improving of the roadway from Owens Avenue to Carey Avenue. Currently under construction is an overpass crossing Interstate 15, with improvements North from Interstate 15 to Cheyenne Avenue to be completed in the near future. The total costs for all four phases are projected to be approximately \$89 million, and will significantly improve traffic flow in downtown North Las Vegas. This is the largest street improvement project the City has ever undertaken.

Construction of the Craig Ranch Regional Park (the “Park”) was a three-year project started in 2011 and completed in 2013. The Park is approximately 170 acres in size and it features a 65,000-square-foot skate park, which is considered one of the largest skate parks in the United States. During 2011, the first phase of the Park’s construction was completed which included the demolition of several existing structures, building a new maintenance facility, underground utilities, improving landscape, an addition of new parking lot space, lighting, picnic shelters, restrooms, trails, a children’s

adventure play area, and a five-acre dog park. The second phase, included the construction of baseball fields, volleyball courts, basketball courts, four public plazas, a community garden, an additional parking lot, additional restrooms, an additional children's adventure play area, and the construction of the aforementioned skate park. On October 25, 2013, the Park opened to the public and the City expects approximately 750,000 people to use the Park annually.

The Las Vegas Wash Main Branch – Channel and Trail Improvement Project, a two-phase project (Phase I - Vegas Boulevard to Lake Mead Boulevard and Phase II - Civic Center Drive to Las Vegas Boulevard) was partially completed as of June 30, 2013. Phase II was substantially completed on May 29, 2013 and consists of approximately 1.42 miles of multipurpose pedestrian trail with lighting and landscaping including a trailhead at Cheyenne Avenue, pedestrian bridges over Las Vegas Boulevard and Cheyenne Avenue, and a pedestrian traffic signal on Civic Center Drive. Phase I was near completion at June 30, 2013, and consists of the removal and replacement of the bridge at Lake Mead Boulevard and Pecos Road. In addition, Phase I included approximately 1.15 miles of drainage channel improvements and a multipurpose pedestrian trail with lighting and landscaping.

In July 2014, the City entered into an agreement to sell its South Area Command Center for the North Las Vegas Police Department to neighboring North Vista Hospital for approximately \$1.9 million. In Phase I, the operations for the City's police department were relocated to the North Las Vegas Justice Court building during 2014. Phase II includes the relocation of critical records and communications equipment and is expected to be completed during fiscal year 2015.

Awards and Acknowledgements

The Government Finance Officers 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, 2012. This was the 32nd consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR that satisfies both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and as such will be submitted to the GFOA to determine its eligibility for recognition.

Preparation of this report would not have been possible without the dedicated services of the Finance Department and our independent auditors, Piercy Bowler Taylor & Kern, Certified Public Accountants and Business Advisors. We would like to express our appreciation to all who assisted and contributed to the preparation of this report. Credit is also given to the Mayor and members of the City Council for their interest and support in planning and conducting the operations of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Qiong X. Liu".

Dr. Qiong X. Liu P.E., PTOE, City Manager

A handwritten signature in black ink, appearing to read "Darren Adair".

Darren Adair, Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of North Las Vegas
Nevada**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

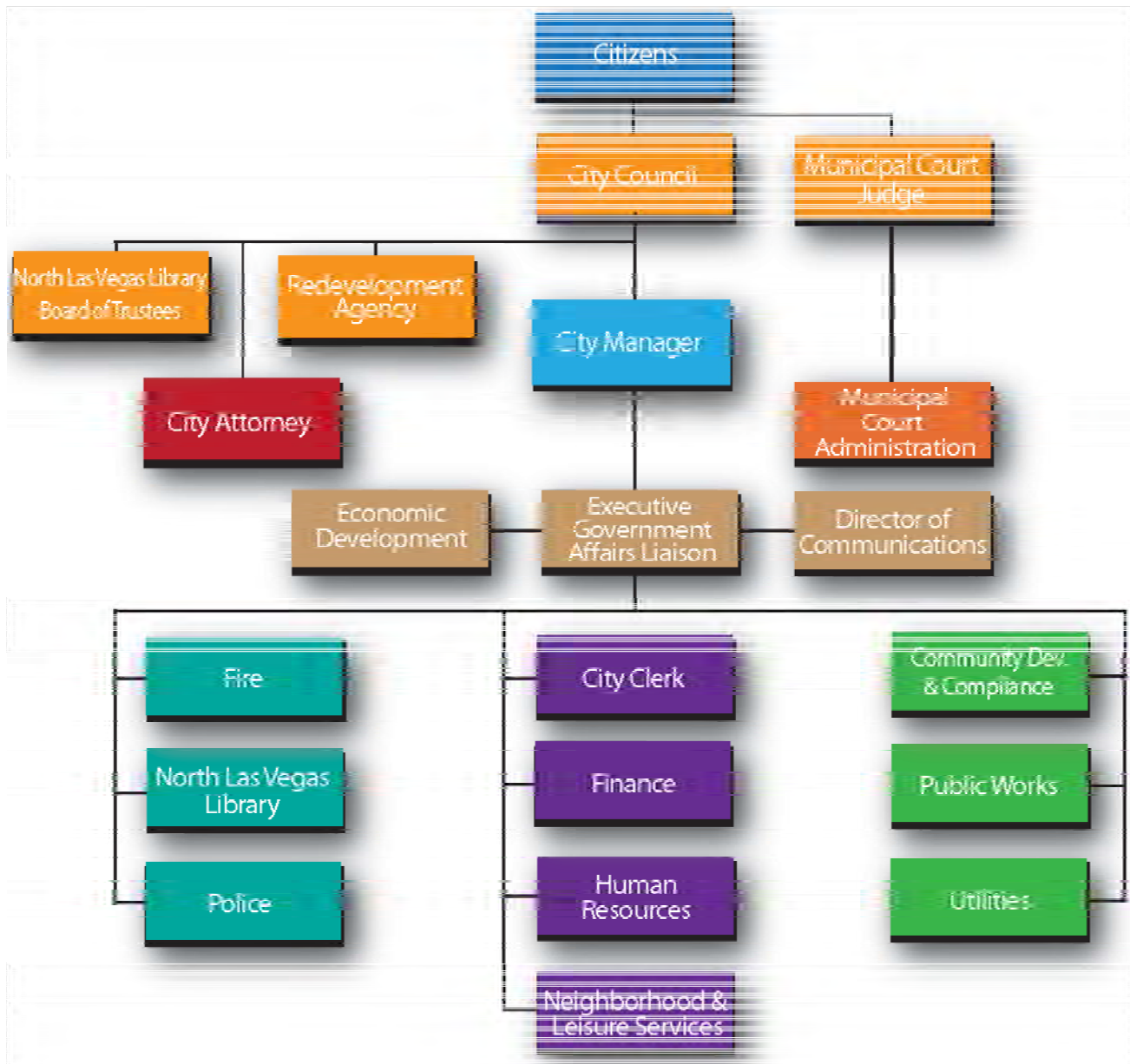
June 30, 2013

Executive Director/CEO

CITY OF NORTH LAS VEGAS

ORGANIZATION CHART

FOR THE YEAR ENDED JUNE 30, 2014



CITY OF NORTH LAS VEGAS

CITY OFFICIALS

FOR THE YEAR ENDED JUNE 30, 2014

Elected Officials

| | |
|-------------------|------------------------|
| Mayor | John J. Lee |
| Mayor Pro Tempore | Anita G. Wood |
| Council Member | Pamela A. Goynes-Brown |
| Council Member | Wade W. Wagner |
| Council Member | Isaac E. Barron |
| Municipal Judge | Catherine Ramsey |
| Municipal Judge | Sean Hoeffgen |

Appointed Officials

| | |
|--|------------------------|
| Interim City Manager | Dr. Qiong X. Liu |
| City Attorney | Sandra Douglass Morgan |
| Executive Government Affairs Liaison | Ryann Juden |
| Acting Finance Director | Darren Adair |
| Acting Fire Chief | Jeff Lytle |
| Chief of Police | Joseph Chronister |
| City Clerk | Barbara A. Andolina |
| Community Development & Compliance Director | Gregory W. Blackburn |
| Court Administrator | Cindy S. Marshall |
| Deputy Utilities Director | Randall E. DeVaul |
| Director of Communications | Mitch Fox |
| Human Resources Director | Austin Scaccia |
| Library Director | Forrest Lewis |
| Neighborhood & Leisure Services Director | Mary Ellen Donner |
| Public Works Deputy Director | Jennifer Doody |

FINANCIAL SECTION

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Honorable Mayor and Members of the City Council
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 (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether the City's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the basic financial statements to enable the design of 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. Our responsibility is to express an opinion on the basic 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 basic financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, postemployment benefits other than pensions, schedule of funding progress and budgetary comparison information on pages 11-26 and 71-78 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for

placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, other supplementary information, as listed in the table of contents, statistical section and schedule of business license fees are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section and schedule of business license fees have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2015, 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* in considering the City's internal control over financial reporting and compliance.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
February 6, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2014

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, 2014. 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 1-5 of this report.

Financial Highlights

The City's total net position at June 30, 2014, is \$1.47 billion. Of this \$1.47 billion, \$1.17 billion is related to governmental activities, while \$301.87 million is related to its business-type activities.

The City's total assets decreased by \$15.06 million, primarily due to a decrease in grants receivable, as many large construction projects that were being funded through granting agencies were completed throughout this fiscal year. The City's total liabilities decreased by \$15.39 million, mostly due to a decrease in accounts payable, which can also be attributed to the completion of many of the City's construction projects during the fiscal year.

The City's capital assets, net of related debt, totaled \$1.32 billion; governmental activities contributed \$1.11 billion and business-type activities contributed \$214.76 million.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$89.63 million, an increase of \$3.91 million in comparison with the amount reported for the prior fiscal year. Of this amount, \$6.74 million is non spendable, \$70.40 million is restricted, \$.5 million is committed and \$4.36 million is assigned; the remaining \$7.63 million is unassigned and therefore, available for spending at the government's discretion.

The general fund's ending fund balance is \$8.08 million at June 30, 2014, which represents 7.2% of total general fund expenditures, excluding transfers out. If transfers out are included, then the \$8.08 million ending fund balance represents 6.3% of total expenditures. The City had a reserve policy of maintaining a fund balance of at least 18% and in the past, reserves consistently exceeded 19% of expenditures. However, the City's tax revenue has fallen sharply as a result of the recession and the City's tax base deterioration has been among the worst in the nation. For example, the City's assessed valuation has dropped by over 55% from a high of \$9.1 billion in FY 2008-09 to \$4.1 billion in FY 2013-14. Similarly, intergovernmental consolidated taxes revenue (primarily consisting of sales tax) declined by 19% from a high of \$53.7 million in FY 2005-06 to nearly \$44 million in 2014. As a result of these declining revenues, the City Council temporarily lowered the reserve policy to 6% with the intent that ending fund balance be restored to the 18% level as soon as fiscal conditions allow.

The general fund's primary revenue sources are: intergovernmental consolidated taxes, which totaled \$43.98 million, franchise fees, which totaled \$20.79 million and licenses and permits, which totaled \$10.75 million. The City's licenses and permits include building and engineering permits, which totaled \$3.35 million. Property taxes consist of ad valorem taxes on real and personal property and totaled \$7.49 million. The combination of the above four primary revenue sources represents nearly 82% of the general fund's total revenues for the year ended June 30, 2014. In addition to the aforementioned revenue sources for the general fund, transfers were made from the water and wastewater funds in the amount of \$24 million.

The City's long-term liabilities and bond indebtedness decreased by a net \$10.42 million, or 2%. The City's liability for compensated absences increased by 4% or \$1.39 million and the City's postemployment benefits other than pensions increased by 14% or \$1.47 million. The total bonded debt outstanding decreased by \$13.28 million over the fiscal year.

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

For the year ended June 30, 2014, the City's total revenues amounted to \$342.58 million. The primary revenue sources for the City were charges for services, which amounted to \$155.26 million, grants and contributions amounting to \$64.84 million, property taxes totaling \$49.09 million, intergovernmental consolidated taxes, which totaled \$43.98 million, and franchise fees amounting to \$20.79 million.

For fiscal year 2013-14, the City's total expenses amounted to \$342.94 million. The primary expense functions for the City's government-wide activities were public safety at \$154.79 million, general government at \$56.38 million, wastewater activities at \$46.65 million, water activities at \$37.37 million and culture and recreation activities at \$16.35 million.

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.

Government-wide Financial Statements

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 position presents information on all of the City's assets and liabilities, as well as deferred inflows and outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 27-30 of this report.

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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.

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 18 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 and the public safety tax fund, which are considered to be major funds. Data from the remaining 16 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non major governmental funds is provided in the form of combining schedules and individual fund schedules, which can be found on pages 79-108 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 31-36 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 supply and distribution system, wastewater collection and treatment operations and two 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 postemployment 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 system and the wastewater operation, both of which are considered to be major funds of the City. The City also presents a non-major proprietary fund for the operations of its two 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 form of combining schedules and individual fund schedules, which can be found on pages 113-118 of this report. Financial data for the golf courses are combined into a single aggregated presentation, which can be found on page 110 of this report.

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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 system and the wastewater operation, both of which are considered to be major funds of the City. The City also presents a non-major proprietary fund for the operations of its two 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 form of combining schedules and individual fund schedules, which can be found on pages 113-118 of this report. Financial data for the golf courses are combined into a single aggregated presentation, which can be found on page 110 of this report.

The proprietary fund financial statements can be found on pages 37-41 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 42 and 119-124 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 43-70 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 postemployment 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 71-79 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 \$1.47 billion at the close of the most recent fiscal year.

The largest portion of the City's net assets (90%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery and equipment), less any related debt used to acquire those assets that are 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 (5.0%) represents resources that are subject to external restrictions on how they may be used and 5.0% of the City's net assets are unrestricted.

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

| Summary Statement of Net Position | | | | | | |
|-----------------------------------|-------------------------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Assets | | | | | | |
| Current, restricted and other | \$ 138,499,537 | \$ 134,723,732 | \$ 108,108,209 | \$ 110,220,892 | \$ 246,607,746 | \$ 244,944,624 |
| Capital | <u>1,261,065,363</u> | <u>1,267,097,325</u> | <u>506,313,669</u> | <u>517,006,723</u> | <u>1,767,379,032</u> | <u>1,784,104,048</u> |
| Total assets | <u>1,399,564,900</u> | <u>1,401,821,057</u> | <u>614,421,878</u> | <u>627,227,615</u> | <u>2,013,986,778</u> | <u>2,029,048,672</u> |
| Deferred outflows of resources | <u>13,918,516</u> | <u>14,553,581</u> | <u>8,550</u> | <u>59,853</u> | <u>13,927,066</u> | <u>14,613,434</u> |
| Liabilities | | | | | | |
| Current | 28,128,217 | 33,725,229 | 14,690,918 | 14,060,444 | 42,819,135 | 47,785,673 |
| Long-term | <u>214,856,846</u> | <u>217,191,268</u> | <u>297,873,135</u> | <u>305,960,174</u> | <u>512,729,981</u> | <u>523,151,442</u> |
| Total liabilities | <u>242,985,063</u> | <u>250,916,497</u> | <u>312,564,053</u> | <u>320,020,618</u> | <u>555,549,116</u> | <u>570,937,115</u> |
| Net position | | | | | | |
| Net investment in capital assets | 1,106,799,902 | 1,109,705,374 | 214,759,669 | 229,033,516 | 1,321,559,571 | 1,338,738,890 |
| Restricted | 73,249,575 | 70,286,644 | 75,134 | 4,514,658 | 73,324,709 | 74,801,302 |
| Unrestricted | <u>(9,551,124)</u> | <u>(14,533,877)</u> | <u>87,031,572</u> | <u>73,718,676</u> | <u>77,480,448</u> | <u>59,184,799</u> |
| Total net position | <u>\$ 1,170,498,353</u> | <u>\$ 1,165,458,141</u> | <u>\$ 301,866,375</u> | <u>\$ 307,266,850</u> | <u>\$ 1,472,364,728</u> | <u>\$ 1,472,724,991</u> |

The primary restrictions on the City's net position relate to capital projects (\$37.32 million), community assistance and support programs (\$12.32 million) and public safety programs (\$9.77 million). The City's unrestricted net position totals \$77.48 million. For further details relating to the City's net position and restrictions thereon, please see the Statement of Net Position on pages 27-28 of this document.

The following Summary Statement of Changes in Net Position reflects the City's very slight decrease in net position of \$360,263. The decrease in net position is primarily a result of the operation of the business-type activities, which decreased net position by \$5.04 million or 2%, while the governmental activities increased the City's net position by \$5.40 million.

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

The following Summary Statement of Changes in Net Position reflects the City's very slight decrease in net position of \$360,263. The decrease in net position is primarily a result of the operation of the business-type activities, which decreased net position by \$5.04 million or 2%, while the governmental activities increased the City's net position by \$5.40 million.

Summary Statement of Changes in Net Position

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|-------------------------|---------------|--------------------------|---------------|--------------------------|----------------|
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Revenues | | | | | | |
| Program revenues | | | | | | |
| Charges for services | \$ 58,705,138 | \$ 51,745,682 | \$ 96,553,717 | \$ 93,220,117 | \$ 155,258,855 | \$ 144,965,799 |
| Operating grants and contributions | 23,491,365 | 19,871,431 | 6,209,435 | 3,116,042 | 29,700,800 | 22,987,473 |
| Capital grants and contributions | 32,366,318 | 91,544,553 | 2,776,902 | 5,857,325 | 35,143,220 | 97,401,878 |
| General revenues | | | | | | |
| Property taxes | 49,088,718 | 48,831,490 | | | 49,088,718 | 48,831,490 |
| Residential construction taxes | 314,546 | 332,595 | | | 314,546 | 332,595 |
| Room taxes | 422,474 | 383,888 | | | 422,474 | 383,888 |
| Franchise fees, based on gross receipts | 20,788,938 | 15,769,356 | | | 20,788,938 | 15,769,356 |
| Intergovernmental consolidated taxes | 43,976,942 | 39,434,352 | | | 43,976,942 | 39,434,352 |
| Other local government shared revenues | 2,082,929 | 2,224,996 | | | 2,082,929 | 2,224,996 |
| Unrestricted investment income | 1,035,183 | 679,281 | 13,586 | 136,985 | 1,048,769 | 816,266 |
| Gain on disposal of capital assets | 2,102,479 | 204,150 | 12,668 | | 2,115,147 | 204,150 |
| Miscellaneous | 2,281,880 | 1,767,227 | 356,096 | 6,362,108 | 2,637,976 | 8,129,335 |
| Total revenues | 236,656,910 | 272,789,001 | 105,922,404 | 108,692,577 | 342,579,314 | 381,481,578 |

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

| Summary Statement of Changes in Net Position | | | | | | |
|--|-------------------------|-------------------------|--------------------------|-----------------------|--------------------------|-------------------------|
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| Expenses | | | | | | |
| General government | \$ 56,381,592 | \$ 51,855,800 | \$ | \$ | \$ 56,381,592 | \$ 51,855,800 |
| Judicial | 9,896,150 | 9,496,348 | | | 9,896,150 | 9,496,348 |
| Public safety | 154,787,847 | 147,724,400 | | | 154,787,847 | 147,724,400 |
| Public works | 8,416,102 | 11,197,298 | | | 8,416,102 | 11,197,298 |
| Culture and recreation | 16,347,681 | 13,295,753 | | | 16,347,681 | 13,295,753 |
| Community support | 5,722,271 | 5,168,774 | | | 5,722,271 | 5,168,774 |
| Interest expense and fiscal charges | 4,111,816 | 4,388,732 | | | 4,111,816 | 4,388,732 |
| Wastewater | | | 46,654,631 | 38,806,095 | 46,654,631 | 38,806,095 |
| Water | | | 37,368,080 | 33,417,139 | 37,368,080 | 33,417,139 |
| Municipal golf courses | | | 3,253,407 | 2,321,525 | 3,253,407 | 2,321,525 |
| Total expenses | <u>255,663,459</u> | <u>243,127,105</u> | <u>87,276,118</u> | <u>74,544,759</u> | <u>342,939,577</u> | <u>317,671,864</u> |
| Change in net position before transfers | (19,006,549) | 29,661,896 | 18,646,286 | 34,147,818 | (360,263) | 63,809,714 |
| Transfers | <u>24,046,761</u> | <u>31,433,990</u> | <u>(24,046,761)</u> | <u>(31,433,990)</u> | | |
| Change in net position | 5,040,212 | 61,095,886 | (5,400,475) | 2,713,828 | (360,263) | 63,809,714 |
| Net position, beginning of year | <u>1,165,458,141</u> | <u>1,104,362,255</u> | <u>307,266,850</u> | <u>304,553,022</u> | <u>1,472,724,991</u> | <u>1,408,915,277</u> |
| Net position, end of year | <u>\$ 1,170,498,353</u> | <u>\$ 1,165,458,141</u> | <u>\$ 301,866,375</u> | <u>\$ 307,266,850</u> | <u>\$ 1,472,364,728</u> | <u>\$ 1,472,724,991</u> |

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Governmental-type program revenues dropped by \$48.60 million during the fiscal year. While charges for services increased by \$6.96 million and operating grants and contributions increased by \$3.62 million for a combined increase of 15%, compared to the prior fiscal year, capital grants and contributions fell by 65%. This is due to a number of significant construction projects that were funded by other granting agencies and completed during the fiscal year, such as Craig Ranch Regional Park for a total of \$34.77 million, the design and construction of pedestrian bridges on the upper Las Vegas wash trail, eliminating vehicle and pedestrian conflicts, a \$23.94 million street improvement project of a major carrier of north-south traffic consisting of the design, acquisition and construction of six travel lanes, drainage, traffic control devices, curb, gutter and sidewalk. Additionally, gain on disposal of capital assets increased by \$1.90 million. The City has been implementing a number of cost saving actions in order to continue its prudent fiscal management, which has included the consolidation of programs and/or departments for further efficiency. As part of that process, during fiscal year 2013-14, the City sold its police facility for the \$1.90 million and relocated the police department function to the City's justice facility, as there was significant vacant space not being utilized.

Governmental type expenses increased by 5% (\$12.54 million). Public safety had the biggest increase in expenses by \$7.06 million, compared to the prior fiscal year. This is primarily due to public safety capital projects pertaining to flood control. The desert southwest is an environment of extremes. Typically thought of as a dry and hot region, the area often experiences intense rainfall and subsequent flash floods resulting in tremendous damages to private property and public facilities. As such, the region has developed and coordinated a comprehensive master plan to solve flooding problems by mostly funding and coordinating the construction of flood control facilities. During the fiscal year 2013-14, the City had eight different flood control projects underway.

General government expenses increased by \$4.52 million, compared to FY 2012-13. Most of the increase in expenses in general government are related to a \$6.3 million settlement agreement that awarded certain landowners for pre-condemnation damages pertaining to an approximately 2.5-acre parcel of vacant property.

Overall business type revenues decreased by \$2.77 million or 3%. Miscellaneous revenue significantly dropped by \$6.71 million this fiscal year due primarily to the non recurring usage of funding related to the Clean Water Coalition being utilized for the expenses of the Sloan Channel agreement with Clark County. Specifically, the Clean Water Coalition funding has been exhausted and now operational revenues are being used for the expenses related to the installation of a required pipeline in the Sloan Channel. Conversely, user fees increased by \$3.33 million, or 4%, compared to FY 2013-14, which is mostly due to the annual 3% rate increase.

Business type expenses increased by \$12.73 million. This is primarily due to a couple of reasons, including the new cost allocation methodology applied to the utility funds, whereby overhead costs are calculated and paid by the utility funds to the general fund, whereas in the past, an arbitrary transfer out was made from the utility funds to the general fund. This amounted to \$8 million in new costs to the utilities funds. Additionally, depreciation and amortization expenses increased by \$2.42 million, compared to the prior fiscal year, for the wastewater utilities fund. And lastly, purchases of water during the fiscal year from the City's purveyor, Southern Nevada Water Authority, increased by 8.22%, or \$1.07 million.

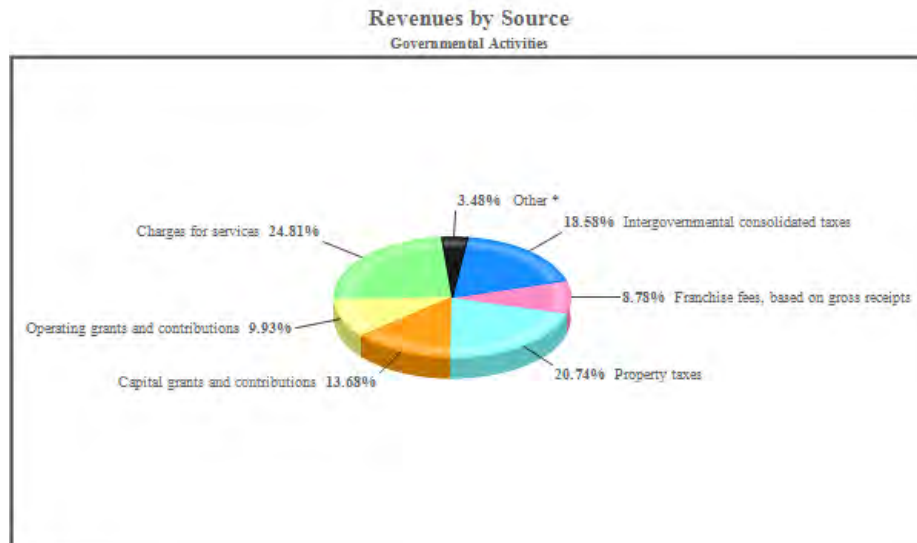
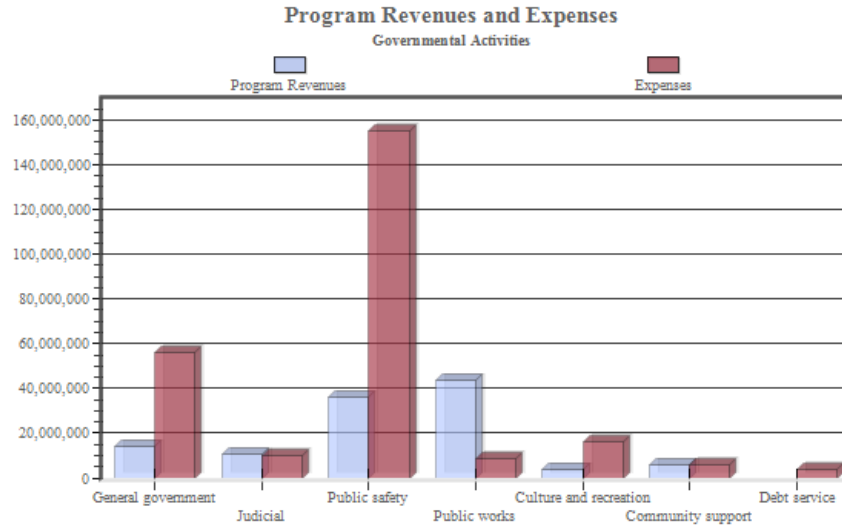
The following graphs provide expense and program revenue information with regard to the various functions of the City's governmental activities and revenues by source information with regard to the City's governmental activities.

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CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014



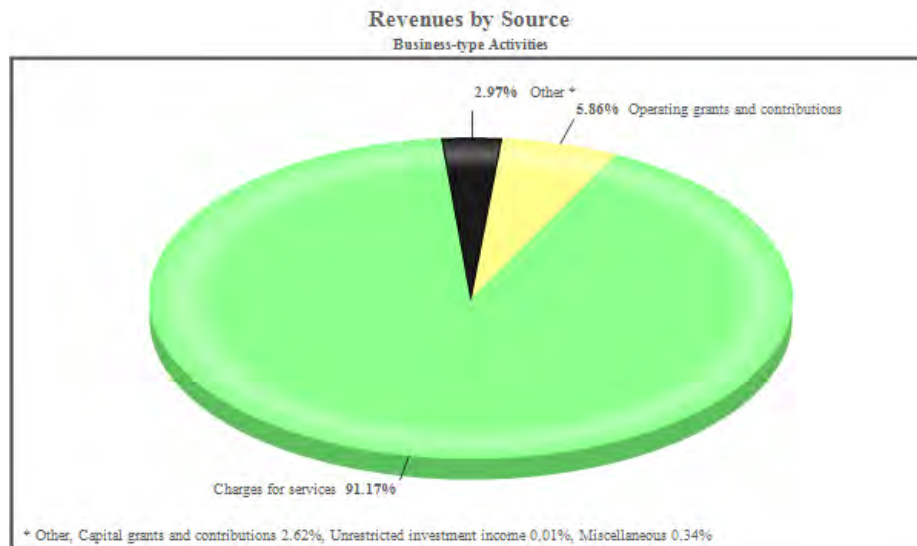
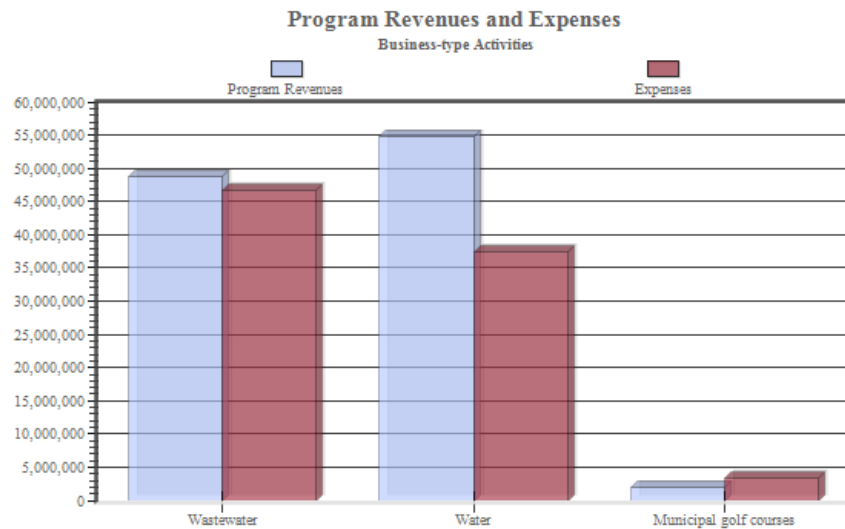
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CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

The following graphs provide expense and program revenue information with regard to the various functions of the City's business type activities and revenues by source information with regard to the City's business type activities.



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.

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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, unassigned 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 \$89.63 million, an increase of \$3.91 million in comparison with the amount reported for the prior fiscal year. Of the ending fund balance, \$6.74 million is nonspendable as this amount represents land held for resale and prepaid items, which are not in a spendable form; \$70.40 million is restricted as amounts in this classification are restricted for specific purposes by external creditors, such as bondholders, grantors, laws and/or regulations of other governments; \$5 million is committed for specific purposes pursuant to City Council direction; \$4.36 million is assigned with the intent that these funds will be used for a specific purpose, but these funds are not restricted nor committed; and \$7.63 million is unassigned fund balance, which is available for spending at the City Council's discretion.

The City reports both major and nonmajor funds, and as such, major funds are reported in a separate column in the entity-wide statements, while nonmajor funds are reported in a single aggregated column. By definition, the general fund is always considered a major fund. Funds must be reported as major funds if they meet both of the following criteria:

An individual fund reports at least 10% of any of the following: a) total assets, b) total liabilities, c) total revenues, or d) total expenditures/expenses in its fund type category, governmental or enterprise.

An individual fund reports at least 5% of the aggregated total for both governmental funds and enterprise funds of one of the items for which it met the 10% criterion.

Following are summaries of key information relating to the City's major funds:

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the general fund's ending fund balance was \$8.08 million. Of this amount, \$0.24 million was nonspendable due to prepaid items and \$0.21 million was committed for the matching component of a number of grant-related programs. Finally, as noted above, \$7.63 million is unassigned. As a measure of the general fund's liquidity, it may also be useful to compare fund balance to total fund expenditures. As such, fund balance represents 7.2% of total general fund expenditures, when excluding transfers out.

The fund balance of the City's general fund decreased by \$1.26 million during the fiscal year. Overall revenues, excluding transfers in, increased by 16% (\$13.7 million) and transfers in decreased by 22%, (\$7 million), compared to the prior fiscal year. These differences are mostly attributable to a change in the approach by which the City transfers funds from its utilities funds to the general fund. Specifically, the City previously transferred \$32 million annually as a payment in-lieu-of taxes with no direct relationship between the amount transferred to the general fund and the goods and services provided to the utilities funds in the normal course of business. Beginning with FY 2013-14, the City developed a cost allocation methodology, whereby overhead costs are calculated and payments for franchise fees, as well as property taxes are collected from the utility funds. Under this new approach, the City collected \$8 million in new revenues from the utilities funds, while reducing transfers in from the utilities funds from \$32 million to \$24 million. Pursuant to Nevada law, effective 2021, arbitrary transfers from utilities funds to the general fund will no longer be permitted.

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

As noted above, general fund revenues increased by \$13.7 million due to the \$8 million in new revenue sources from the utilities funds as well as an increase of 12% (\$4.54 million) in the City's intergovernmental consolidated taxes (consisting primarily of sales taxes). This revenue source is the largest single revenue source in the general fund. In fiscal 2013-14, it accounted for 43.7% of general fund revenue, when excluding transfers in, and 35% when including transfers in. 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 (generally falling between 80% and 90% of the total). The increase in the consolidated tax distribution appears primarily attributable to the increase in consumer spending, as the local economy continues to recover. Nearly 40 million visitors came to the Las Vegas valley in 2013, reaching a five-year high.

Revenues directly related to population and assessed valuation, such as property taxes, decreased by 1% during the current fiscal year. Property values have begun to increase, however, it is expected that dropping property tax revenues are likely to be mitigated in the very near term. The City's population growth continues, albeit more moderately than in the recent past, prior to the most recent recession.

Excluding the new franchise fee revenue from the utility funds, this revenue source rose by \$0.74 million, or 5% in fiscal year 2013-14, growing at a moderate pace. License and permit revenues consists primarily of business license and building and engineering permits. Business licenses dipped by \$0.17 million or 2%, while development-related permitting (building and engineering) experienced a modest increase of \$0.19 million, or 6%.

Excluding the new administrative charges revenue from the utility funds, charges for services revenues grew during fiscal year 2013-14, rising by 9%, which amounted to a \$0.28 million increase. This increase was primarily the result of increased municipal court fees and an increase in development-related fees.

Intergovernmental revenues, excluding consolidated taxes and the new payment in-lieu-of taxes from the utilities funds, consists of grants and room and gaming taxes received from the Las Vegas Convention and Visitors Authority. This revenue source fell 4% (\$0.95 million).

Fines and forfeitures, which consist almost exclusively of municipal court fines (over 98% in fiscal 2013-14) saw a modest increase of \$0.11 million, or 2%, as this court activity remained relatively stable.

Overall expenditures for the general fund, including transfers out, increased by nearly \$10 million, or 8%. This was primarily due to a 15% increase in the culture and recreation function (\$0.95 million), an increase in the public safety function of 1% (\$1.03 million) and a 131% increase in transfers out (\$9.03 million). The \$0.95 million increase in culture and recreation is attributable to the completion of the design and construction of Craig Ranch Regional Park, a \$34.77 million project, which opened to the public in the Fall of 2013. The \$0.95 million is related to operating costs of that Park. The \$1.03 million increase in public safety is mostly due to overtime costs associated with fire services. The \$9.03 million increase in transfers out to the legal liability fund was for settlement agreements with the collective bargaining groups related to salaries and benefits, as well as a large settlement agreement with landowners pertaining to pre-condemnation damages. Of note is that salaries and related benefits accounted for approximately 81% of the general fund's expenditures in the fiscal year 2013-14.

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

The public safety tax fund had a total ending fund balance of \$3.31 million at the end of fiscal year 2013-14. Of that balance, \$18,965 was nonspendable as it pertained to prepaid items. The remaining \$3.29 million of ending fund balance was restricted for the expenditure of additional public safety support with respect to police and detention activities pursuant to voter approved tax overrides. Tax revenues for this fund remained relatively flat at \$28.20 million, while expenditures decreased by 7% (\$2.21 million). Primarily contributing to this expenditure reduction is the interlocal agreement with the City of Las Vegas resulting in a combined detention operation between the two cities. This consolidation of services has continued to provide savings to the City in fiscal year 2013-14. Also contributing was attrition, to the extent positions which were voluntarily vacated have not immediately been filled.

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 water and wastewater business-type activities decreased by \$2.84 million, or 2.9% (\$94.84 million in 2014, compared to \$97.68 million in 2013). In 2013, the City recognized a one-time revenue in applying the Clean Water Coalition(CWC) funds that were determined to be used for the Sloan Channel pipeline project in agreement with Clark County. The fees collected were to be used in a regional pipeline which included the pipeline to the City of North Las Vegas' wastewater reclamation facility (WRF). When CWC was dissolved, the remaining cash was returned to the collecting entities. These funds were held by the City as a liability until the agreement with the County was reached and those funds were then re-classed to miscellaneous revenue of \$6.45 million. The water and wastewater utility customers continued to conserve water as billed usage decreased by 1.95% during fiscal year 2014. This decrease was offset by a 1.22% increase in new accounts being opened and a 3% rate increase during the fiscal year.

Likewise, operating expenses, excluding transfers out, increased by \$11.7 million, or 21.0%. Eight million dollars of this increase was due to the change in the allocation of expenses from the City's general fund. These funds are a reduction of the City's transfers to the City's general fund for payment in-lieu-of taxes (PILT). Transfers out to the City's general fund for PILT was reduced from \$31.5 million in fiscal year 2012-2013 to \$24 million in fiscal year 2013-2014. Further information regarding these changes in revenues and expenses for the water and wastewater operations are as follows:

The water enterprise fund had an overall increase in net position of \$0.35 million due to various increases and decreases in this year's operations as noted in the following paragraphs.

Water utility fees increased 3.97%, or \$2.07 million during this fiscal year. Water user fees increased \$1.67 million or 3.54%. This increase is due to a 3% rate increase and an increase in new accounts. However, as noted above, customers still continued conserving water during the year and billed usage during the year decreased in commercial, single and multi-family accounts. These decreases were offset by the addition of commercial and single family accounts during the year and the 3% rate increase. This year the City continued with an increase in new development fees, increasing 24.51% or \$0.24 million. The other operating revenues showed an increase during the year to make up the difference.

Operating expenses of the water enterprise fund increased 12.09% to \$36.31 million, compared to the prior fiscal year, for a total increase of \$3.92 million. As explained above, the City changed the formula in allocating PILT during the year. Those fees that should be allocated for utility expenses were classified as operating expenses this amount is \$3.98 million. Expenses for salaries, related benefits and services and supplies decreased by 8.13%. This decrease is due to a reorganization of the utility department and not filling all vacant positions during the year. Purchases of water during the fiscal year from the City's purveyor, Southern Nevada Water Authority, increased by 8.22% or \$1.07 million. The increase is due to an increase in the wholesale water rate of 3.4% and an increase in water purchased during the year. Expenses for depreciation increased by 0.8%.

(Continued)

CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Additionally, capital contributions increased by \$0.18 million and transfers out decreased by \$0.72 million during fiscal year 2013-2014, compared to the prior year. The City's capital contributions consist primarily of infrastructure that's paid and constructed by developers and then contributed to the City, such as water and wastewater pipelines.

The wastewater enterprise fund had an overall decrease in net position of \$3.71 million due to various increases and decreases in this year's operations as noted in the following paragraphs.

Wastewater utility fees increased by \$3.13 million, or 3.6% for the fiscal year. This increase is due to a 3% rate increase during the year and an increase in new service accounts during the year. Since the City's wastewater fee structure is substantially based on actual water consumption, the increase in demand for water services ultimately results in increased wastewater to treat. The City continued to see an increase in new development fees of \$0.43 million, or 28% from the prior year. As discussed above, miscellaneous fees decreased by \$6.66 million. This decrease is due to a one-time revenue of \$6.45 million of CWC connection fees.

Non-operating revenues primarily consist of intergovernmental revenues, which decreased by \$0.30 million as a result of the reduction in the sales and use taxes collected. During fiscal year 2012-2013, the City received a settlement payment of sales taxes from the City of Las Vegas of \$0.39 million due to an allocation error with the cities of Henderson, Las Vegas and Clark County Water Reclamation District. During the year, the City had a net increase of \$0.19 million in sales taxes revenue and investment interest earnings decreased from \$136,695 to \$13,586.

Operating expenses of the wastewater enterprise fund increased by \$7.81 million, or 33.4% to \$31.18 million. Salaries and related benefits expenses increased by 2.4%. This increase is due to the reorganization of the utility department during the year. Services and supplies increased by \$5.26 million, or 76.1% and these increases are mainly due to the change in application of the PILT allocation as explained above. The increase of expense for these changes was \$4.02 million. The WRF had a \$1.36 million increase in electrical power during the year. The City received a power allocation from the Colorado River Commission (CRC) which provided the WRF with a lower electrical charge. The change from NV Energy to the CRC resulted in a lump-sum settlement payment to NV Energy in the amount of \$1.49 million. This change to the CRC will result in a lower energy cost for the WRF operations going forward. Depreciation expenses increased by \$2.42 million.

Non operating expenses consist of interest and bond issuance costs, which decreased by \$.12 million, or 0.8%. This decrease is due to repayment of principal on outstanding bonds.

General Fund Budget

During the fiscal year, there was a \$0.92 million increase in appropriations between the original and final amended budget. This was due to timing between when the budget was being developed with unfunded vacant positions, while hiring for these vacant positions was underway. The original budget for transfers out was amended by \$5.1 million during the fiscal year mostly due to settlement agreements with the collective bargaining groups related to salaries and benefits and transfers out to the Library District and the Aliante Golf Course for purposes of meeting their shortfalls during the fiscal year.

The original revenue budget was increased by \$11.1 million, of which \$8 million is due to a procedural change in accounting for the allocation of costs to the utilities funds, whereby overhead costs are calculated and payments for franchise fees, as well as property taxes are computed and collected. This increase in revenues was offset by the reduction in transfers in from the utilities funds. The original revenue budget was also increased by \$2 million for intergovernmental consolidated taxes, \$1 million in licenses and permits and \$0.1 million in the categories of refunds and reimbursements and special event revenue, as all these revenue sources trended higher than originally anticipated.

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CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

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, 2014, amounts to \$1.41 billion (net of accumulated depreciation and amortization). 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 5%.

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

\$6.28 million expended from the capital projects public safety fund primarily related to the construction improvements of flood control facilities, including pipes, culverts, channels, energy dissipaters, channel structures, channel access, storm drain inlets and laterals and other appurtenances as required.

\$8.51 million in infrastructure capital assets that were paid for and constructed by developers and contributed to the City.

\$9 million expended from the capital projects street improvements fund primarily related to the ongoing construction of the North 5th Street Corridor Project, which will provide for a high volume north south super arterial roadway, and the Simmons Street improvements, which is expected to be a major carrier of north-south traffic.

\$11.73 million expended from the capital projects parks and recreation fund primarily related to the design and construction of the Craig Ranch Regional Park and for other capital improvements to various parks and recreation buildings and facilities within the City limits.

Additional information on the City's capital assets can be found in Note 3 on pages 54-55 of this report.

Long-term Debt

At the end of the current fiscal year, the total outstanding bonded debt of the City was \$452.28 million. Of this amount, \$445.27 million comprises debt backed by the full faith and credit of the government and \$7 million 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 decreased by \$12.48 million, or 0.3% during the current fiscal year due to bond repayments.

The City's rating from Standard & Poor's changed from "BBB+" to "BB+" with a negative outlook. Moody's investors Service downgraded the City's indebtedness from "Ba2" to "Ba3" and Fitch Ratings downgraded the City from "BB" To "B" with a negative outlook. These actions by the rating agencies are primarily due to the City's continued fiscal challenges driven by a steep drop in general fund revenues, coupled with costly long term labor contracts. The City and region's economy were among the hardest hit by the collapse of the housing market, resulting in a combined assessed valuation decline of 55% over the last five years. 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 \$700.41 million, which is significantly in excess of the City's actual outstanding net general obligation debt of \$439.27 million.

Additional information on the City's long term debt can be found in Note 3 on pages 56-61 of this report.

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CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Next Year's Budget

As expenditures continue to outpace 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 over the past six years have included: the elimination of vacant positions, implementation of a hiring freeze, budget reduction programs, layoffs and voluntary separation packages, reorganization of the City's departmental structure, consolidating programs for further efficiency and suspending certain elements of collective bargaining agreements.. In addition, a number of capital improvement projects have been delayed, cancelled, or face a reduction in project scope.

In looking to the future, the City has increased the FY 2014-15 general fund budgeted revenues by \$168,356 for a total of \$124.35 million from the FY 2013-14 budget. As most revenues remain flat or show slight declines, intergovernmental consolidated taxes (primarily consisting of sales taxes) is continuing to show gains with an estimated increase of \$1.1 million in FY 2014-15. Additionally, property taxes revenue is projected to increase by almost 2.9% for the fiscal year ending June 30, 2015.

The City has increased the FY 2014-15 budgeted appropriations by \$4.48 million for a total of \$126.12 million. The increase in budgeted appropriations is for services and supplies. The City continues to try 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 2014-15 is currently at \$346.48 million and the adopted capital improvement plan for FY 2014-15 is \$145.78 million; however, a number of capital projects continue to be deferred until such time as the local economy improves.

Property taxes revenue account for approximately 6.1% 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%.

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 large 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.

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CITY OF NORTH LAS VEGAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Post-Employment Benefits Other Than Pensions

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 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 and as of June 30, 2013, the City's net OPEB obligation was \$11.69 million.

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 Finance Department, City of North Las Vegas, 2250 Las Vegas Boulevard North, Suite 710, North Las Vegas, Nevada, 89030-5875.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF NORTH LAS VEGAS

STATEMENT OF NET POSITION

JUNE 30, 2014

| | Primary Government | | |
|--|----------------------------|-----------------------------|----------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash, cash equivalents and investments, unrestricted | \$ 98,983,669 | \$ 50,973,844 | \$ 149,957,513 |
| Cash, cash equivalents and investments, designated for specific purposes | 1,618,906 | | 1,618,906 |
| Cash, cash equivalents and investments, restricted | 1,917,346 | 7,938,350 | 9,855,696 |
| Accounts receivable, net | 8,863,333 | 14,892,740 | 23,756,073 |
| Grants receivable | 2,975,931 | | 2,975,931 |
| Property taxes receivable | 2,739,200 | | 2,739,200 |
| Special assessments receivable | 253,030 | | 253,030 |
| Interest receivable | 38,455 | | 38,455 |
| Due from other governments | 10,178,125 | 662,294 | 10,840,419 |
| Inventories | 258,143 | 3,141,574 | 3,399,717 |
| Prepaid land lease, net of amortization | | 21,625,000 | 21,625,000 |
| Other prepaid items | 359,748 | 819,147 | 1,178,895 |
| Refundable deposits | | 11,941,931 | 11,941,931 |
| Property held for resale | 6,426,980 | | 6,426,980 |
| Internal balances | 3,886,671 | (3,886,671) | |
| Capital assets, net of accumulated depreciation and amortization | | | |
| Construction in progress | 190,719,919 | 21,561,929 | 212,281,848 |
| Land | 191,153,005 | 15,514,483 | 206,667,488 |
| Buildings and building improvements | 176,101,535 | 78,727,577 | 254,829,112 |
| Improvements other than buildings | 52,055,172 | 44,330,595 | 96,385,767 |
| Infrastructure | 641,618,371 | 341,530,523 | 983,148,894 |
| Machinery, equipment and software | 9,417,361 | 4,648,562 | 14,065,923 |
| Total assets | 1,399,564,900 | 614,421,878 | 2,013,986,778 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Unamortized deferred refunding charges | 13,918,516 | 8,550 | 13,927,066 |
| LIABILITIES | | | |
| Accounts payable and other accrued expenses | 9,358,327 | 3,245,631 | 12,603,958 |
| Accrued salaries and benefits | 12,278,687 | 504,108 | 12,782,795 |
| Due to other governments | 1,080,738 | 4,301,136 | 5,381,874 |
| Customer deposits | 55,763 | 4,175,920 | 4,231,683 |
| Unearned revenue | 2,512,395 | 40,578 | 2,552,973 |
| Interest payable | 2,842,307 | 2,423,545 | 5,265,852 |
| Long-term liabilities, due within one year | | | |
| Bonds and notes payable | 5,757,700 | 8,109,000 | 13,866,700 |
| Compensated absences | 4,634,334 | 412,957 | 5,047,291 |
| Long-term liabilities, due in more than one year | | | |
| Bonds and notes payable, net of unamortized premiums and discounts | 159,862,098 | 286,389,100 | 446,251,198 |
| Compensated absences | 32,914,806 | 2,962,078 | 35,876,884 |
| Postemployment benefits other than pensions | 11,687,908 | | 11,687,908 |
| Total liabilities | 242,985,063 | 312,564,053 | 555,549,116 |

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2014

| | Primary Government | | |
|--|----------------------------|-----------------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Total |
| NET POSITION | | | |
| Net investment in capital assets | 1,106,799,902 | 214,759,669 | 1,321,559,571 |
| Restricted for | | | |
| Debt service | 4,624,709 | | 4,624,709 |
| Buildings and facilities projects | 4,430,712 | | 4,430,712 |
| Street improvements projects | 3,498,490 | | 3,498,490 |
| Other capital projects | 15,317,134 | | 15,317,134 |
| Police, fire and other public safety programs and projects | 19,701,254 | | 19,701,254 |
| Parks, cultural and other recreational programs | 3,778,000 | | 3,778,000 |
| Library district operations | 908,045 | | 908,045 |
| Courts and other judicial programs | 1,654,714 | | 1,654,714 |
| Community assistance and support programs | 12,323,834 | | 12,323,834 |
| Claims and judgements | 6,993,580 | 75,134 | 7,068,714 |
| Other | 19,103 | | 19,103 |
| Unrestricted | (9,551,124) | 87,031,572 | 77,480,448 |
| Total net position | <u>\$ 1,170,498,353</u> | <u>\$ 301,866,375</u> | <u>\$ 1,472,364,728</u> |

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2014

| FUNCTION/PROGRAM | Expenses | Program Revenues | | Net (Expenses) Revenues and Change in Net Position | | |
|-------------------------------------|----------------|-------------------------|--|---|----------------------------|-----------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities |
| | | | | | | Total |
| Governmental activities | | | | | | |
| General government | \$ 56,381,592 | \$ 13,813,102 | \$ 162,971 | \$ | \$ (42,405,519) | \$ (42,405,519) |
| Judicial | 9,896,150 | 10,950,414 | | | 1,054,264 | 1,054,264 |
| Public safety | 154,787,847 | 24,235,187 | 11,422,611 | 139,047 | (118,991,002) | (118,991,002) |
| Public works | 8,416,102 | 5,375,946 | 6,339,938 | 32,081,230 | 35,381,012 | 35,381,012 |
| Culture and recreation | 16,347,681 | 3,707,230 | 151,488 | 146,041 | (12,342,922) | (12,342,922) |
| Community support | 5,722,271 | 623,259 | 5,414,357 | | 315,345 | 315,345 |
| Debt service | | | | | | |
| Interest expense and fiscal charges | 4,111,816 | | | | (4,111,816) | (4,111,816) |
| Total governmental activities | 255,663,459 | 58,705,138 | 23,491,365 | 32,366,318 | (141,100,638) | (141,100,638) |
| Business-type activities | | | | | | |
| Wastewater | 46,654,631 | 41,243,489 | 6,209,435 | 1,320,110 | | 2,118,403 |
| Water | 37,368,080 | 53,292,819 | | 1,456,792 | | 17,381,531 |
| Municipal golf courses | 3,253,407 | 2,017,409 | | | | (1,235,998) |
| Total business-type activities | 87,276,118 | 96,553,717 | 6,209,435 | 2,776,902 | | 18,263,936 |
| Total function/program | \$ 342,939,577 | \$ 155,258,855 | \$ 29,700,800 | \$ 35,143,220 | \$ (141,100,638) | 18,263,936 |
| | | | | | | (122,836,702) |

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

STATEMENT OF ACTIVITIES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

| | Program Revenues | | | Net (Expenses) Revenues and Change in Net Position | | |
|---|-------------------------|--|--|---|-----------------------------|------------------|
| | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Expenses | | | | | | |
| GENERAL REVENUES | | | | | | |
| Property taxes | | | | 49,088,718 | | 49,088,718 |
| Residential construction taxes | | | | 314,546 | | 314,546 |
| Room taxes | | | | 422,474 | | 422,474 |
| Franchise fees, based on gross receipts | | | | 20,788,938 | | 20,788,938 |
| Intergovernmental consolidated taxes | | | | 43,976,942 | | 43,976,942 |
| Other local government shared revenues | | | | 2,082,929 | | 2,082,929 |
| Unrestricted investment income | | | | 1,035,183 | 13,586 | 1,048,769 |
| Gain on disposal of capital assets | | | | 2,102,479 | 12,668 | 2,115,147 |
| Miscellaneous | | | | 2,281,880 | 356,096 | 2,637,976 |
| Total general revenues | | | | 122,094,089 | 382,350 | 122,476,439 |
| Transfers | | | | 24,046,761 | (24,046,761) | |
| CHANGE IN NET POSITION | | | | 5,040,212 | (5,400,475) | (360,263) |
| NET POSITION, BEGINNING OF YEAR | | | | 1,165,458,141 | 307,266,850 | 1,472,724,991 |
| NET POSITION, END OF YEAR | | | | \$ 1,170,498,353 | \$ 301,866,375 | \$ 1,472,364,728 |

See notes to basic financial statements.

FUND FINANCIAL STATEMENTS

CITY OF NORTH LAS VEGAS

GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2014

| | | Special Revenue Fund | | |
|---|----------------------|-------------------------|--|--------------------------------|
| | General Fund | Public Safety Tax | Aggregate Other Governmental Funds | Total Governmental Funds |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 4,581,512 | \$ 3,471,700 | \$ 69,178,729 | \$ 77,231,941 |
| Accounts receivable, net | 6,406,978 | 17,765 | 2,433,696 | 8,858,439 |
| Grants receivable | 5,745 | | 2,970,186 | 2,975,931 |
| Property taxes receivable | 499,553 | 1,527,177 | 712,470 | 2,739,200 |
| Interest receivable | | | 38,455 | 38,455 |
| Special assessments receivable | | | 253,030 | 253,030 |
| Prepaid items | 234,662 | 6,920 | 44,245 | 285,827 |
| Due from other governments | 8,085,799 | 9,919 | 2,082,407 | 10,178,125 |
| Property held for resale | | | 6,426,980 | 6,426,980 |
| Total assets | <u>\$ 19,814,249</u> | <u>\$ 5,033,481</u> | <u>\$ 84,140,198</u> | <u>\$ 108,987,928</u> |
| LIABILITIES | | | | |
| Accounts payable and other accrued liabilities | \$ 460,638 | \$ 63,564 | \$ 2,432,550 | \$ 2,956,752 |
| Accrued salaries and benefits | 4,480,406 | 785,197 | 589,624 | 5,855,227 |
| Due to other funds | 6,157,425 | 88,978 | 101,927 | 6,348,330 |
| Due to other governments | 482,043 | 444,603 | 107,755 | 1,034,401 |
| Customer deposits | 43,834 | | 10,443 | 54,277 |
| Unearned revenue | 17,406 | | 2,494,989 | 2,512,395 |
| Total liabilities | <u>11,641,752</u> | <u>1,382,342</u> | <u>5,737,288</u> | <u>18,761,382</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues | <u>93,797</u> | <u>338,949</u> | <u>164,683</u> | <u>597,429</u> |
| Total liabilities and deferred inflows of resources | <u>11,735,549</u> | <u>1,721,291</u> | <u>5,901,971</u> | <u>19,358,811</u> |

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

GOVERNMENTAL FUNDS BALANCE SHEET (CONTINUED) JUNE 30, 2014

| | | Special Revenue Fund | | |
|--|----------------------|-------------------------|--|--------------------------------|
| | General Fund | Public Safety Tax | Aggregate Other Governmental Funds | Total Governmental Funds |
| FUND BALANCES | | | | |
| Nonspendable | | | | |
| Prepaid items | 238,432 | 18,965 | 53,130 | 310,527 |
| Land held for resale | | | 6,426,980 | 6,426,980 |
| Restricted for | | | | |
| Debt service | | | 4,624,709 | 4,624,709 |
| Buildings and facilities projects | | | 4,430,712 | 4,430,712 |
| Street improvements projects | | | 3,498,490 | 3,498,490 |
| Other capital projects | | | 19,459,080 | 19,459,080 |
| Police, fire and other public safety programs and projects | | 3,293,225 | 16,408,029 | 19,701,254 |
| Parks, cultural and other recreational programs | | | 3,777,999 | 3,777,999 |
| Library district operations | | | 908,045 | 908,045 |
| Courts and other judicial programs | | | 1,653,363 | 1,653,363 |
| Community assistance and support programs | | | 12,323,834 | 12,323,834 |
| Other | | | 19,103 | 19,103 |
| Committed to | | | | |
| Other capital projects | | | 9 | 9 |
| Police, fire and other public safety programs and projects | 207,179 | | | 207,179 |
| Community assistance and support programs | | | 292,555 | 292,555 |
| Assigned to | | | | |
| Other capital projects | | | 1,003,235 | 1,003,235 |
| Police, fire and other public safety programs and projects | | | 822,382 | 822,382 |
| Parks, cultural and other recreational programs | | | 2,517,269 | 2,517,269 |
| Other | | | 19,303 | 19,303 |
| Unassigned | <u>7,633,089</u> | | | <u>7,633,089</u> |
| Total fund balances | <u>8,078,700</u> | <u>3,312,190</u> | <u>78,238,227</u> | <u>89,629,117</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 19,814,249</u> | <u>\$ 5,033,481</u> | <u>\$ 84,140,198</u> | <u>\$ 108,987,928</u> |

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES JUNE 30, 2014

| | | |
|--|----------------------|-------------------------|
| FUND BALANCES, GOVERNMENTAL FUNDS | | \$ 89,629,117 |
| Amounts reported in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not current financial resources; and therefore, are not reported in governmental funds: | | |
| Capital assets | \$ 1,708,069,149 | |
| Less accumulated depreciation | <u>(449,567,965)</u> | 1,258,501,184 |
| Long-term liabilities, including bonds payable are not due and payable in the current period; and therefore, are not reported in governmental funds: | | |
| Bonds payable | (163,181,700) | |
| Unamortized premiums and discounts | (2,438,098) | |
| Unamortized deferred refunding charges | 13,918,516 | |
| Compensated absences payable | <u>(37,135,902)</u> | (188,837,184) |
| Other liabilities are not due and payable in the current period; and therefore, are not reported in governmental funds: | | |
| Interest payable | <u>(2,842,307)</u> | (2,842,307) |
| Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds: | | |
| Unavailable revenue | <u>597,429</u> | 597,429 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds: | | |
| Internal service fund assets and liabilities included in governmental activities in the statement of net position | 9,557,759 | |
| Internal service fund balance receivable from business-type activities from cumulative prior years' activity | 3,122,248 | |
| Internal service fund balance receivable from business-type activities from current year activity | <u>770,107</u> | 13,450,114 |
| NET POSITION, GOVERNMENTAL ACTIVITIES | | <u>\$ 1,170,498,353</u> |

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

| | | Special Revenue Fund | | |
|---|---------------------|-------------------------|--|--------------------------------|
| | General Fund | Public Safety Tax | Aggregate Other Governmental Funds | Total Governmental Funds |
| REVENUES | | | | |
| Property taxes | \$ 7,489,422 | \$ 28,197,425 | \$ 13,410,184 | \$ 49,097,031 |
| Residential construction taxes | | | 314,546 | 314,546 |
| Room taxes | | | 422,474 | 422,474 |
| Franchise fees | 20,788,938 | | | 20,788,938 |
| Licenses and permits | 10,748,799 | | | 10,748,799 |
| Special assessments | | | 2,170,942 | 2,170,942 |
| Charges for services | 4,978,360 | 101,788 | 2,493,851 | 7,573,999 |
| Intergovernmental consolidated taxes | 43,976,942 | | | 43,976,942 |
| Intergovernmental | 4,417,933 | | 44,783,891 | 49,201,824 |
| Fines and forfeitures | 6,905,762 | | 330,282 | 7,236,044 |
| Contributions | 7,654 | | 564,302 | 571,956 |
| Rents and royalties | 498,002 | | 84,760 | 582,762 |
| Investment income | 510,907 | | 131,674 | 642,581 |
| Miscellaneous | 349,003 | 34,269 | 1,715,422 | 2,098,694 |
| Total revenues | <u>100,671,722</u> | <u>28,333,482</u> | <u>66,422,328</u> | <u>195,427,532</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 17,735,087 | | 131,793 | 17,866,880 |
| Judicial | 7,789,274 | | 612,068 | 8,401,342 |
| Public safety | 76,165,469 | 27,516,484 | 17,019,563 | 120,701,516 |
| Public works | 2,380,904 | | 7,967,400 | 10,348,304 |
| Culture and recreation | 7,224,691 | | 5,536,254 | 12,760,945 |
| Community support | 1,537,972 | | 2,655,849 | 4,193,821 |
| Total current | <u>112,833,397</u> | <u>27,516,484</u> | <u>33,922,927</u> | <u>174,272,808</u> |
| Capital outlay | | | | |
| General government | | | 829,283 | 829,283 |
| Judicial | | | 131,000 | 131,000 |
| Public safety | 502 | | 1,129,042 | 1,129,544 |
| Public works | | | 10,808,018 | 10,808,018 |
| Culture and recreation | 22,855 | | 10,629,074 | 10,651,929 |
| Community support | | | 250,641 | 250,641 |
| Total capital outlay | <u>23,357</u> | <u></u> | <u>23,777,058</u> | <u>23,800,415</u> |
| Debt service | | | | |
| Principal payments | | | 4,990,000 | 4,990,000 |
| Interest and fiscal charges | | | 3,035,503 | 3,035,503 |
| Total debt service | <u></u> | <u></u> | <u>8,025,503</u> | <u>8,025,503</u> |
| Total expenditures | <u>112,856,754</u> | <u>27,516,484</u> | <u>65,725,488</u> | <u>206,098,726</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(12,185,032)</u> | <u>816,998</u> | <u>696,840</u> | <u>(10,671,194)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from capital asset disposal | 2,034,128 | 41,172 | 23,149 | 2,098,449 |
| Transfers in | 24,812,933 | 285,490 | 21,259,853 | 46,358,276 |
| Transfers out | (15,922,273) | | (17,949,210) | (33,871,483) |
| Total other financing sources (uses) | <u>10,924,788</u> | <u>326,662</u> | <u>3,333,792</u> | <u>14,585,242</u> |

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | General Fund | Special Revenue Fund Public Safety Tax | Aggregate Other Governmental Funds | Total Governmental Funds |
|---------------------------------|---------------------|---|------------------------------------|--------------------------|
| CHANGE IN FUND BALANCE | (1,260,244) | 1,143,660 | 4,030,632 | 3,914,048 |
| FUND BALANCE, BEGINNING OF YEAR | <u>9,338,944</u> | <u>2,168,530</u> | <u>74,207,595</u> | <u>85,715,069</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 8,078,700</u> | <u>\$ 3,312,190</u> | <u>\$ 78,238,227</u> | <u>\$ 89,629,117</u> |

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2014

| | |
|--|---------------------|
| CHANGE IN FUND BALANCES, GOVERNMENTAL FUNDS | \$ 3,914,048 |
| Amounts reported in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is capitalized and depreciated over their estimated useful lives: | |
| Expenditures for capital assets | \$ 26,921,150 |
| Less current year depreciation | (42,532,165) |
| Gain (loss) on disposal of capital assets | <u>(501,047)</u> |
| | (16,112,062) |
| Revenues in the statement of activities, which do not provide current financial resources are not reported as revenues in governmental funds: | |
| Capital asset contributions | 8,655,983 |
| Change in unavailable revenue | <u>(8,313)</u> |
| | 8,647,670 |
| Debt proceeds provide current financial resources to governmental funds, but issuing debt increases liabilities in the statement of net position. Repayment of debt principal is an expenditure in governmental funds, but the repayment reduces liabilities in the statement of net position. This is the amount by which repayments exceeded debt issued | |
| Debt principal repayments | <u>4,990,000</u> |
| | 4,990,000 |
| Some expenses reported in the statement of activities do not require the use of current financial resources; and therefore, are not reported as expenditures in governmental funds: | |
| Change in compensated absences payable | (1,457,655) |
| Amortization of debt premiums and discounts | 195,682 |
| Amortization of deferred refunding charges | (635,065) |
| Change in accrued interest | <u>(636,930)</u> |
| | (2,533,968) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds: | |
| Internal service fund change in net position included in governmental activities in the statement of activities | 5,364,417 |
| The internal service funds change in net position related to business-type activities | <u>770,107</u> |
| | <u>6,134,524</u> |
| CHANGE IN NET POSITION, GOVERNMENTAL ACTIVITIES | <u>\$ 5,040,212</u> |

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2014

| | Business-type Activities | | | | Governmental Activities |
|--|--------------------------|---------------|----------------------------------|------------------------|-------------------------|
| | Wastewater Utility | Water Utility | Aggregate Other Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash, cash equivalents and investments | \$ 15,247,236 | \$ 35,404,084 | \$ 322,524 | \$ 50,973,844 | \$ 21,751,728 |
| Accounts receivable, net | 7,083,472 | 7,786,168 | 23,100 | 14,892,740 | 4,894 |
| Prepaid items | 770,264 | 43,873 | 5,010 | 819,147 | 73,921 |
| Due from other funds | | 41,133 | | 41,133 | 6,346,209 |
| Due from other governments | 662,294 | | | 662,294 | |
| Inventories | 297,140 | 2,772,857 | 71,577 | 3,141,574 | 258,143 |
| Restricted assets | | | | | |
| Cash, cash equivalents and investments | 5,047,003 | 2,891,347 | | 7,938,350 | 3,536,252 |
| Total current assets | 29,107,409 | 48,939,462 | 422,211 | 78,469,082 | 31,971,147 |
| Noncurrent assets | | | | | |
| Capital assets, net of accumulated depreciation and amortization | | | | | |
| Construction in progress | 19,154,530 | 2,407,399 | | 21,561,929 | 64,956 |
| Land | 12,514,647 | 2,434,299 | 565,537 | 15,514,483 | |
| Buildings and building improvements | 73,596,762 | 3,544,929 | 1,585,886 | 78,727,577 | 264,099 |
| Improvements other than buildings | 25,122,283 | 15,753,642 | 3,454,670 | 44,330,595 | 92,320 |
| Infrastructure | 252,279,891 | 89,250,632 | | 341,530,523 | |
| Machinery, equipment and software | 3,954,845 | 693,717 | | 4,648,562 | 2,142,804 |
| Total capital assets, net of accumulated depreciation and amortization | 386,622,958 | 114,084,618 | 5,606,093 | 506,313,669 | 2,564,179 |
| Other assets | | | | | |
| Prepaid land lease, net of current portion and amortization | 21,625,000 | | | 21,625,000 | |
| Refundable deposits | 11,936,146 | | 5,785 | 11,941,931 | |
| Total other assets | 33,561,146 | | 5,785 | 33,566,931 | |
| Total noncurrent assets | 420,184,104 | 114,084,618 | 5,611,878 | 539,880,600 | 2,564,179 |
| Total assets | 449,291,513 | 163,024,080 | 6,034,089 | 618,349,682 | 34,535,326 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Unamortized deferred refunding charges | | 8,550 | | 8,550 | |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Accounts payable and other accrued liabilities | 2,056,887 | 747,464 | 441,280 | 3,245,631 | 6,401,575 |
| Accrued salaries and benefits | 201,226 | 297,870 | 5,012 | 504,108 | 6,423,460 |
| Due to other funds | 14,262 | 20,917 | 270 | 35,449 | 3,563 |
| Due to other governments | 309,247 | 3,985,834 | 6,055 | 4,301,136 | 46,337 |
| Customer deposits | 65,540 | 4,098,715 | 11,665 | 4,175,920 | 1,486 |
| Unearned revenue | 1,730 | | 38,848 | 40,578 | |
| Compensated absences | 139,012 | 273,945 | | 412,957 | 50,497 |
| Interest payable | 2,275,465 | 148,080 | | 2,423,545 | |
| Bonds and notes payable | 4,367,600 | 3,741,400 | | 8,109,000 | |
| Total current liabilities | 9,430,969 | 13,314,225 | 503,130 | 23,248,324 | 12,926,918 |

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

PROPRIETARY FUNDS STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2014

| | Business-type Activities | | | | Governmental Activities |
|---|--------------------------|-----------------------|---------------------|------------------------|-------------------------|
| | | | Aggregate Other | | |
| | Wastewater Utility | Water Utility | Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
| Noncurrent liabilities | | | | | |
| Compensated absences | 998,729 | 1,963,349 | | 2,962,078 | 362,741 |
| Postemployment benefits other than pensions | | | | | 11,687,908 |
| Bonds and notes payable | 273,028,400 | 10,416,600 | | 283,445,000 | |
| Unamortized bond premiums | 2,561,773 | 382,327 | | 2,944,100 | |
| Total noncurrent liabilities | <u>276,588,902</u> | <u>12,762,276</u> | | <u>289,351,178</u> | <u>12,050,649</u> |
| Total liabilities | <u>286,019,871</u> | <u>26,076,501</u> | <u>503,130</u> | <u>312,599,502</u> | <u>24,977,567</u> |
| NET POSITION | | | | | |
| Net investment in capital assets | 109,226,958 | 99,926,618 | 5,606,093 | 214,759,669 | 2,564,179 |
| Restricted for | | | | | |
| Other | | | 75,134 | 75,134 | 6,993,580 |
| Unrestricted | <u>54,044,684</u> | <u>37,029,511</u> | <u>(150,268)</u> | <u>90,923,927</u> | |
| Total net position | <u>\$ 163,271,642</u> | <u>\$ 136,956,129</u> | <u>\$ 5,530,959</u> | 305,758,730 | <u>\$ 9,557,759</u> |
| Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time | | | | <u>(3,892,355)</u> | |
| Net position of business-type activities | | | | <u>\$ 301,866,375</u> | |

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

| | Business-type Activities | | | | Governmental Activities |
|--|--------------------------|-----------------------|---------------------|------------------------|-------------------------|
| | | | Aggregate Other | | |
| | Wastewater Utility | Water Utility | Enterprise Funds | Total Enterprise Funds | Internal Service Funds |
| OPERATING REVENUES | | | | | |
| Utility fees | \$ 37,493,357 | \$ 48,776,854 | \$ | \$ 86,270,211 | \$ |
| Construction fees | 267,859 | 336,509 | | 604,368 | |
| User fees | | | 2,017,409 | 2,017,409 | |
| Connection fees | 1,683,360 | 862,551 | | 2,545,911 | |
| Other charges for services | | 1,908,640 | | 1,908,640 | 29,703,633 |
| Fines and forfeitures | 600,508 | 1,465,896 | | 2,066,404 | |
| Miscellaneous | 640,835 | 805,663 | 50,372 | 1,496,870 | |
| Total operating revenues | <u>40,685,919</u> | <u>54,156,113</u> | <u>2,067,781</u> | <u>96,909,813</u> | <u>29,703,633</u> |
| OPERATING EXPENSES | | | | | |
| Salaries and wages | 3,999,055 | 5,820,235 | 124,376 | 9,943,666 | 12,244,561 |
| Employee benefits | 1,677,734 | 2,620,207 | 22,004 | 4,319,945 | 2,287,673 |
| Services and supplies | 12,179,299 | 22,317,929 | 2,731,956 | 37,229,184 | 20,803,714 |
| Depreciation and amortization | 13,328,994 | 5,544,977 | 226,358 | 19,100,329 | 572,755 |
| Total operating expenses | <u>31,185,082</u> | <u>36,303,348</u> | <u>3,104,694</u> | <u>70,593,124</u> | <u>35,908,703</u> |
| Operating income (loss) | <u>9,500,837</u> | <u>17,852,765</u> | <u>(1,036,913)</u> | <u>26,316,689</u> | <u>(6,205,070)</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment income | 13,586 | | | 13,586 | 5,489 |
| Gain on capital asset disposition | 751 | 11,917 | (145,668) | (133,000) | 4,030 |
| Interest and fiscal charges | (15,171,210) | (596,009) | | (15,767,219) | |
| Intergovernmental | 6,209,435 | | | 6,209,435 | |
| Total nonoperating revenues (expenses) | <u>(8,947,438)</u> | <u>(584,092)</u> | <u>(145,668)</u> | <u>(9,677,198)</u> | <u>9,519</u> |
| Income (loss) before capital contributions and transfers | <u>553,399</u> | <u>17,268,673</u> | <u>(1,182,581)</u> | <u>16,639,491</u> | <u>(6,195,551)</u> |
| CAPITAL CONTRIBUTIONS | | | | | |
| Capital contributions | <u>1,320,110</u> | <u>1,456,792</u> | | <u>2,776,902</u> | |
| TRANSFERS | | | | | |
| Transfers in | | 46,188 | 853,220 | 899,408 | 12,098,988 |
| Transfers out | (5,579,160) | (18,419,770) | (947,239) | (24,946,169) | (539,020) |
| Total transfers | <u>(5,579,160)</u> | <u>(18,373,582)</u> | <u>(94,019)</u> | <u>(24,046,761)</u> | <u>11,559,968</u> |
| CHANGE IN NET POSITION | (3,705,651) | 351,883 | (1,276,600) | (4,630,368) | 5,364,417 |
| NET POSITION, BEGINNING OF YEAR | <u>166,977,293</u> | <u>136,604,246</u> | <u>6,807,559</u> | | <u>4,193,342</u> |
| NET POSITION, END OF YEAR | <u>\$ 163,271,642</u> | <u>\$ 136,956,129</u> | <u>\$ 5,530,959</u> | | <u>\$ 9,557,759</u> |
| Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds | | | | <u>(770,107)</u> | |
| CHANGES IN NET POSITION, BUSINESS-TYPE ACTIVITIES | | | | <u>\$ (5,400,475)</u> | |

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2014

| | Business-type Activities | | | | Governmental Activities |
|--|--------------------------|----------------------|-------------------|------------------------|-------------------------|
| | Aggregate | | Other | Total Enterprise Funds | Internal Service Funds |
| | Wastewater Utility | Water Utility | Enterprise Funds | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Cash received from customers | \$ 40,311,954 | \$ 53,189,325 | \$ 2,016,936 | \$ 95,518,215 | |
| Cash received from other sources | 643,770 | 764,530 | 50,372 | 1,458,672 | |
| Cash payments for goods and services | (8,557,277) | (22,871,565) | (2,427,980) | (33,856,822) | \$ (22,553,491) |
| Cash payments for employee services | (5,645,921) | (8,642,638) | (154,937) | (14,443,496) | (7,010,393) |
| Cash payments for interfund services | | | (95) | (95) | |
| Net cash provided by (used in) operating activities | <u>26,752,526</u> | <u>22,439,652</u> | <u>(515,704)</u> | <u>48,676,474</u> | <u>(5,534,083)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers in | | 46,188 | 853,220 | 899,408 | 12,098,988 |
| Transfers out | (5,579,160) | (18,419,770) | (947,239) | (24,946,169) | (539,020) |
| Net cash provided by (used in) noncapital financing activities | <u>(5,579,160)</u> | <u>(18,373,582)</u> | <u>(94,019)</u> | <u>(24,046,761)</u> | <u>11,559,968</u> |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | | | | | |
| Acquisition and construction of capital assets | (5,669,424) | (106,615) | (2) | (5,776,041) | (2,001,359) |
| Proceeds received from disposal of capital assets | 751 | 11,917 | | 12,668 | 8,507 |
| Principal payments on debt | (4,168,050) | (3,668,950) | | (7,837,000) | |
| Interest payments on debt | (15,320,200) | (709,474) | | (16,029,674) | |
| Capital grants and subsidies received | <u>5,646,921</u> | | | <u>5,646,921</u> | |
| Net cash provided by (used in) capital financing activities | <u>(19,510,002)</u> | <u>(4,473,122)</u> | <u>(2)</u> | <u>(23,983,126)</u> | <u>(1,992,852)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Investment income received | <u>13,586</u> | | | <u>13,586</u> | <u>5,489</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | <u>1,676,950</u> | <u>(407,052)</u> | <u>(609,725)</u> | <u>660,173</u> | <u>4,038,522</u> |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>18,617,289</u> | <u>38,702,483</u> | <u>932,249</u> | <u>58,252,021</u> | <u>21,249,458</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 20,294,239</u> | <u>\$ 38,295,431</u> | <u>\$ 322,524</u> | <u>\$ 58,912,194</u> | <u>\$ 25,287,980</u> |

(Continued)

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | Business-type Activities | | | | Governmental |
|--|--------------------------|----------------------|---------------------|----------------------|-----------------------|
| | | | Aggregate Other | Total Enterprise | Internal Service |
| | Wastewater Utility | Water Utility | Enterprise Funds | | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | \$ 9,500,837 | \$ 17,852,765 | \$ (1,036,913) | \$ 26,316,689 | \$ (6,205,070) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Depreciation | 13,328,994 | 5,544,977 | 226,358 | 19,100,329 | 572,755 |
| Provision for uncollectible receivables | (22,993) | 58,738 | | 35,745 | |
| (Increase) decrease in operating assets | | | | | |
| Accounts receivable | 287,690 | (626,952) | (18,904) | (358,166) | 257,831 |
| Due from other funds | | (41,133) | | (41,133) | (5,931,232) |
| Inventories | 2,173 | (42,862) | 6,179 | (34,510) | (22,393) |
| Prepaid items | 325,464 | 15,323 | (4,217) | 336,570 | 98,075 |
| Refundable deposit | 2,625,101 | | (3,355) | 2,621,746 | |
| Increase (decrease) in operating liabilities | | | | | |
| Accounts payable | 1,516,579 | (553,636) | 299,314 | 1,262,257 | (1,746,076) |
| Accrued salaries and benefits | (59,995) | (126,150) | (5,081) | (191,226) | 6,128,233 |
| Due to other funds | 2,935 | 2,171 | (95) | 5,011 | (470) |
| Due to other governments | (845,122) | 213,214 | 6,055 | (625,853) | (79,383) |
| Customer deposits | | 221,414 | 10,980 | 232,394 | 39 |
| Unearned revenues | | | 7,451 | 7,451 | |
| Compensated absences | 90,863 | (78,217) | (3,476) | 9,170 | (79,945) |
| Postemployment benefits other than pensions | | | | | 1,473,553 |
| Total adjustments | <u>17,251,689</u> | <u>4,586,887</u> | <u>521,209</u> | <u>22,359,785</u> | <u>670,987</u> |
| Net cash provided by (used in) operating activities | <u>\$ 26,752,526</u> | <u>\$ 22,439,652</u> | <u>\$ (515,704)</u> | <u>\$ 48,676,474</u> | <u>\$ (5,534,083)</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Contribution of capital assets | \$ 1,320,110 | \$ 1,456,792 | \$ | \$ 2,776,902 | \$ |
| Amortization of unamortized bond premiums and discounts | \$ 128,654 | \$ 79,252 | \$ | \$ 207,906 | \$ |

See notes to basic financial statements.

CITY OF NORTH LAS VEGAS

FIDUCIARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2014

| | <u>Agency Funds</u> |
|--|-----------------------------|
| ASSETS | |
| Cash, cash equivalents and investments | \$ 10,969,574 |
| Accounts receivable, net | 2,881,777 |
| Interest receivable | 8,325 |
| Special assessments receivable | <u>51,632</u> |
| Total assets | <u>13,911,308</u> |
| LIABILITIES | |
| Due to other governments | 242,386 |
| Due to developers | 741,586 |
| Due to others | <u>12,927,336</u> |
| Total liabilities | <u>13,911,308</u> |
| NET POSITION | <u>\$ <u> </u></u> |

See notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2014

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The City of North Las Vegas (the City), was incorporated in 1946 and is governed by an elected Mayor and City Council comprised of four 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 accounting principles generally accepted in the United States. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units* and Statement No. 61, *The Financial Reporting Entity: Omnibus*, defines the reporting entity as the primary government and those component units for which the primary government is financially accountable and other organizations 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.

The City has complied with GASB Statements Nos. 14, 39 and 61 by examining its position relative to other entities and has determined that there are no requirements that would cause the basic financial statements of the City to be included in any other entities' financial reports. The North Las Vegas Redevelopment Agency (the Agency) and the North Las Vegas Library District (the Library District) are legally separate entities for budget reporting purposes as required by the State of Nevada (the State or Nevada), Department of Taxation. However, they both have substantially the same governing body as the City 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. Based on these factors, the Agency and Library District are considered to be blended component units and are reported as special revenue funds of the City. No other entities were determined to be component units of the City.

Basic Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities and present consolidated information for the City's nonfiduciary activities. 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 user fees and charges for support.

Included in the statement of net position are capital assets and long-term liabilities, including general payment obligations, revenue bonds and compensated absences. Net position is classified as 1) net investment in capital assets, 2) restricted net position, or 3) unrestricted net position.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment and include indirect expenses allocated to each function. 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 segment, and 2) grants and contributions, which are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues not restricted for use by a particular function or segment are reported as general revenues.

Separate fund financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and proprietary funds are reported as separate columns on the fund financial statements. Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances with schedules presented to reconcile fund balances presented in the governmental fund financial statements to net position presented in the government-wide financial statements. Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary funds financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 90 days of fiscal year end.

The primary revenue sources, which have been treated as susceptible to accrual by the City are property taxes, intergovernmental consolidated taxes (sales, cigarette, motor vehicle privilege and liquor taxes), gaming taxes, gasoline taxes, grants, franchise fees and interest. All other revenue items are considered to be measurable and available only when the City receives payment.

Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, compensated absences and postemployment benefits other than pensions are recorded only when payment is due.

The City reports the following major governmental funds:

General Fund - Accounts for all financial resources not required to be accounted for in some other fund.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Public Safety Tax Special Revenue Fund - Accounts for voter-approved property tax overrides to be used exclusively for public safety programs.

The City reports the following non-major governmental fund types:

Special Revenue Funds - Accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Debt Service Funds - Accounts for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

Capital Projects Funds - Accounts for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

Proprietary Fund Financial Statements

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges for goods and services and other user fees. Operating expenses include the cost of goods and services, administrative expenses, and capital asset depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following major proprietary funds:

Wastewater Utility Fund - Accounts for the collection from the residents of the City and the transmission of sewage through the system infrastructure for treatment and release into Lake Mead.

Water Utility Fund - Accounts for the delivery of water services through the system infrastructure to the residents of the City and other service areas.

The City reports the following non-major proprietary fund:

Municipal Golf Courses Fund - Accounts for the operations of a nine-hole par-3 golf course and an 18-hole par-72 championship course.

The City reports the following non-major proprietary fund type:

Internal Service Funds - Accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements, comprised of a statement of net position, report the City's activities that are custodial in nature (assets equal liabilities) and do not involve measurement of operational results. Fiduciary funds are excluded from the government-wide financial statements.

The City reports the following fiduciary fund type:

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Agency Funds - Accounts for assets held by the City as an agent for individuals, private organizations, other governments or other funds.

Assets and Liabilities

Cash, Cash Equivalents and Investments

The City's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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. 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 interest earnings are reported in the general fund.

The proprietary funds participate in the City's internal investment management pool. This pool has the general characteristics of a demand deposit account in that the proprietary funds may effectively withdraw amounts from the pool at any time without prior notice or penalty. Accordingly, amounts invested in this pool by proprietary funds are considered to be cash equivalents. Monies that are not required for immediate obligations are invested.

Investments are reported at fair value, regardless of the length of time remaining to maturity. The fair values of investments are determined using quotations obtained from independent published sources.

Receivables, Payables and Unavailable or Unearned Revenues

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. The resulting payables and receivables, which are outstanding at year end, are referred to as due to or from other funds in the fund financial statements. Any residual balances between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Upon the certification of tax rates by the State Tax Commission, the Clark County (the County) Commission levies the tax rate for the fiscal period beginning with the succeeding July 1. Effective upon the tax levy on July 1 each year, a perpetual lien is recorded against the property assessed until the tax and any penalty charges and interest, which may accrue thereon, are paid. The County Assessor assesses all real and personal property and the County Treasurer bills and collects the City's share of property taxes. Real property taxes are due on the third Monday in August of each year and may be paid in quarterly installments on or before the third Monday in August and first Mondays 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 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. The County Treasurer remits on a monthly basis current and delinquent property tax collections to the City.

Property taxes receivable that are not expected to be collected within 90 days of year end are classified as unavailable revenue in the fund financial statements rather than current revenue since the asset is not available to satisfy current obligations.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Property taxes receivable that are not expected to be collected within 90 days of year end are classified as unavailable revenue in the fund financial statements rather than current revenue since the asset is not available to satisfy current obligations.

Unearned revenues arise when the City receives resources before it has a legal claim to them as when property taxes levied for the following tax year are received before year end.

Inventories and Prepaid Items

The City's inventories are valued at cost using the first-in/first-out (FIFO) method, with the exception of inventory held for resale, which is valued at market. In the governmental fund financial statements, inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. In the governmental fund financial statements, prepaid items are recorded as expenditures when consumed rather than when purchased.

Restricted Assets

Cash, cash equivalents and investments related to customer deposits, unspent bond proceeds and bond retirement (amounts accumulated to pay debt service payments over the next 12 months) are classified and reported as restricted assets.

Capital Assets

Capital assets are reported in proprietary fund financial statements and in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their estimated fair value on the date donated.

The costs of normal maintenance and repairs that do not significantly increase the functionality of the assets or materially extend the assets' useful lives are not capitalized.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives:

| | <u>Years</u> |
|-------------------------------------|--------------|
| Buildings and building improvements | 40 |
| Improvements other than buildings | 15-40 |
| Infrastructure | 15-100 |
| Machinery, equipment and software | 5-10 |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Long-term Liabilities

In the government-wide and proprietary fund statements, long-term obligations are reported as liabilities in the statement of net position. Premiums and discounts are deferred and amortized as a component of interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the defeased debt is deferred and amortized as a component of interest expense using the straight-line method, which also approximates the effective interest method. Debt issuance costs are expensed in the period incurred.

In the governmental fund financial statements, premiums, discounts and debt issuance costs are recognized in the period they are paid or received. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

It is the City's policy to permit employees to accumulate earned vacation, holiday and sick leave benefits that would be paid to them upon separation from City service if not previously taken. A liability for these obligations is reported in the government-wide and proprietary fund financial statements as incurred. A liability for compensated absences is reported in the governmental fund financial statements only to the extent it is due and payable at year end. Expenditures for compensated absences are recognized by the applicable fund when paid.

Deferred Compensation Plans

In addition to the retirement plan disclosed in Note 4, the City offers its employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457. The City is not required to and does not contribute to the deferred compensation plans. The assets of these plans are held in trust outside the control of the City. Since the assets of these plans are not considered assets of the City and are not subject to the claims of the City's general creditors, these plans are not reported in the government-wide or fund financial statements.

Postemployment Benefits Other Than Pensions (OPEB)

In accordance with the transition rules of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City elected to apply its measurement and recognition requirements on a prospective basis and set its beginning net OPEB obligation at zero upon adoption. The annual OPEB cost reported in the accompanying financial statements is equal to the annual required contribution (ARC) of the City, calculated by using an actuarial valuation based upon the same methods and assumptions applied in determining the plan's funding requirements. The net OPEB obligation at year end is determined by adding the annual OPEB cost to the net OPEB obligation at the beginning of the year and deducting any contributions to the plan during the year.

Deferred Outflows and Inflows of Resources

In addition to assets, a separate section is reported for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred refunding charges (the difference between the reacquisition price and the net carrying amount of the defeased debt) qualifies for reporting in this category.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

In addition to liabilities, a separate section is reported for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Revenues that are unavailable to satisfy current obligations and property taxes received prior to the levy year qualify for reporting in this category.

Net Position

In the government-wide and proprietary fund financial statements, net position is reported as 1) net investment in capital assets, 2) restricted, or 3) unrestricted. Net position is reported as restricted when constraints placed on it are either 1) imposed by external parties (such as creditors, grantors, contributors or other governments), or 2) imposed by law through a constitutional provision or enabling legislation.

Fund Balance

Fund balances of the governmental funds are classified in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as follows:

Nonspendable fund balances include items that cannot be spent. This includes amounts that are not in a spendable form (for example, inventories and prepaid items) and amounts that are legally or contractually required to remain intact, such as a permanent fund principal balance.

Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a resolution or ordinance (both are considered equally binding) of the City Council, which is the City's highest level of decision-making authority. These constraints remain binding unless removed or changed in the same manner used to create the constraints.

Assigned fund balances include amounts that are constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Such intent should be expressed by the City Council or appropriately authorized officials. The City Manager and Finance Director have been authorized by the City Council in the budget approval process to make all fund balance assignments. Constraints imposed on the use of assigned fund balances can be removed or changed without formal City Council action. For governmental funds, other than the general fund, this is the classification for residual amounts that are not restricted, committed or nonspendable.

Unassigned fund balance is the classification used by the general fund for residual amounts not included in the four categories described above.

Prioritization and Use of Available Resources

When both restricted resources and other resources (*i.e.*, committed, assigned and unassigned) can be used for the same purposes, it is the City's policy to use restricted resources first. Furthermore, when committed, assigned and unassigned resources can be used for the same purpose, it is the City's policy to use committed resources first, assigned second, and unassigned last.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Use of Estimates

Timely preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect reported amounts. Accordingly, these estimates may require revision in future periods. Significant estimates include compensated absences, postemployment benefits other than pensions and useful lives of capital assets.

Note 2. Stewardship and Accountability

Budgets and Budgetary Accounting

The City adopts annual budgets, in accordance with Nevada Revised Statutes (NRS), 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.

On or before April 15, the Finance Director submits a tentative budget for the ensuing fiscal year to the City Council, the Nevada 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 Department of Taxation for final approval.

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

In accordance with the NRS, 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 in excess of 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.

Per the NRS, the City Manager is authorized to transfer budgeted amounts between functions 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. Amendments to the adopted budget are made a matter of public record by actions of the City Council. The budgets reflected in the accompanying financial statements have been amended in accordance with the NRS.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Recently Issued Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, effective for periods beginning after June 15, 2014. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. **Management is currently awaiting the completed evaluation from the Public Employees Retirement System to complete its evaluation and determine the effect on the City's basic financial statements.**

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for periods beginning after December 15, 2013. The objective of this statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The term government combinations is used in this statement to refer to a variety of arrangements including mergers and acquisitions. Government combinations also include transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. Transfers of operations may be present in shared service arrangements, reorganizations, redistricting, annexations, and arrangements in which an operation is transferred to a new government created to provide those services. **Management has completed its assessment of this statement and determined that it will not have a material effect on the City's net position, results of operations or cash flows.**

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date- an amendment of GASB Statement No. 68*, to be applied simultaneously with the provisions of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of GASB Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. **Management is currently awaiting the completed evaluation from the Public Employees Retirement System to complete its evaluation and determine the effect on the City's basic financial statements.**

Note 3. Detailed Notes on all Funds

Cash, Cash Equivalents and Investments

At June 30, 2014, the City's cash, cash equivalents and investments (including restricted and designated amounts) were as follows:

| | |
|--|-----------------------|
| Pooled cash on deposit and investments | \$ 172,361,817 |
| Cash on hand | <u>39,872</u> |
| Total cash, cash equivalents and investments | <u>\$ 172,401,689</u> |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

At June 30, 2014, total cash, cash equivalents and investments were presented in the City's financial statements as follows:

| | Unrestricted | Restricted | Designated | Total |
|--|-----------------------|----------------------|---------------------|-----------------------|
| Governmental activities | \$ 98,983,669 | \$ 1,917,346 | \$ 1,618,906 | \$ 102,519,921 |
| Business-type activities | 50,973,844 | 7,938,350 | | 58,912,194 |
| Fiduciary Funds | | 10,969,574 | | 10,969,574 |
| Total cash, cash equivalents and investments | <u>\$ 149,957,513</u> | <u>\$ 20,825,270</u> | <u>\$ 1,618,906</u> | <u>\$ 172,401,689</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 10 years to maturity; negotiable certificates of deposit issued by insured financial institutions, notes or short-term negotiable bonds issued by other Nevada local governments; 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.

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, 2014, the City had the following investment types and maturities:

| | Reported Amount (Fair Value) | Investment Maturities (In Years) | |
|--------------------------------------|------------------------------------|-------------------------------------|----------------------|
| | | Less Than One | One to Four |
| U.S. Treasury securities | \$ 78,609,012 | \$ 9,013,893 | \$ 69,595,119 |
| U.S. government-sponsored securities | 48,063,577 | 21,129,930 | 26,933,647 |
| Money market mutual funds | 12,734,039 | 12,734,039 | |
| Local government investment pool | 24,075,242 | 24,075,242 | |
| Total investments | <u>\$ 163,481,870</u> | <u>\$ 66,953,104</u> | <u>\$ 96,528,766</u> |

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.

On August 5, 2011, the credit rating on all investments in U.S. government securities was lowered from AAA to AA+ by Standard & Poor's.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

At June 30, 2014, the credit rating for each investment type was as follows:

| | Reported Amount (Fair Value) | AAA or AA+ | Not Required to be Rated | Unrated |
|--------------------------------------|------------------------------------|----------------------|-----------------------------|----------------------|
| U.S. Treasury securities | \$ 78,609,012 | \$ | \$ 78,609,012 | \$ |
| U.S. government-sponsored securities | 48,063,577 | 48,063,577 | | |
| Money market mutual funds | 12,734,039 | 12,734,039 | | |
| Local government investment pool | 24,075,242 | | | 24,075,242 |
| Total investments | <u>\$ 163,481,870</u> | <u>\$ 60,797,616</u> | <u>\$ 78,609,012</u> | <u>\$ 24,075,242</u> |

Custodial Credit Risk

For 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, the NRS does 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.

At June 30, 2014, the City's cash deposits in financial institutions was \$2,358,343. The City participates in a collateral pool for public deposits program administered by the 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 State Treasurer. As such, at year end the FDIC covered \$250,000 and the remaining \$2,108,343 was secured by the State Treasurer's pooled collateral program at 102%.

For investments, 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, 2014, 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 external investment manager or the counterparty to the transaction's trust department.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities.

Investments in any one investment type that represent 5% or more of total investments at June 30, 2014, were as follows:

| | Percentage of Portfolio |
|--------------------------------------|----------------------------|
| U.S. Treasury securities | 48.08 % |
| U.S. government-sponsored securities | 29.40 % |
| Money market mutual funds | 7.79 % |
| Local government investment pool | 14.73 % |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Capital Assets

For the year ended June 30, 2014, capital asset activity was as follows:

| | Balance July 1, 2013 | Increases and transfers * | Decreases and transfers * | Balance June 30, 2014 |
|---|-------------------------|------------------------------|------------------------------|--------------------------|
| Governmental activities | | | | |
| Capital assets not being depreciated or amortized | | | | |
| Construction in progress | \$ 236,293,969 | \$ 25,273,442 | \$ (70,847,492) | \$ 190,719,919 |
| Land | <u>190,388,973</u> | <u>764,032</u> | | <u>191,153,005</u> |
| Total capital assets not being depreciated or amortized | <u>426,682,942</u> | <u>26,037,474</u> | <u>(70,847,492)</u> | <u>381,872,924</u> |
| Capital assets being depreciated or amortized | | | | |
| Buildings and building improvements | 214,868,089 | 3,863,747 | (2,435,573) | 216,296,263 |
| Improvements other than buildings | 79,084,811 | 308,289 | | 79,393,100 |
| Infrastructure | 896,530,315 | 74,460,352 | | 970,990,667 |
| Machinery, equipment and software | <u>67,817,785</u> | <u>3,776,903</u> | <u>(783,207)</u> | <u>70,811,481</u> |
| Total capital assets being depreciated or amortized | <u>1,258,301,000</u> | <u>82,409,291</u> | <u>(3,218,780)</u> | <u>1,337,491,511</u> |
| Accumulated depreciation and amortization | | | | |
| Buildings and building improvements | (36,563,706) | (5,565,548) | 1,934,526 | (40,194,728) |
| Improvements other than buildings | (24,618,484) | (2,719,444) | | (27,337,928) |
| Infrastructure | (297,261,157) | (32,111,139) | | (329,372,296) |
| Machinery, equipment and software | <u>(59,443,270)</u> | <u>(2,708,789)</u> | <u>757,939</u> | <u>(61,394,120)</u> |
| Total accumulated depreciation and amortization | <u>(417,886,617)</u> | <u>(43,104,920)</u> | <u>2,692,465</u> | <u>(458,299,072)</u> |
| Total capital assets being depreciated or amortized, net | <u>840,414,383</u> | <u>39,304,371</u> | <u>(526,315)</u> | <u>879,192,439</u> |
| Total governmental activities | <u>\$ 1,267,097,325</u> | <u>\$ 65,341,845</u> | <u>\$ (71,373,807)</u> | <u>\$ 1,261,065,363</u> |
| * Includes transfers from and to proprietary funds, if any. | | | | |
| Business-type activities | | | | |
| Capital assets not being depreciated or amortized | | | | |
| Construction in progress | \$ 16,987,054 | \$ 4,642,858 | \$ (67,983) | \$ 21,561,929 |
| Land | <u>15,577,693</u> | | <u>(63,210)</u> | <u>15,514,483</u> |
| Total capital assets not being depreciated or amortized | <u>32,564,747</u> | <u>4,642,858</u> | <u>(131,193)</u> | <u>37,076,412</u> |
| Capital assets being depreciated or amortized | | | | |
| Buildings and building improvements | 87,055,606 | | | 87,055,606 |
| Improvements other than buildings | 67,057,496 | | (3,686) | 67,053,810 |
| Infrastructure | 469,089,305 | 2,776,902 | | 471,866,207 |
| Machinery, equipment and software | <u>10,012,598</u> | <u>633,183</u> | <u>(28,578)</u> | <u>10,617,203</u> |
| Total capital assets being depreciated or amortized | <u>633,215,005</u> | <u>3,410,085</u> | <u>(32,264)</u> | <u>636,592,826</u> |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

| | Balance July 1, 2013 (Restated) | Increases and transfers * | Decreases and transfers * | Balance June 30, 2014 |
|--|---------------------------------------|------------------------------|------------------------------|--------------------------|
| Accumulated depreciation and amortization | | | | |
| Buildings and building improvements | \$ (5,985,056) | \$ (2,342,973) | \$ | \$ (8,328,029) |
| Improvements other than buildings | (20,804,195) | (1,919,917) | 897 | (22,723,215) |
| Infrastructure | (116,723,366) | (13,612,318) | | (130,335,684) |
| Machinery, equipment and software | (5,260,412) | (725,121) | 16,892 | (5,968,641) |
| Total accumulated depreciation and amortization | (148,773,029) | (18,600,329) | 17,789 | (167,355,569) |
| Total capital assets being depreciated or amortized, net | 484,441,976 | (15,190,244) | (14,475) | 469,237,257 |
| Total business-type activities | \$ 517,006,723 | \$ (10,547,386) | \$ (145,668) | \$ 506,313,669 |

* Includes transfers from and to governmental funds, if any.

For the year ended June 30, 2014, charges, by function, for depreciation expense were as follows:

| | |
|---|---------------|
| Governmental activities | |
| General government | \$ 31,900,524 |
| Judicial | 37,556 |
| Public safety | 2,785,341 |
| Public works | 4,540,955 |
| Culture and recreation | 3,235,383 |
| Community support | 32,406 |
| Internal service fund depreciation expense is charged to specific functions based on asset usage | 572,755 |
| Total depreciation expense, governmental activities | \$ 43,104,920 |
| Business-type activities | |
| Wastewater | \$ 12,828,994 |
| Water | 5,544,977 |
| Municipal golf courses | 226,358 |
| Total depreciation expense, business-type activities | \$ 18,600,329 |

Due To and From Other Funds

During the course of operations, numerous reimbursable transactions occur between individual funds for goods provided or services rendered. At June 30, 2014, the resulting payables and receivables (reported as due to and from other funds) resulting from the time lag between the dates that reimbursable transactions occur and payments between funds are made, were as follows:

| | Receivable | Payable |
|--|--------------|--------------|
| General Fund | \$ | \$ 6,157,425 |
| Public Safety Tax Special Revenue Fund | | 88,978 |
| Aggregate Other Governmental Funds | | 101,927 |
| Wastewater Utility Enterprise Fund | | 14,262 |
| Water Utility Enterprise Fund | 41,133 | 20,917 |
| Aggregate Other Enterprise Funds | | 270 |
| Internal Service Funds | 6,346,209 | 3,563 |
| | \$ 6,387,342 | \$ 6,387,342 |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Interfund Transfers

Transfers of unrestricted revenues collected in various funds are used to finance various programs and expenditures accounted for in other funds in accordance with budgetary authorization. For the year ended June 30, 2014, interfund transfers were as follows:

| <u>Transfer In Fund</u> | <u>Transfer Out Fund</u> | <u>Amount</u> |
|--|------------------------------------|----------------------|
| General Fund | Aggregate Other Governmental Funds | \$ 814,003 |
| | Wastewater Utility Enterprise Fund | 5,579,160 |
| | Water Utility Enterprise Fund | 18,419,770 |
| Public Safety Tax Special Revenue Fund | General Fund | 285,490 |
| Aggregate Other Governmental Funds | General Fund | 4,784,575 |
| | Aggregate Other Governmental Funds | 14,989,019 |
| | Aggregate Other Enterprise Funds | 947,239 |
| | Internal Service Funds | 539,020 |
| Water Utility Enterprise Fund | Aggregate Other Governmental Funds | 46,188 |
| Aggregate Other Enterprise Funds | General Fund | 853,220 |
| Internal Service Funds | General Fund | 9,998,988 |
| | Aggregate Other Governmental Funds | <u>2,100,000</u> |
| | | <u>\$ 59,356,672</u> |

During fiscal year 2013, the City transferred approximately \$24.0 million from the wastewater and water utility enterprise funds to the general fund as payment in lieu of taxes, franchise fees and general overhead charges. During the 76th legislative session in 2011, Nevada Assembly Bill 471, amending NRS 354.613, was passed. This new law requires municipalities making such transfers to eliminate any amounts in excess of actual costs by 2021.

Depending on the timing and amounts of these reductions in transfers required to support general fund operations, the City may fall below the statutory minimum operating fund balance of 4% and be required to enter into supervised fiscal receivership by the Nevada Department of Taxation under NRS 354.685.

Long-term Liabilities

Internal service funds predominantly serve the governmental funds; accordingly, long-term liabilities for these funds are included in the following table as part of governmental activities.

Long-term liabilities activity for the year ended June 30, 2014, was as follows:

| | <u>Balance</u> <u>July 1, 2013</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2014</u> | <u>Due Within</u> <u>One Year</u> |
|---|---------------------------------------|------------------|------------------|--|--------------------------------------|
| Governmental activities | | | | | |
| General obligation bonds | | | | | |
| \$4,915,000 2002 Street Improvement refunding bonds due in annual installments through May 2014; interest varies between 3.7% and 4.5% | \$ 365,000 | \$ | \$ (365,000) | \$ | \$ |
| \$32,500,000 2003 Judicial/Public Safety Facilities bonds due in annual installments through March 2023; interest varies between 3% and 5% | 6,855,000 | | | 6,855,000 | |
| | (Continued) | | | | |

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

| | Balance July 1, 2013 | Increases | Decreases | Balance June 30, 2014 | Due Within One Year |
|--|-------------------------|-----------|--------------------|--------------------------|------------------------|
| \$105,000,000 2006 Civic Center Facilities bonds due in annual installments through May 2036; interest varies between 4.25% and 5% | \$ 97,135,000 | | \$ (1,315,000) | \$ 95,820,000 | \$ 1,365,000 |
| \$7,630,000 2007A Judicial/Public Safety Facilities refunding bonds due in annual installments beginning May 2017 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% | 487,000 | | (240,000) | 247,000 | 247,000 |
| \$3,145,000 2010 Library District medium-term refunding bonds due in annual installments through April 2020; interest is at 4.38% | 2,810,000 | | (350,000) | 2,460,000 | (365,000) |
| \$17,090,000 2010 Building Projects medium-term refunding bonds due in annual installments beginning July 2013 through July 2020; interest is at 4.18% | 17,090,000 | | (1,000,000) | 16,090,000 | 2,020,000 |
| \$27,070,000 2011 Building Projects refunding bonds due in annual installments beginning June 2016 through June 2036; interest varies between 3% and 5% | <u>27,070,000</u> | | | <u>27,070,000</u> | |
| Total general obligation bonds | <u>159,442,000</u> | | <u>(3,270,000)</u> | <u>156,172,000</u> | <u>3,267,000</u> |
| Special assessment bonds | | | | | |
| \$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% | 17,600 | | (17,600) | | |
| \$3,250,000 2007 SIAD No. 61 (Ann Road) improvement bonds due in semi-annual installments through March 2017; interest is at 3.829% | 1,176,000 | | (281,200) | 894,800 | 284,400 |
| \$1,250,000 2007 SIAD No. 62 (Clayton Street) improvement bonds due in semi-annual installments through March 2017; interest is at 3.829% | 556,100 | | (131,200) | 424,900 | 136,300 |
| \$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% | <u>6,980,000</u> | | <u>(1,290,000)</u> | <u>5,690,000</u> | <u>1,340,000</u> |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

| | Balance July 1, 2013 | Increases | Decreases | Balance June 30, 2014 | Due Within One Year |
|---|-------------------------|------------|----------------|--------------------------|------------------------|
| Total special assessment bonds | \$ 8,729,700 | \$ | \$ (1,720,000) | \$ 7,009,700 | \$ 1,760,700 |
| Unamortized bond premiums | 2,925,410 | | (216,964) | 2,708,446 | |
| Unamortized bond discounts | (291,631) | | 21,281 | (270,350) | |
| Compensated absences | 36,171,433 | 11,750,651 | (10,372,945) | 37,549,139 | 4,634,334 |
| Postemployment benefits other than pensions | 10,214,352 | 2,348,777 | (875,222) | 11,687,907 | |
| Total governmental activities | 202,637,683 | 14,099,428 | (15,798,784) | 200,938,327 | 9,662,034 |
| Business-type activities | | | | | |
| General obligation/pledged revenue bonds | | | | | |
| \$8,685,000 2003B Water general obligation refunding revenue bonds due in annual installments through November 2015; interest varies between 3% and 5% | 1,445,000 | | (545,000) | 900,000 | 440,000 |
| \$14,365,000 2005A Water/Wastewater general obligation refunding revenue bonds due in annual installments through December 2017; interest is at 5% | 7,730,000 | | (1,540,000) | 6,190,000 | 1,615,000 |
| \$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% | 7,425,000 | | (935,000) | 6,490,000 | 975,000 |
| \$140,000,000 2006 General obligation Wastewater reclamation system bonds due in annual installments through October 2036; interest varies between 4% and 5% | 129,145,000 | | (3,010,000) | 126,135,000 | 3,140,000 |
| \$5,713,000 2007 Water/Wastewater general obligation refunding revenue bonds due in annual installments through September 2014; interest is at 3.885% | 1,646,000 | | (807,000) | 839,000 | 839,000 |
| \$145,000,000 2010A Water/Wastewater improvement bonds (Build America Bonds) due in annual installments beginning June 2015 through June 2040; interest varies between 4.13% and 6.572% | 145,000,000 | | | 145,000,000 | 100,000 |
| Total general obligation/pledged revenue bonds | 292,391,000 | | (6,837,000) | 285,554,000 | 7,109,000 |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

| | Balance July 1, 2013 | Increases | Decreases | Balance June 30, 2014 | Due Within One Year |
|--|-------------------------|---------------|-----------------|--------------------------|------------------------|
| Notes payable | | | | | |
| \$7,000,000 medium-term financing due in quarterly installments through July 2022; interest is at 2% beginning April 2015 | \$ 7,000,000 | \$ | \$ (1,000,000) | \$ 6,000,000 | \$ 1,000,000 |
| Total notes payable | 7,000,000 | | (1,000,000) | 6,000,000 | 1,000,000 |
| Unamortized bond premiums | 3,203,310 | | (259,210) | 2,944,100 | |
| Compensated absences | 3,365,865 | 1,191,990 | (1,182,820) | 3,375,035 | 412,957 |
| Total business-type activities | 305,960,175 | 1,191,990 | (9,279,030) | 297,873,135 | 8,521,957 |
| Total long-term liabilities | \$ 508,597,858 | \$ 15,291,418 | \$ (25,077,814) | \$ 498,811,462 | \$ 18,183,991 |

Compensated absences and postemployment benefits other than pensions are liquidated through the self-insurance reserve internal service fund, which is funded by assessing a flat percentage to each fund based on the fund's gross salaries, plus a flat fee for each employee for health insurance.

At June 30, 2014, annual debt service requirements to maturity were as follows:

| <u>For the Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|------------------------------------|------------------|-----------------|
| Governmental activities | | |
| General obligation bonds | | |
| 2015 | \$ 4,227,000 | \$ 7,676,785 |
| 2016 | 2,945,000 | 7,484,802 |
| 2017 | 4,550,000 | 7,359,464 |
| 2018 | 9,085,000 | 7,155,095 |
| 2019 | 9,665,000 | 6,738,537 |
| 2020 - 2024 | 33,715,000 | 28,473,648 |
| 2025 - 2029 | 34,175,000 | 21,050,825 |
| 2030 - 2034 | 43,155,000 | 11,792,750 |
| 2035 - 2039 | 20,435,000 | 1,542,250 |
| Total general obligation bonds | 161,952,000 | 99,274,156 |
| Special assessment bonds | | |
| 2015 | 1,760,700 | 243,655 |
| 2016 | 1,839,700 | 172,571 |
| 2017 | 1,904,300 | 99,460 |
| 2018 | 1,505,000 | 29,159 |
| 2019 | | |
| Total special assessment bonds | 7,009,700 | 544,845 |
| Total governmental activities | \$ 168,961,700 | \$ 99,819,001 |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

| <u>For the Year Ended June 30,</u> | <u>Principal</u> | <u>Interest</u> |
|--|-----------------------|-----------------------|
| Business-type activities | | |
| General obligation/pledged revenue bonds | | |
| 2015 | \$ 7,109,000 | \$ 15,720,277 |
| 2016 | 6,445,000 | 15,396,875 |
| 2017 | 6,580,000 | 15,090,837 |
| 2018 | 6,880,000 | 14,784,896 |
| 2019 | 7,170,000 | 14,471,443 |
| 2020 - 2024 | 40,825,000 | 66,547,497 |
| 2025 - 2029 | 50,935,000 | 54,235,687 |
| 2030 - 2034 | 63,520,000 | 38,710,877 |
| 2035 - 2039 | 78,430,000 | 20,031,850 |
| 2040 - 2044 | <u>17,660,000</u> | <u>1,160,615</u> |
| Total general obligation/pledged revenue bonds | <u>285,554,000</u> | <u>256,150,854</u> |
| Notes payable | | |
| 2015 | 1,000,000 | |
| 2016 | 654,875 | 95,125 |
| 2017 | 668,072 | 81,928 |
| 2018 | 681,533 | 68,467 |
| 2019 | 695,267 | 54,733 |
| 2020 - 2024 | <u>2,300,253</u> | <u>79,646</u> |
| Total notes payable | <u>6,000,000</u> | <u>379,899</u> |
| Total business-type activities | <u>\$ 291,554,000</u> | <u>\$ 256,530,753</u> |

Component Unit Debt

In 2008, the City and the Library District entered into a cooperative agreement under which the City would design, construct and equip a library facility and the Library District would reimburse the City \$9,500,000, plus interest at 5%, for its costs by making annual interfund transfers through January 2019. Since actual costs to design, construct and equip the library were completed under budget by \$2,500,000, the total to be reimbursed by the Library District to the City is \$7,000,000.

Defeased Debt

In prior years, the City defeased certain long-term bond obligations by placing the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements.

At June 30, 2014, \$2,885,000 of defeased debt remained outstanding.

Debt Covenants and Legal Debt Margin

Certain long-term liabilities are subject to restrictive debt covenants and the amount of long-term general obligation debt that can be incurred by the City is limited by the NRS. Management believes the City to be in compliance with all applicable limitations and restrictions.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Arbitrage Rebate Requirement

The Federal Tax Reform Act of 1986 imposes a rebate requirement with respect to certain long-term debt obligations. Under this Act, an arbitrage amount may be required to be rebated to the United States Treasury for interest on the bonds to qualify for exclusion from gross income for federal income tax purposes. Rebatable arbitrage is computed as of each installment computation date. The arbitrage rebate calculation as of the most recent such date indicates that no amount is due. Future calculations might result in adjustments to this determination.

Special Assessment Debt

The City has issued various special assessments bonds, the proceeds of which have been used to fund specific infrastructure improvements. These bonds do not constitute debt of the City within the meaning of any constitutional or statutory provision or limitation, are not considered a general obligation of the City, and are considered special obligations payable solely from assessments levied in the special assessment districts. Furthermore, the City is not secondarily liable in the case of payment deficiencies. The City uses a fiduciary (agency) fund to account for special assessment revenue collections and repayment of the related debt.

Outstanding special assessment debt obligations accounted for in a fiduciary (agency) fund at June 30, 2014, were as follows:

| | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Original Amount</u> | <u>Balance June 30, 2014</u> |
|--|---------------------------------------|----------------------|------------------------|----------------------------------|
| 1994 Special Assessment District 54 (Civic Center Drive Development) | May 1, 1994 - February 1, 2014 | 7.75% | \$ 2,961,790 | \$ |
| 2006 Special Assessment District 60 (Aliante Development) | May 31, 2006 - December 1, 2022 | 3.875% - 5.1% | <u>42,180,000</u> | <u>19,960,000</u> |
| | | | <u>\$ 45,141,790</u> | <u>\$ 19,960,000</u> |

Segment Information

The City has issued long-term debt (in some cases revenue supported) to finance the improvement, acquisition or construction of wastewater and water utility system capital assets. This debt has historically been paid from the revenues of the City's wastewater and water utility funds. The financial position, results of operations and cash flows of these enterprise funds are presented separately in the accompanying proprietary fund financial statements and no additional segment information disclosure is considered necessary.

Note 4. Other Information

Construction and Other Commitments

The City has active construction projects as of June 30, 2014. These projects include public safety projects associated with the installation of or upgrade to 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; flood control projects and improvements and general government capital improvement projects.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

At June 30, 2014 the City's construction and other significant commitments were as follows:

| | Remaining Commitment |
|--------------------------------------|-------------------------|
| Parks and Recreation Projects | \$ 8,503,646 |
| Public Safety Projects | 3,974,595 |
| Municipal Building Facilities | 208,459 |
| Capital Projects Street Improvements | <u>23,844,556</u> |
| | <u>\$ 36,531,256</u> |

Litigation

In the ordinary course of its operations, claims are filed against the City including, but not limited to those arising from alleged improper actions by employees, police actions and negligence. City management intends to vigorously defend each claim and, although, total damages claimed are substantial, believes that most of these claims will settle for substantially less than the claimed amount, may be partially offset by payments from the City's liability insurance policies, as discussed below under "Risk Management," and will not result in any material adverse future 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 the services are rendered.

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.

Over the last few years, the United States has experienced a widespread decline in residential real estate sales, mortgage lending and related construction activity, high unemployment, as well as weakness in the commercial and investment banking systems, which has had, and is likely to continue to have, far-reaching effects on the economic activity in the country. The near- 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.

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 the economic conditions discussed in the preceding paragraph. 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 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. For these and other risks, the City established the self-insurance internal service fund and purchases commercial insurance coverage for claims in excess of the coverage provided by the self-insurance internal service fund and for other insurable risks of loss. Settled claims have not exceeded this commercial insurance coverage in any of the past three years.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Self-insurance Internal Service Fund

The City reports activity related to liability insurance, workers' compensation and postemployment benefits other than pensions in the self-insurance internal service fund.

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 at \$50,000 per claim for causes of action that occurred on or before September 30, 2007, \$75,000 per claim for causes of action that occurred on or after October 1, 2007, and \$100,000 per claim for causes of action that occurred 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 self insured retention (SIR) amount of \$2,500,000 per claim for all employees. Coverage from private insurers is maintained for losses in excess of the stop-loss amount up to \$1,000,000 per accident.

Postemployment benefits other than pensions - Includes all activity for unemployment compensation, postemployment benefits other than pensions and employee separation leave benefits. The City reimburses the State for the actual costs of unemployment compensation claims on a quarterly basis. Earned but unused leave benefits are distributed to employees at separation from City employment. Postemployment benefits other than pensions liabilities and payments are based on an actuarial valuation (see additional detailed information in the Postemployment Benefits Other Than Pensions (OPEB) section below).

For the fiscal years ended June 30, 2012, 2013 and 2014, changes in claims liability amounts were as follows:

| | Claims Liability, Beginning Balance | Claims Incurred and Changes in Estimate | Claims Paid | Claims Liability, Ending Balance |
|---|---|---|------------------------|--|
| For the year ended June 29, 2012 | | | | |
| Liability insurance | \$ 1,810,107 | \$ (1,324,768) | \$ (92,909) | \$ 392,430 |
| Worker's compensation | 3,668,633 | 2,355,888 | (1,833,270) | 4,191,251 |
| Postemployment benefits other than pensions | 7,194,317 | 1,653,372 | | 8,847,689 |
| Unemployment compensation and employee separation leave benefits | | 4,703,804 | (4,703,804) | |
| | <u>\$ 12,673,057</u> | <u>\$ 7,388,296</u> | <u>\$ (6,629,983)</u> | <u>\$ 13,431,370</u> |
| For the year ended June 30, 2013 | | | | |
| Liability insurance | \$ 392,430 | \$ 1,656,494 | \$ (1,651,810) | \$ 397,114 |
| Worker's compensation | 4,191,251 | 4,385,473 | (2,120,178) | 6,456,546 |
| Postemployment benefits other than pensions | 8,847,689 | 1,366,666 | | 10,214,355 |
| Unemployment compensation and employee separation leave benefits | | 6,706,739 | (6,706,739) | |
| | <u>\$ 13,431,370</u> | <u>\$ 14,115,372</u> | <u>\$ (10,478,727)</u> | <u>\$ 17,068,015</u> |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

| | Claims Liability, Beginning Balance | Claims Incurred and Changes in Estimate | Claims Paid | Claims Liability, Ending Balance |
|---|---|---|------------------------|--|
| For the year ended June 30, 2014 | | | | |
| Liability insurance | \$ 397,114 | \$ 12,837,888 | \$ (7,106,426) | \$ 6,128,576 |
| Worker's compensation | 6,456,546 | 2,036,019 | (2,076,566) | 6,415,999 |
| Postemployment benefits other than pensions | 10,214,355 | 1,473,553 | | 11,687,908 |
| Unemployment compensation and employee separation leave benefits | | 5,210,792 | (5,210,792) | |
| | <u>\$ 17,068,015</u> | <u>\$ 21,558,252</u> | <u>\$ (14,393,784)</u> | <u>\$ 24,232,483</u> |

Defined Benefit Pension Plan

The City's employees and elected employees are covered by the State's Public Employees' Retirement System (PERS). PERS was established on July 1, 1949, by the State Legislature and is governed by the Public Employees Retirement Board whose seven members are appointed by the Governor. All public employees who meet certain eligibility requirements participate in PERS, which is a cost-sharing multiple employer defined benefit plan. Benefits to which participants in PERS may be entitled include pension, disability, and death benefits.

The City does not exercise any control over PERS. NRS 286.110 states, "respective participating public employers are not liable for any obligation of the system." PERS issues a publicly available financial report that includes financial statements and required supplemental information. This report may be obtained by writing to PERS at 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Retirement benefits, as required by NRS, are determined by the number of years of accredited service at the time of retirement and are equal to 2.67% of the participant's highest average compensation in any 36 consecutive months for each year of credited service up to a maximum of 90% if hired before July 1, 1985, and a maximum of 75% if hired on or after that date. Police or fire employees enrolled in PERS prior to January 1, 2010 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 and all other employees enrolled in PERS prior to January 1, 2010 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 are entitled to a retirement benefit, payable monthly for life. Vested employees who have the necessary years of credited service, but have not reached the required age, may retire at any age with a benefit reduction for each year the member is under the appropriate retirement age.

Contribution rates are established by the NRS, which are tied to the increase in taxable sales within the State each year and provide for yearly increases until such time as the actuarially determined unfunded liability of PERS is reduced to zero. The City is obligated to contribute all amounts due under PERS. The City's contributions to PERS were as follows:

Contribution rates and amounts contributed, including \$2,165,560 payable to PERS at June 30, 2014, were as follows:

| For the Year Ended June 30, | Contribution Rate | | Required Contribution and Amount Contributed |
|-----------------------------|------------------------------|--------------------|---|
| | Police and Fire Employees | Other Employees | |
| 2012 | 39.75 % | 23.75 % | \$ 32,964,731 |
| 2013 | 39.75 % | 23.75 % | 29,426,319 |
| 2014 | 40.50 % | 25.75 % | 29,100,583 |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Teamsters Security Fund for Southern Nevada

The City 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 (the Teamsters Plan).

The Teamsters Plan is available to active and retired employees represented by the International Brotherhood of Teamsters and 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 or Teamsters Local Union 14, Teamsters Security Fund for Southern Nevada, 1250 S. Burnham Avenue, Las Vegas, Nevada, 89104.

The Teamsters 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. For the year ended June 30, 2014, the City contributed \$880 per month for each active employee represented by the International Brotherhood of Teamsters.

No contributing employer has liability, directly or indirectly, to provide the benefits established under the Teamsters 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 number of eligible employees, annual covered payroll and amounts contributed were as follows:

| <u>For the Year Ended June 30,</u> | <u>Number of Eligible Employees</u> | <u>Annual Covered Payroll</u> | <u>Required Contribution and Amount Contributed</u> |
|------------------------------------|---|-----------------------------------|---|
| 2012 | 527 | \$ 42,581,481 | \$ 5,640,873 |
| 2013 | 504 | 42,073,999 | 4,916,546 |
| 2014 | 463 | 38,558,191 | 4,625,706 |

International Associations of Fire Fighters

Effective August 1, 2012, the City participates in the North Las Vegas Fire Fighters Union Health and Welfare Trust, a cost-sharing defined benefit plan that covers the City's International Associations of Fire Fighters employees (the Fire Fighters Plan).

The Fire Fighters Plan is available to active employees represented by the International Associations of Fire Fighters. The Fire Fighters Plan provides medical, prescription, dental and vision coverage for participants. Financial statements for the Fire Fighters Plan can be obtained by writing North Las Vegas Fire Fighters Union Health and Welfare Trust, 11700 West Charleston Boulevard, Suite 170-182, Las Vegas, NV 89135.

The Fire Fighters Plan is financed by employer contributions pursuant to collective bargaining agreements and interest earned on the investment of reserve funds. For the year ended June 30, 2014, the City contributed \$1,000 per month for each active employee represented by the International Associations of Fire Fighters.

No contributing employer has liability, directly or indirectly, to provide the benefits established under the Fire Fighters Plan beyond the obligation to make contributions as stipulated in the respective collective bargaining agreement.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

The number of eligible employees, annual covered payroll and amounts contributed were as follows:

| <u>For the Year Ended June 30,</u> | <u>Number of Eligible Employees</u> | <u>Annual Covered Payroll</u> | <u>Required Contribution and Amount Contributed</u> |
|------------------------------------|---|-----------------------------------|---|
| 2013 | 158 | \$ 16,546,453 | \$ 1,774,000 |
| 2014 | 158 | 19,047,992 | 2,057,000 |

Postemployment Benefits Other Than Pensions (OPEB)

Plan Information

In accordance with NRS, the City provides postemployment benefits to its retirees that are not represented by the International Brotherhood of Teamsters. Eligible retirees receive coverage through a healthcare plan offered by the City (Healthcare Plan), which offers two plan options, a fully-insured health maintenance organization (HMO) plan or UnitedHealthcare, which is a self-insured tiered preferred provider organization (PPO). In addition to the Healthcare Plan, eligible retirees may receive coverage through the Public Employee Benefit Plan (PEBP). The PEBP is no longer offered to current employees. The City also offers a life insurance plan (Life Insurance Plan) to all employees (active and retired), including those represented by the International Brotherhood of Teamsters and the International Associations of Fire Fighters. Employees are eligible to receive benefits from the plan they were covered under as active employees.

The Healthcare Plan offers its retirees healthcare, dental, vision and life insurance benefits. Eligibility and contribution requirements for the Healthcare Plan and the Life Insurance are established by and may be amended by the City Council. Only employees covered under the PEBP receive subsidy from the City. Premiums for City offered life and health insurance, except PEBP are paid by retirees. The City is responsible for health claims for retired unrepresented and police employees based on the retiree's choice of plan.

PEBP is an agent multiple-employer defined benefit plan administered by a nine member governing board that provides medical, prescription, dental and vision benefits to retirees. Eligibility and subsidy requirements are governed by the NRS and can only be amended through legislation. In 2008, the NRS were amended and as a result of this amendment, the number of retirees for whom the City is obligated to provide postemployment benefits is limited to eligible employees who retired from City service prior to September 1, 2008. The PEBP issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to the Public Employee Benefit Plan, 901 South Stewart Street, Suite 101, Carson City, NV 89701 or by calling (775) 684-7000.

Funding Policy and Annual OPEB Cost

The City is required to provide a subsidy, based on years of service for its retirees that have enrolled in the PEBP. The subsidy is paid on a pay-as-you-go basis and is set by the State Legislature. For the year ended June 30, 2014, this subsidy ranged from \$114 to \$627 per retiree, per month. For FY 2015, those amounts will decrease to \$116 and \$636, respectively.

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

For the year ended June 30, 2014, the average cost borne by the City for employees and retirees enrolled in the Healthcare Plan was \$1,210 per participant, per month. Retirees enrolled in the Healthcare Plan receive no direct subsidy from the City; however, retiree loss experience is pooled with active loss experience for the purpose of setting rates and the difference between the true claims cost and the blended premium creates an implicit rate subsidy from the City. For the year ended June 30, 2014, the City required no contribution from active employees covered under the Healthcare Plan.

Annual OPEB cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the net OPEB obligation:

| | Public Employee Benefit Program | City of North Las Vegas Healthcare Plan | City of North Las Vegas Life Insurance Plan | Total |
|--|------------------------------------|---|---|---------------|
| Annual required contribution (ARC) | \$ 683,513 | \$ 1,541,690 | \$ 153,495 | \$ 2,378,698 |
| Interest on net OPEB obligation | 50,402 | 328,971 | 29,202 | 408,575 |
| Adjustment to ARC | (82,642) | (326,840) | (29,013) | (438,495) |
| Annual OPEB cost | 651,273 | 1,543,821 | 153,684 | 2,348,778 |
| OPEB contributions made | (597,741) | (212,207) | (65,274) | (875,222) |
| Increase (decrease) in net OPEB obligation | 53,532 | 1,331,614 | 88,410 | 1,473,556 |
| Net OPEB obligation, beginning of year | 1,260,047 | 8,224,267 | 730,041 | 10,214,355 |
| Net OPEB obligation, end of year | \$ 1,313,579 | \$ 9,555,881 | \$ 818,451 | \$ 11,687,911 |

Annual OPEB cost, employer contributions, the percentage of annual cost contributed to the plan and the net OPEB obligation for the years ended June 30, 2012, 2013 and 2014 were as follows:

| For the Year Ended June 30, | Annual OPEB Cost | OPEB Contributions Made | Percentage Contributed | Net OPEB Obligation |
|---|---------------------|-------------------------------|---------------------------|------------------------|
| Public Employee Benefit Program | | | | |
| 2012 | \$ 594,009 | \$ 627,154 | 105.6 % | \$ 1,252,341 |
| 2013 | 649,345 | 641,639 | 98.8 % | 1,260,047 |
| 2014 | 651,273 | 597,741 | 91.8 % | 1,313,579 |
| City of North Las Vegas Healthcare Plan | | | | |
| 2012 | 1,825,914 | 264,917 | 14.5 % | 6,953,923 |
| 2013 | 1,455,800 | 185,456 | 12.7 % | 8,224,267 |
| 2014 | 1,543,821 | 212,207 | 13.7 % | 9,555,881 |
| City of North Las Vegas Life Insurance Plan | | | | |
| 2012 | 188,727 | 63,207 | 33.5 % | 641,425 |
| 2013 | 147,563 | 58,947 | 39.9 % | 730,041 |
| 2014 | 153,684 | 65,274 | 42.5 % | 818,451 |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation date was as follows:

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Annual Covered Payroll | UAAL as a Percent of Covered Payroll |
|---|------------------------------|---|---|--------------|---------------------------|---|
| Public Employee Benefit Program June 30, 2013 | N/A ¹ | \$ 11,038,451 | \$ 11,038,451 | 0.0 % | N/A ² | N/A ² |
| City of North Las Vegas Healthcare Plan June 30, 2013 | N/A ¹ | 13,937,406 | 13,937,406 | 0.0 % | 82,838,760 | 16.8 % |
| City of North Las Vegas Life Insurance Plan June 30, 2013 | N/A ¹ | 2,240,684 | 2,240,684 | 0.0 % | 82,838,760 | 2.7 % |

1. No assets have been placed in trust.

2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to 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 the basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plans (the plans as understood by the employer and plan members) and include the types of benefits provided 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 the actuarial value of assets.

Significant actuarial methods and assumptions as of the most recent actuarial valuation date were as follows:

| | Public Employee Benefit Program | City of North Las Vegas Healthcare Plan | City of North Las Vegas Life Insurance Plan |
|--------------------------|------------------------------------|---|---|
| Actuarial valuation date | June 30, 2013 | June 30, 2013 | June 30, 2013 |
| Actuarial cost method | Entry age normal, closed | Entry age normal, open | Entry age normal, open |
| Amortization method | Level dollar | Level percent of pay | Level percent of pay |
| Amortization period | 25 years | 30 years | 30 years |

(Continued)

CITY OF NORTH LAS VEGAS

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

| | Public Employee Benefit Program | City of North Las Vegas Healthcare Plan | City of North Las Vegas Life Insurance Plan |
|----------------------------|------------------------------------|---|---|
| Asset valuation method | No assets in trust | No assets in trust | No assets in trust |
| Actuarial assumptions | | | |
| Investment rate of return | 4% | 4% | 4% |
| Inflation rate | 3% | 3% | 3% |
| Projected salary increase | 4% | 4% | 4% |
| Number of retirees | 181 | 617 | 1342 |
| Healthcare inflation rates | | | |
| Initial | 8.5% | 8% | 8% |
| Ultimate | 5% | 5% | 5% |

1. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

The City utilizes the self-insurance reserve internal service fund to allocate OPEB costs. Each fund recognizes its portion of the annual OPEB costs based on each fund's actual salary costs. No governmental funds have been used to liquidate the net OPEB obligation thus far. As of June 30, 2014, the self-insurance reserve internal service fund had \$16,121,300 in unrestricted cash, cash equivalents and investments some of which is intended to fund future OPEB costs. 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. 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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF NORTH LAS VEGAS

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2014

| Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded Actuarial Accrued Liability (UAAL) | Funded Ratio | Annual Covered Payroll | UAAL as a Percent of Covered Payroll |
|---|------------------------------|---|---|--------------|---------------------------|---|
| Public Employee Benefit Program | | | | | | |
| July 1, 2009 | N/A ¹ \$ | 21,045,976 \$ | 27,820,834 | 0.0 % | \$ N/A ² | N/A ² |
| June 30, 2011 ³ | N/A ¹ | 10,530,961 | 10,530,961 | 0.0 % | N/A ² | N/A ² |
| June 30, 2013 | N/A ¹ | 11,038,451 | 11,038,451 | 0.0 % | N/A ² | N/A ² |
| City of North Las Vegas Healthcare Plan | | | | | | |
| July 1, 2009 | N/A ¹ | 9,946,490 | 9,946,490 | 0.0 % | 158,854,498 | 6.3 % |
| June 30, 2011 ³ | N/A ¹ | 17,976,859 | 17,976,859 | 0.0 % | 142,669,047 | 12.6 % |
| June 30, 2013 | N/A ¹ | 13,937,406 | 13,937,406 | 0.0 % | 82,838,760 | 16.8 % |
| City of North Las Vegas Life Insurance Plan | | | | | | |
| July 1, 2009 | N/A ¹ | 2,203,647 | 2,203,647 | 0.0 % | 158,854,498 | 1.4 % |
| June 30, 2011 ³ | N/A ¹ | 2,431,608 | 2,431,608 | 0.0 % | 142,669,047 | 1.7 % |
| June 30, 2013 | N/A ¹ | 2,240,684 | 2,240,684 | 0.0 % | 82,838,760 | 2.7 % |

1. No assets have been placed in trust.

2. The Public Employee Benefit Program is a closed plan; and therefore, there are no current covered employees.

3. During the year ended June 30, 2011, the City reduced staffing levels from 1,820 to 1,269 of eligible employees, and significant reductions occurred in the City's required subsidy for retirees participating in the Nevada Public Employees' Benefits Program. As a result, the actuarial valuation dated June 30, 2011, was reperformed to properly account for these events. The amounts reported above reflect the results of the second June, 30, 2011, actuarial report.

CITY OF NORTH LAS VEGAS

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2014

The general fund is used to account for all financial resources not required to be accounted for in some other fund.

CITY OF NORTH LAS VEGAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | Original Budget | Final Budget | Actual | Variance |
|--------------------------------------|-------------------|-------------------|--------------------|------------------|
| REVENUES | | | | |
| Property taxes | \$ 7,346,166 | \$ 7,346,166 | \$ 7,489,422 | \$ 143,256 |
| Franchise fees | 16,192,800 | 20,475,300 | 20,788,938 | 313,638 |
| Licenses and permits | 9,646,607 | 10,646,607 | 10,748,799 | 102,192 |
| Charges for services | 3,019,322 | 4,586,013 | 4,978,360 | 392,347 |
| Intergovernmental consolidated taxes | 41,156,500 | 43,156,500 | 43,976,942 | 820,442 |
| Intergovernmental | 2,700,000 | 4,870,380 | 4,417,933 | (452,447) |
| Fines and forfeitures | 6,804,500 | 6,804,500 | 6,905,762 | 101,262 |
| Contributions | 300 | 300 | 7,654 | 7,354 |
| Rents and royalties | 450,000 | 450,000 | 498,002 | 48,002 |
| Investment income | 454,000 | 454,000 | 510,907 | 56,907 |
| Miscellaneous | 512,210 | 598,226 | 349,003 | (249,223) |
| Total revenues | 88,282,405 | 99,387,992 | 100,671,722 | 1,283,730 |
| EXPENDITURES | | | | |
| General government | | | | |
| Legislative | | | | |
| Salaries and wages | 371,919 | 496,919 | 454,300 | 42,619 |
| Employee benefits | 246,599 | 338,850 | 307,259 | 31,591 |
| Services and supplies | 112,526 | 95,576 | 64,265 | 31,311 |
| Total legislative | 731,044 | 931,345 | 825,824 | 105,521 |
| Executive | | | | |
| Salaries and wages | 516,302 | 344,893 | 245,233 | 99,660 |
| Employee benefits | 243,798 | 216,957 | 266,388 | (49,431) |
| Services and supplies | 315,927 | 309,432 | 274,811 | 34,621 |
| Total executive | 1,076,027 | 871,282 | 786,432 | 84,850 |
| City attorney | | | | |
| Salaries and wages | 1,241,236 | 1,324,023 | 1,140,940 | 183,083 |
| Employee benefits | 598,761 | 688,416 | 797,661 | (109,245) |
| Services and supplies | 200,867 | 167,300 | 139,384 | 27,916 |
| Total city attorney | 2,040,864 | 2,179,739 | 2,077,985 | 101,754 |
| City clerk | | | | |
| Salaries and wages | 346,946 | 356,107 | 301,464 | 54,643 |
| Employee benefits | 158,087 | 164,536 | 152,363 | 12,173 |
| Services and supplies | 163,121 | 149,396 | 108,526 | 40,870 |
| Total city clerk | 668,154 | 670,039 | 562,353 | 107,686 |
| Finance | | | | |
| Salaries and wages | 1,592,546 | 1,456,899 | 1,348,177 | 108,722 |
| Employee benefits | 773,826 | 990,370 | 934,917 | 55,453 |
| Services and supplies | 475,395 | 451,590 | 388,950 | 62,640 |
| Total finance | 2,841,767 | 2,898,859 | 2,672,044 | 226,815 |
| Planning | | | | |
| Salaries and wages | 801,932 | 836,155 | 707,749 | 128,406 |
| Employee benefits | 357,700 | 368,131 | 427,999 | (59,868) |
| Services and supplies | 146,533 | 115,700 | 96,811 | 18,889 |
| Total planning | 1,306,165 | 1,319,986 | 1,232,559 | 87,427 |
| Other | | | | |
| Salaries and wages | 4,276,921 | 4,416,024 | 4,039,514 | 376,510 |
| Employee benefits | 1,961,694 | 2,031,103 | 2,174,686 | (143,583) |
| Services and supplies | 4,551,369 | 3,892,381 | 3,363,690 | 528,691 |
| Total other | 10,789,984 | 10,339,508 | 9,577,890 | 761,618 |

(Continued)

CITY OF NORTH LAS VEGAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | Original Budget | Final Budget | Actual | Variance |
|---------------------------|-----------------|--------------|------------|-----------|
| Total general government | 19,454,005 | 19,210,758 | 17,735,087 | 1,475,671 |
| Judicial | | | | |
| Municipal court | | | | |
| Salaries and wages | 3,265,870 | 3,081,718 | 3,078,908 | 2,810 |
| Employee benefits | 1,585,570 | 1,513,659 | 1,444,003 | 69,656 |
| Services and supplies | 445,839 | 503,256 | 501,334 | 1,922 |
| Total municipal court | 5,297,279 | 5,098,633 | 5,024,245 | 74,388 |
| Marshals | | | | |
| Salaries and wages | 1,166,933 | 1,179,589 | 1,143,819 | 35,770 |
| Employee benefits | 793,236 | 868,507 | 818,612 | 49,895 |
| Services and supplies | 181,343 | 181,528 | 170,302 | 11,226 |
| Total marshals | 2,141,512 | 2,229,624 | 2,132,733 | 96,891 |
| Other | | | | |
| Salaries and wages | | 424,564 | | 424,564 |
| Employee benefits | | 194,515 | 632,296 | (437,781) |
| Services and supplies | | 13,217 | | 13,217 |
| Total other | | 632,296 | 632,296 | |
| Total judicial | 7,438,791 | 7,960,553 | 7,789,274 | 171,279 |
| Public safety | | | | |
| Police | | | | |
| Salaries and wages | 16,393,437 | 17,166,234 | 16,785,292 | 380,942 |
| Employee benefits | 9,414,650 | 10,287,240 | 10,325,604 | (38,364) |
| Services and supplies | 4,003,387 | 3,568,878 | 3,262,079 | 306,799 |
| Capital outlay | | | 502 | (502) |
| Total police | 29,811,474 | 31,022,352 | 30,373,477 | 648,875 |
| Corrections | | | | |
| Salaries and wages | 4,053,398 | 3,871,447 | 3,870,248 | 1,199 |
| Employee benefits | 2,496,869 | 2,553,238 | 2,472,514 | 80,724 |
| Services and supplies | 5,103,590 | 5,146,820 | 5,206,923 | (60,103) |
| Total corrections | 11,653,857 | 11,571,505 | 11,549,685 | 21,820 |
| Protective services | | | | |
| Salaries and wages | 1,765,693 | 1,921,229 | 1,772,541 | 148,688 |
| Employee benefits | 828,392 | 849,948 | 871,895 | (21,947) |
| Services and supplies | 2,360,430 | 1,056,177 | 966,307 | 89,870 |
| Total protective services | 4,954,515 | 3,827,354 | 3,610,743 | 216,611 |
| Fire | | | | |
| Salaries and wages | 16,815,734 | 17,471,086 | 17,197,762 | 273,324 |
| Employee benefits | 10,232,987 | 10,232,636 | 10,246,824 | (14,188) |
| Services and supplies | 3,405,308 | 3,173,118 | 3,187,480 | (14,362) |
| Total fire | 30,454,029 | 30,876,840 | 30,632,066 | 244,774 |
| Total public safety | 76,873,875 | 77,298,051 | 76,165,971 | 1,132,080 |
| Public works | | | | |
| Administration | | | | |
| Salaries and wages | 278,596 | 281,650 | 354,918 | (73,268) |
| Employee benefits | 127,482 | 137,132 | 165,068 | (27,936) |
| Services and supplies | 25,277 | 25,323 | 19,637 | 5,686 |
| Total administration | 431,355 | 444,105 | 539,623 | (95,518) |

(Continued)

CITY OF NORTH LAS VEGAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | Original Budget | Final Budget | Actual | Variance |
|------------------------------|-----------------|--------------|-----------|-----------|
| Flood control | | | | |
| Salaries and wages | 361,999 | 380,251 | 324,356 | 55,895 |
| Employee benefits | 162,033 | 165,916 | 133,453 | 32,463 |
| Services and supplies | 32,532 | 33,080 | (43,243) | 76,323 |
| Total flood control | 556,564 | 579,247 | 414,566 | 164,681 |
| Streets | | | | |
| Services and supplies | | | 1,035 | (1,035) |
| Total streets | | | 1,035 | (1,035) |
| Engineering | | | | |
| Salaries and wages | 117,331 | 142,063 | 128,552 | 13,511 |
| Employee benefits | 47,009 | 52,271 | 54,077 | (1,806) |
| Services and supplies | 96,112 | 95,026 | 70,050 | 24,976 |
| Total engineering | 260,452 | 289,360 | 252,679 | 36,681 |
| Real property | | | | |
| Salaries and wages | 261,243 | 279,659 | 283,975 | (4,316) |
| Employee benefits | 122,322 | 126,240 | 126,422 | (182) |
| Services and supplies | 36,459 | 37,011 | 20,384 | 16,627 |
| Total real property | 420,024 | 442,910 | 430,781 | 12,129 |
| Construction | | | | |
| Salaries and wages | 281,473 | 313,230 | 274,381 | 38,849 |
| Employee benefits | 109,916 | 116,672 | 113,639 | 3,033 |
| Services and supplies | 109,411 | 109,682 | 65,179 | 44,503 |
| Total construction | 500,800 | 539,584 | 453,199 | 86,385 |
| Survey | | | | |
| Salaries and wages | 123,038 | 137,073 | 153,114 | (16,041) |
| Employee benefits | 43,887 | 46,873 | 60,487 | (13,614) |
| Services and supplies | 89,369 | 89,367 | 75,420 | 13,947 |
| Total survey | 256,294 | 273,313 | 289,021 | (15,708) |
| Total public works | 2,425,489 | 2,568,519 | 2,380,904 | 187,615 |
| Culture and recreation | | | | |
| Administration | | | | |
| Salaries and wages | 200,042 | 203,096 | 174,115 | 28,981 |
| Employee benefits | 91,308 | 96,458 | 87,315 | 9,143 |
| Services and supplies | 18,126 | 14,618 | 13,192 | 1,426 |
| Total administration | 309,476 | 314,172 | 274,622 | 39,550 |
| Participant recreation | | | | |
| Salaries and wages | 827,917 | 835,266 | 815,283 | 19,983 |
| Employee benefits | 264,003 | 262,471 | 229,205 | 33,266 |
| Services and supplies | 724,761 | 735,110 | 644,777 | 90,333 |
| Total participant recreation | 1,816,681 | 1,832,847 | 1,689,265 | 143,582 |
| Parks and grounds | | | | |
| Salaries and wages | 1,332,297 | 1,479,528 | 941,777 | 537,751 |
| Employee benefits | 383,243 | 437,976 | 600,891 | (162,915) |
| Services and supplies | 4,519,825 | 4,307,382 | 3,718,136 | 589,246 |
| Capital outlay | | | 22,855 | (22,855) |
| Total parks and grounds | 6,235,365 | 6,224,886 | 5,283,659 | 941,227 |
| Total culture and recreation | 8,361,522 | 8,371,905 | 7,247,546 | 1,124,359 |

(Continued)

CITY OF NORTH LAS VEGAS

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | Original Budget | Final Budget | Actual | Variance |
|---|---------------------|----------------------|---------------------|-----------------------|
| Community support | | | | |
| Housing and neighborhood services | | | | |
| Salaries and wages | 718,252 | 753,848 | 638,734 | 115,114 |
| Employee benefits | 334,018 | 345,890 | 283,233 | 62,657 |
| Services and supplies | 416,452 | 385,702 | 315,985 | 69,717 |
| Total housing and neighborhood services | <u>1,468,722</u> | <u>1,485,440</u> | <u>1,237,952</u> | <u>247,488</u> |
| Economic development | | | | |
| Salaries and wages | 101,084 | 103,624 | 103,949 | (325) |
| Employee benefits | 49,222 | 52,012 | 50,970 | 1,042 |
| Services and supplies | 43,104 | 26,136 | 9,698 | 16,438 |
| Total economic development | <u>193,410</u> | <u>181,772</u> | <u>164,617</u> | <u>17,155</u> |
| Developer agreements | | | | |
| Services and supplies | <u>75,000</u> | <u>61,000</u> | <u>60,000</u> | <u>1,000</u> |
| Other | | | | |
| Salaries and wages | | 48,058 | | 48,058 |
| Employee benefits | | 25,929 | 75,403 | (49,474) |
| Services and supplies | | 1,416 | | 1,416 |
| Total other | | <u>75,403</u> | <u>75,403</u> | |
| Total community support | <u>1,737,132</u> | <u>1,803,615</u> | <u>1,537,972</u> | <u>265,643</u> |
| Total expenditures | <u>116,290,814</u> | <u>117,213,401</u> | <u>112,856,754</u> | <u>4,356,647</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(28,008,409)</u> | <u>(17,825,409)</u> | <u>(12,185,032)</u> | <u>5,640,377</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contingencies | (500,000) | 3,645,000 | | (3,645,000) |
| Proceeds from capital asset disposal | 25,000 | 25,000 | 2,034,128 | 2,009,128 |
| Transfers in | 32,300,000 | 24,763,930 | 24,812,933 | 49,003 |
| Transfers out | (3,418,432) | (8,519,207) | (15,922,273) | (7,403,066) |
| Total other financing sources (uses) | <u>28,406,568</u> | <u>19,914,723</u> | <u>10,924,788</u> | <u>(8,989,935)</u> |
| CHANGE IN FUND BALANCE | 398,159 | 2,089,314 | (1,260,244) | (3,349,558) |
| FUND BALANCE, BEGINNING OF YEAR | <u>9,577,266</u> | <u>9,338,944</u> | <u>9,338,944</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 9,975,425</u> | <u>\$ 11,428,258</u> | <u>\$ 8,078,700</u> | <u>\$ (3,349,558)</u> |

CITY OF NORTH LAS VEGAS

MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

Special revenue funds are used to account for financial resources that are restricted or committed to specific purposes other than debt service and capital projects.

Public Safety Tax

Accounts for voter-approved property tax overrides to be used exclusively for public safety programs.

CITY OF NORTH LAS VEGAS

PUBLIC SAFETY TAX SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | Original Budget | Final Budget | Actual | Variance |
|---|--------------------|--------------------|---------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 27,685,603 | \$ 27,685,603 | \$ 28,197,425 | \$ 511,822 |
| Charges for services | 98,000 | 98,000 | 101,788 | 3,788 |
| Miscellaneous | 4,970 | 4,970 | 34,269 | 29,299 |
| Total revenues | <u>27,788,573</u> | <u>27,788,573</u> | <u>28,333,482</u> | <u>544,909</u> |
| EXPENDITURES | | | | |
| Public safety | | | | |
| Police | | | | |
| Salaries and wages | 13,109,071 | 13,719,742 | 12,661,966 | 1,057,776 |
| Employee benefits | 7,932,285 | 8,662,606 | 8,202,144 | 460,462 |
| Services and supplies | 3,287,866 | 2,974,354 | 2,529,485 | 444,869 |
| Total police | <u>24,329,222</u> | <u>25,356,702</u> | <u>23,393,595</u> | <u>1,963,107</u> |
| Corrections | | | | |
| Salaries and wages | 949,463 | 719,327 | 699,248 | 20,079 |
| Employee benefits | 565,642 | 467,732 | 428,687 | 39,045 |
| Services and supplies | 2,966,810 | 2,962,184 | 2,835,237 | 126,947 |
| Total corrections | <u>4,481,915</u> | <u>4,149,243</u> | <u>3,963,172</u> | <u>186,071</u> |
| Protective services | | | | |
| Salaries and wages | 115,908 | 121,097 | 102,252 | 18,845 |
| Employee benefits | 57,866 | 58,970 | 46,943 | 12,027 |
| Services and supplies | 11,093 | 11,086 | 10,522 | 564 |
| Total protective services | <u>184,867</u> | <u>191,153</u> | <u>159,717</u> | <u>31,436</u> |
| Total expenditures | <u>28,996,004</u> | <u>29,697,098</u> | <u>27,516,484</u> | <u>2,180,614</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(1,207,431)</u> | <u>(1,908,525)</u> | <u>816,998</u> | <u>2,725,523</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from capital asset disposal | | | 41,172 | 41,172 |
| Transfers in | | 285,490 | 285,490 | |
| Total other financing sources (uses) | | <u>285,490</u> | <u>326,662</u> | <u>41,172</u> |
| CHANGE IN FUND BALANCE | (1,207,431) | (1,623,035) | 1,143,660 | 2,766,695 |
| FUND BALANCE, BEGINNING OF YEAR | <u>1,851,780</u> | <u>2,168,530</u> | <u>2,168,530</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 644,349</u> | <u>\$ 545,495</u> | <u>\$ 3,312,190</u> | <u>\$ 2,766,695</u> |

CITY OF NORTH LAS VEGAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2014

Note 1. Postemployment Benefits Other Than Pensions

During the year ended June 30, 2011, the City reduced staffing levels from 1,820 to 1,269 of eligible employees, and significant reductions occurred in the City's required subsidy for retirees participating in the Nevada Public Employees' Benefits Program. As a result, the actuarial valuation dated June 30, 2011, was reperformed to properly account for these events. The amounts reported in the schedule of funding progress reflect the results of the second June 30, 2011, actuarial report.

For the year ended June 30, 2014, no significant events occurred that would have affected the actuarial valuation; and therefore, would have changed the benefit provision, size or composition of those covered by the postemployment benefit plans, or the actuarial methods and assumptions used in the actuarial valuation reports dated July 1, 2013, July 1, 2011 and July 1, 2009.

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. These estimates are subject to continual revision.

Additional information related to postemployment benefits other than pensions can be found in Note 4 to the basic financial statements.

Note 2. Budget Information

The accompanying required supplementary schedules of revenues, expenditures and changes in fund balance presents the original adopted budget, the final amended budget, and actual fund data for the general fund and each major special revenue fund. The original budgets were adopted on a basis consistent with financial accounting policies and with accounting principles generally accepted in the United States. All amendments made to the original budgets were as prescribed by law and similarly consistent.

Additional budgetary information can be found in Note 2 to the basic financial statements.

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF NORTH LAS VEGAS

NON-MAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET JUNE 30, 2014

| | Special Revenue | Debt Service | Capital Projects | Aggregate Other Governmental Funds |
|--|----------------------|---------------------|----------------------|--|
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 39,442,994 | \$ 4,304,712 | \$ 25,431,023 | \$ 69,178,729 |
| Accounts receivable, net | 2,260,957 | | 172,739 | 2,433,696 |
| Grants receivable | 1,122,886 | | 1,847,300 | 2,970,186 |
| Property taxes receivable | 674,402 | 38,068 | | 712,470 |
| Interest receivable | | 38,455 | | 38,455 |
| Special assessments receivable | | 253,030 | | 253,030 |
| Prepaid items | 6,951 | | 37,294 | 44,245 |
| Due from other governments | 2,082,407 | | | 2,082,407 |
| Property held for resale | 6,426,980 | | | 6,426,980 |
| Total assets | <u>\$ 52,017,577</u> | <u>\$ 4,634,265</u> | <u>\$ 27,488,356</u> | <u>\$ 84,140,198</u> |
| LIABILITIES | | | | |
| Accounts payable and other accrued liabilities | \$ 1,097,576 | \$ 80 | \$ 1,334,894 | \$ 2,432,550 |
| Accrued salaries and benefits | 589,624 | | | 589,624 |
| Due to other funds | 101,927 | | | 101,927 |
| Due to other governments | 107,755 | | | 107,755 |
| Customer deposits | 10,443 | | | 10,443 |
| Unearned revenue | 2,436,701 | | 58,288 | 2,494,989 |
| Total liabilities | <u>4,344,026</u> | <u>80</u> | <u>1,393,182</u> | <u>5,737,288</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenues | 155,207 | 9,476 | | 164,683 |
| Total liabilities and deferred inflows of resources | <u>4,499,233</u> | <u>9,556</u> | <u>1,393,182</u> | <u>5,901,971</u> |
| FUND BALANCES | | | | |
| Nonspendable | | | | |
| Prepaid items | 15,836 | | 37,294 | 53,130 |
| Land held for resale | 6,426,980 | | | 6,426,980 |
| Restricted for | | | | |
| Debt service | | 4,624,709 | | 4,624,709 |
| Buildings and facilities projects | | | 4,430,712 | 4,430,712 |
| Street improvements projects | | | 3,498,490 | 3,498,490 |
| Other capital projects | 14,734,067 | | 4,725,013 | 19,459,080 |
| Police, fire and other public safety programs and projects | 6,473,234 | | 9,934,795 | 16,408,029 |
| Parks, cultural and other recreational programs | 309,138 | | 3,468,861 | 3,777,999 |
| Library district operations | 908,045 | | | 908,045 |
| Courts and other judicial programs | 1,653,363 | | | 1,653,363 |
| Community assistance and support programs | 12,323,834 | | | 12,323,834 |
| Other | 19,103 | | | 19,103 |
| Committed to | | | | |
| Other capital projects | | | 9 | 9 |
| Community assistance and support programs | 292,555 | | | 292,555 |
| Assigned to | | | | |
| Other capital projects | 1,003,235 | | | 1,003,235 |
| Police, fire and other public safety programs and projects | 822,382 | | | 822,382 |
| Parks, cultural and other recreational programs | 2,517,269 | | | 2,517,269 |
| Other | 19,303 | | | 19,303 |
| Total fund balances | <u>47,518,344</u> | <u>4,624,709</u> | <u>26,095,174</u> | <u>78,238,227</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 52,017,577</u> | <u>\$ 4,634,265</u> | <u>\$ 27,488,356</u> | <u>\$ 84,140,198</u> |

CITY OF NORTH LAS VEGAS

NON-MAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

| | Special Revenue | Debt Service | Capital Projects | Aggregate Other Governmental Funds |
|---|----------------------|---------------------|----------------------|--|
| REVENUES | | | | |
| Property taxes | \$ 12,731,119 | \$ 679,065 | \$ | \$ 13,410,184 |
| Residential construction taxes | 314,546 | | | 314,546 |
| Room taxes | 422,474 | | | 422,474 |
| Special assessments | | 2,170,942 | | 2,170,942 |
| Charges for services | 2,493,851 | | | 2,493,851 |
| Intergovernmental | 21,073,556 | | 23,710,335 | 44,783,891 |
| Fines and forfeitures | 319,929 | 10,353 | | 330,282 |
| Contributions | 76,651 | | 487,651 | 564,302 |
| Rents and royalties | 84,760 | | | 84,760 |
| Investment income | 74,798 | 10,178 | 46,698 | 131,674 |
| Miscellaneous | 1,712,591 | | 2,831 | 1,715,422 |
| Total revenues | <u>39,304,275</u> | <u>2,870,538</u> | <u>24,247,515</u> | <u>66,422,328</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 6,492 | | 125,301 | 131,793 |
| Judicial | 611,768 | | 300 | 612,068 |
| Public safety | 16,947,806 | | 71,757 | 17,019,563 |
| Public works | 4,273,778 | | 3,693,622 | 7,967,400 |
| Culture and recreation | 4,400,618 | | 1,135,636 | 5,536,254 |
| Community support | 2,655,849 | | | 2,655,849 |
| Total current | <u>28,896,311</u> | | <u>5,026,616</u> | <u>33,922,927</u> |
| Capital outlay | | | | |
| General government | | | 829,283 | 829,283 |
| Judicial | 131,000 | | | 131,000 |
| Public safety | 18,898 | | 1,110,144 | 1,129,042 |
| Public works | 381,738 | | 10,426,280 | 10,808,018 |
| Culture and recreation | 32,658 | | 10,596,416 | 10,629,074 |
| Community support | 25,651 | | 224,990 | 250,641 |
| Total capital outlay | <u>589,945</u> | | <u>23,187,113</u> | <u>23,777,058</u> |
| Debt service | | | | |
| Principal payments | 350,000 | 4,640,000 | | 4,990,000 |
| Interest and fiscal charges | 123,078 | 2,912,425 | | 3,035,503 |
| Total debt service | <u>473,078</u> | <u>7,552,425</u> | | <u>8,025,503</u> |
| Total expenditures | <u>29,959,334</u> | <u>7,552,425</u> | <u>28,213,729</u> | <u>65,725,488</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>9,344,941</u> | <u>(4,681,887)</u> | <u>(3,966,214)</u> | <u>696,840</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from capital asset disposal | 23,149 | | | 23,149 |
| Transfers in | 6,560,445 | 6,021,726 | 8,677,682 | 21,259,853 |
| Transfers out | (9,844,310) | | (8,104,900) | (17,949,210) |
| Total other financing sources (uses) | <u>(3,260,716)</u> | <u>6,021,726</u> | <u>572,782</u> | <u>3,333,792</u> |
| CHANGE IN FUND BALANCE | 6,084,225 | 1,339,839 | (3,393,432) | 4,030,632 |
| FUND BALANCE, BEGINNING OF YEAR | <u>41,434,119</u> | <u>3,284,870</u> | <u>29,488,606</u> | <u>74,207,595</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 47,518,344</u> | <u>\$ 4,624,709</u> | <u>\$ 26,095,174</u> | <u>\$ 78,238,227</u> |

SPECIAL REVENUE FUNDS

CITY OF NORTH LAS VEGAS

NON-MAJOR SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

Special revenue funds are used to account for financial resources that are restricted or committed to specific purposes other than debt service and capital projects.

Parks and Recreation Support

Accounts for monies collected for the enhancement and support of park facilities and recreation programs.

Redevelopment Agency

Accounts for supplemental property taxes assessed on the redevelopment district property and the costs of carrying out the redevelopment plan.

Library District

Accounts for monies received by the District from property taxes and contributions from the general fund and costs related to the Library District.

Special Purpose Revenue

Accounts for monies received from various sources, which are to be used for specific purposes.

More Cops Sales Tax

Accounts for a voter-approved increase in sales and use tax to employ and equip additional police officers.

Park Construction Tax

Accounts for monies collected from developers to finance park construction projects.

Public Safety Support

Accounts for monies received by the City from various sources that are to be used for programs that enhance public safety.

Municipal Court Support

Accounts for fees collected to defray the costs of maintaining the Municipal Court.

Community Development

Accounts for monies received by the City from the County as a grantee participant in the federal Community Development Block Grant Program as well as funds received from the State of Nevada and other sources, which must be used for qualifying community development projects.

CITY OF NORTH LAS VEGAS

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET JUNE 30, 2014

| | Parks and Recreation Support | Redevelopment Agency | Library District | Special Purpose Revenue | More Cops Sales Tax |
|--|------------------------------------|-------------------------|---------------------|----------------------------|------------------------|
| ASSETS | | | | | |
| Cash, cash equivalents and investments | \$ 2,811,804 | \$ 10,635,690 | \$ 923,208 | \$ 12,851,306 | \$ 1,657,931 |
| Accounts receivable, net | 46,279 | 209,184 | | 978,740 | 872,729 |
| Grants receivable | 116,633 | | 21 | 19,346 | |
| Property taxes receivable | | 76,675 | 132,663 | 454,583 | |
| Prepaid items | | | 87 | | |
| Due from other governments | | | | 468,412 | 1,613,995 |
| Property held for resale | | | | | |
| Total assets | <u>\$ 2,974,716</u> | <u>\$ 10,921,549</u> | <u>\$ 1,055,979</u> | <u>\$ 14,772,387</u> | <u>\$ 4,144,655</u> |
| LIABILITIES | | | | | |
| Accounts payable and other accrued liabilities | \$ 65,465 | \$ 980 | \$ 34,425 | \$ 767,541 | \$ (3) |
| Accrued salaries and benefits | 26,922 | 20,752 | 60,334 | 142,361 | 298,544 |
| Due to other funds | 1,970 | 1,445 | 4,159 | 9,906 | 38,765 |
| Due to other governments | 3,569 | | 19,309 | 45,426 | |
| Customer deposits | 4,443 | 6,000 | | | |
| Unearned revenue | 45,940 | 9,775 | 11 | 1,797 | |
| Total liabilities | <u>148,309</u> | <u>38,952</u> | <u>118,238</u> | <u>967,031</u> | <u>337,306</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenues | | 22,637 | 29,609 | 100,621 | |
| Total liabilities and deferred inflows of resources | <u>148,309</u> | <u>61,589</u> | <u>147,847</u> | <u>1,067,652</u> | <u>337,306</u> |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Prepaid items | | | 87 | | |
| Land held for resale | | | | | |
| Restricted for | | | | | |
| Other capital projects | | | | 12,663,094 | |
| Police, fire and other public safety programs and projects | | | | | 3,807,349 |
| Parks, cultural and other recreational programs | 309,138 | | | | |
| Library district operations | | | 908,045 | | |
| Courts and other judicial programs | | | | | |
| Community assistance and support programs | | 10,859,960 | | | |
| Other | | | | 19,103 | |
| Committed to | | | | | |
| Community assistance and support programs | | | | | |
| Assigned to | | | | | |
| Other capital projects | | | | 1,003,235 | |
| Police, fire and other public safety programs and projects | | | | | |
| Parks, cultural and other recreational programs | 2,517,269 | | | 19,303 | |
| Other | | | | | |
| Total fund balances | <u>2,826,407</u> | <u>10,859,960</u> | <u>908,132</u> | <u>13,704,735</u> | <u>3,807,349</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,974,716</u> | <u>\$ 10,921,549</u> | <u>\$ 1,055,979</u> | <u>\$ 14,772,387</u> | <u>\$ 4,144,655</u> |

(Continued)

CITY OF NORTH LAS VEGAS

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET (CONTINUED) JUNE 30, 2014

| | Park Construction Tax | Public Safety Support | Municipal Court Support | Community Development | Total Special Revenue |
|--|-----------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| ASSETS | | | | | |
| Cash, cash equivalents and investments | \$ 2,070,973 | \$ 3,410,863 | \$ 1,693,687 | \$ 3,387,532 | \$ 39,442,994 |
| Accounts receivable, net | | 134,209 | | 19,816 | 2,260,957 |
| Grants receivable | | 170,836 | | 816,050 | 1,122,886 |
| Property taxes receivable | | 10,481 | | | 674,402 |
| Prepaid items | | 5,513 | 1,351 | | 6,951 |
| Due from other governments | | | | | 2,082,407 |
| Property held for resale | | | | 6,426,980 | 6,426,980 |
| | <u>2,070,973</u> | <u>3,731,902</u> | <u>1,695,038</u> | <u>10,650,378</u> | <u>52,017,577</u> |
| Total assets | <u>\$ 2,070,973</u> | <u>\$ 3,731,902</u> | <u>\$ 1,695,038</u> | <u>\$ 10,650,378</u> | <u>\$ 52,017,577</u> |
| LIABILITIES | | | | | |
| Accounts payable and other accrued liabilities | \$ | \$ 89,565 | \$ 22,403 | \$ 117,200 | \$ 1,097,576 |
| Accrued salaries and benefits | | 17,094 | 16,758 | 6,859 | 589,624 |
| Due to other funds | | 1,870 | 1,163 | 42,649 | 101,927 |
| Due to other governments | | | | 39,451 | 107,755 |
| Customer deposits | | | | | 10,443 |
| Unearned revenue | | 118,368 | | 2,260,810 | 2,436,701 |
| | | <u>226,897</u> | <u>40,324</u> | <u>2,466,969</u> | <u>4,344,026</u> |
| Total liabilities | | <u>226,897</u> | <u>40,324</u> | <u>2,466,969</u> | <u>4,344,026</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenues | | 2,340 | | | 155,207 |
| | | <u>2,340</u> | | | <u>155,207</u> |
| Total liabilities and deferred inflows of resources | | <u>229,237</u> | <u>40,324</u> | <u>2,466,969</u> | <u>4,499,233</u> |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Prepaid items | | 14,398 | 1,351 | | 15,836 |
| Land held for resale | | | | 6,426,980 | 6,426,980 |
| Restricted for | | | | | |
| Other capital projects | 2,070,973 | | | | 14,734,067 |
| Police, fire and other public safety programs and projects | | 2,665,885 | | | 6,473,234 |
| Parks, cultural and other recreational programs | | | | | 309,138 |
| Library district operations | | | | | 908,045 |
| Courts and other judicial programs | | | 1,653,363 | | 1,653,363 |
| Community assistance and support programs | | | | 1,463,874 | 12,323,834 |
| Other | | | | | 19,103 |
| Committed to | | | | | |
| Community assistance and support programs | | | | 292,555 | 292,555 |
| Assigned to | | | | | |
| Other capital projects | | | | | 1,003,235 |
| Police, fire and other public safety programs and projects | | 822,382 | | | 822,382 |
| Parks, cultural and other recreational programs | | | | | 2,517,269 |
| Other | | | | | 19,303 |
| | <u>2,070,973</u> | <u>3,502,665</u> | <u>1,654,714</u> | <u>8,183,409</u> | <u>47,518,344</u> |
| Total fund balances | <u>2,070,973</u> | <u>3,502,665</u> | <u>1,654,714</u> | <u>8,183,409</u> | <u>47,518,344</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,070,973</u> | <u>\$ 3,731,902</u> | <u>\$ 1,695,038</u> | <u>\$ 10,650,378</u> | <u>\$ 52,017,577</u> |

CITY OF NORTH LAS VEGAS

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

| | Parks and Recreation Support | Redevelopment Agency | Library District | Special Purpose Revenue | More Cops Sales Tax |
|---|------------------------------------|-------------------------|-------------------|----------------------------|------------------------|
| REVENUES | | | | | |
| Property taxes | \$ | \$ 1,228,237 | \$ 2,443,071 | \$ 8,866,635 | \$ |
| Residential construction taxes | | | | | |
| Room taxes | | | | 422,474 | |
| Charges for services | 1,983,002 | | | | |
| Intergovernmental | 83,447 | | 8,245 | 4,167,905 | 9,515,254 |
| Fines and forfeitures | 175 | | 75,327 | | |
| Contributions | 59,796 | | | | |
| Rents and royalties | | 84,760 | | | |
| Investment income | 937 | 42,760 | | 3,149 | 16,767 |
| Miscellaneous | 8,618 | | 60,285 | 45,827 | 13,025 |
| Total revenues | <u>2,135,975</u> | <u>1,355,757</u> | <u>2,586,928</u> | <u>13,505,990</u> | <u>9,545,046</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | | 5,224 | | 1,268 | |
| Judicial | | | | | |
| Public safety | | | | 4,083,267 | 9,845,282 |
| Public works | | | | 4,273,778 | |
| Culture and recreation | 1,534,690 | | 2,178,783 | 687,145 | |
| Community support | | 652,392 | | | |
| Total current | <u>1,534,690</u> | <u>657,616</u> | <u>2,178,783</u> | <u>9,045,458</u> | <u>9,845,282</u> |
| Capital outlay | | | | | |
| Judicial | | | | | |
| Public safety | | | | | |
| Public works | | | | 381,738 | |
| Culture and recreation | 32,658 | | | | |
| Community support | | | | | |
| Total capital outlay | <u>32,658</u> | <u></u> | <u></u> | <u>381,738</u> | <u></u> |
| Debt service | | | | | |
| Principal payments | | | 350,000 | | |
| Interest and fiscal charges | | | 123,078 | | |
| Total debt service | <u></u> | <u></u> | <u>473,078</u> | <u></u> | <u></u> |
| Total expenditures | <u>1,567,348</u> | <u>657,616</u> | <u>2,651,861</u> | <u>9,427,196</u> | <u>9,845,282</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>568,627</u> | <u>698,141</u> | <u>(64,933)</u> | <u>4,078,794</u> | <u>(300,236)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from capital asset disposal | | | | 2,076 | 21,073 |
| Transfers in | 947,239 | | 760,543 | 3,864,900 | 539,020 |
| Transfers out | | (300,000) | (530,500) | (5,133,390) | (2,100,000) |
| Total other financing sources (uses) | <u>947,239</u> | <u>(300,000)</u> | <u>230,043</u> | <u>(1,266,414)</u> | <u>(1,539,907)</u> |
| CHANGE IN FUND BALANCE | 1,515,866 | 398,141 | 165,110 | 2,812,380 | (1,840,143) |
| FUND BALANCE, BEGINNING OF YEAR | <u>1,310,541</u> | <u>10,461,819</u> | <u>743,022</u> | <u>10,892,355</u> | <u>5,647,492</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 2,826,407</u> | <u>\$ 10,859,960</u> | <u>\$ 908,132</u> | <u>\$ 13,704,735</u> | <u>\$ 3,807,349</u> |

(Continued)

CITY OF NORTH LAS VEGAS

NON-MAJOR SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | Park Construction Tax | Public Safety Support | Municipal Court Support | Community Development | Total Special Revenue |
|---|-----------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| REVENUES | | | | | |
| Property taxes | \$ | \$ 193,176 | \$ | \$ | \$ 12,731,119 |
| Residential construction taxes | 314,546 | | | | 314,546 |
| Room taxes | | | | | 422,474 |
| Charges for services | | 38,710 | 472,139 | | 2,493,851 |
| Intergovernmental | | 1,884,348 | | 5,414,357 | 21,073,556 |
| Fines and forfeitures | | 244,427 | | | 319,929 |
| Contributions | | 16,855 | | | 76,651 |
| Rents and royalties | | | | | 84,760 |
| Investment income | 8,285 | 2,900 | | | 74,798 |
| Miscellaneous | | 711,644 | 608,357 | 264,835 | 1,712,591 |
| Total revenues | <u>322,831</u> | <u>3,092,060</u> | <u>1,080,496</u> | <u>5,679,192</u> | <u>39,304,275</u> |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | | | | | 6,492 |
| Judicial | | | 611,768 | | 611,768 |
| Public safety | | 3,019,257 | | | 16,947,806 |
| Public works | | | | | 4,273,778 |
| Culture and recreation | | | | | 4,400,618 |
| Community support | | | | 2,003,457 | 2,655,849 |
| Total current | <u></u> | <u>3,019,257</u> | <u>611,768</u> | <u>2,003,457</u> | <u>28,896,311</u> |
| Capital outlay | | | | | |
| Judicial | | | 131,000 | | 131,000 |
| Public safety | | 18,898 | | | 18,898 |
| Public works | | | | | 381,738 |
| Culture and recreation | | | | | 32,658 |
| Community support | | | | 25,651 | 25,651 |
| Total capital outlay | <u></u> | <u>18,898</u> | <u>131,000</u> | <u>25,651</u> | <u>589,945</u> |
| Debt service | | | | | |
| Principal payments | | | | | 350,000 |
| Interest and fiscal charges | | | | | 123,078 |
| Total debt service | <u></u> | <u></u> | <u></u> | <u></u> | <u>473,078</u> |
| Total expenditures | <u></u> | <u>3,038,155</u> | <u>742,768</u> | <u>2,029,108</u> | <u>29,959,334</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>322,831</u> | <u>53,905</u> | <u>337,728</u> | <u>3,650,084</u> | <u>9,344,941</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from capital asset disposal | | | | | 23,149 |
| Transfers in | | 448,743 | | | 6,560,445 |
| Transfers out | (261,000) | (107,044) | (765,000) | (647,376) | (9,844,310) |
| Total other financing sources (uses) | <u>(261,000)</u> | <u>341,699</u> | <u>(765,000)</u> | <u>(647,376)</u> | <u>(3,260,716)</u> |
| CHANGE IN FUND BALANCE | 61,831 | 395,604 | (427,272) | 3,002,708 | 6,084,225 |
| FUND BALANCE, BEGINNING OF YEAR | <u>2,009,142</u> | <u>3,107,061</u> | <u>2,081,986</u> | <u>5,180,701</u> | <u>41,434,119</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 2,070,973</u> | <u>\$ 3,502,665</u> | <u>\$ 1,654,714</u> | <u>\$ 8,183,409</u> | <u>\$ 47,518,344</u> |

CITY OF NORTH LAS VEGAS

PARKS AND RECREATION SUPPORT SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | Original Budget | Final Budget | Actual | Variance |
|---------------------------------|-----------------|--------------|--------------|--------------|
| REVENUES | | | | |
| Charges for services | \$ 2,233,774 | \$ 2,233,774 | \$ 1,983,002 | \$ (250,772) |
| Intergovernmental | 91,971 | 91,971 | 83,447 | (8,524) |
| Fines and forfeitures | | | 175 | 175 |
| Contributions | 237,200 | 237,200 | 59,796 | (177,404) |
| Investment income | 800 | 800 | 937 | 137 |
| Miscellaneous | 312,375 | 312,375 | 8,618 | (303,757) |
| Total revenues | 2,876,120 | 2,876,120 | 2,135,975 | (740,145) |
| EXPENDITURES | | | | |
| Culture and recreation | | | | |
| Administration | | | | |
| Salaries and wages | | | 2,693 | (2,693) |
| Employee benefits | | | 188 | (188) |
| Services and supplies | | | 1,900 | (1,900) |
| Total administration | | | 4,781 | (4,781) |
| Participant recreation | | | | |
| Salaries and wages | 1,361,816 | 1,350,088 | 947,078 | 403,010 |
| Employee benefits | 219,086 | 220,846 | 169,240 | 51,606 |
| Services and supplies | 689,181 | 709,429 | 301,239 | 408,190 |
| Capital outlay | 295,262 | 327,920 | | 327,920 |
| Total participant recreation | 2,565,345 | 2,608,283 | 1,417,557 | 1,190,726 |
| Parks and grounds | | | | |
| Salaries and wages | | | 24,146 | (24,146) |
| Employee benefits | | | 3,244 | (3,244) |
| Services and supplies | | | 44,167 | (44,167) |
| Capital outlay | | | 32,658 | (32,658) |
| Total parks and grounds | | | 104,215 | (104,215) |
| Other | | | | |
| Salaries and wages | | | 33,582 | (33,582) |
| Employee benefits | | | 7,035 | (7,035) |
| Services and supplies | | | 178 | (178) |
| Total other | | | 40,795 | (40,795) |
| Total culture and recreation | 2,565,345 | 2,608,283 | 1,567,348 | 1,040,935 |
| Total expenditures | 2,565,345 | 2,608,283 | 1,567,348 | 1,040,935 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | | | 947,239 | 947,239 |
| CHANGE IN FUND BALANCE | 310,775 | 267,837 | 1,515,866 | 1,248,029 |
| FUND BALANCE, BEGINNING OF YEAR | 775,933 | 1,310,541 | 1,310,541 | |
| FUND BALANCE, END OF YEAR | \$ 1,086,708 | \$ 1,578,378 | \$ 2,826,407 | \$ 1,248,029 |

CITY OF NORTH LAS VEGAS

REDEVELOPMENT AGENCY SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|----------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 1,217,970 | \$ 1,217,970 | \$ 1,228,237 | \$ 10,267 |
| Rents and royalties | | | 84,760 | 84,760 |
| Investment income | <u>39,700</u> | <u>39,700</u> | <u>42,760</u> | <u>3,060</u> |
| Total revenues | <u>1,257,670</u> | <u>1,257,670</u> | <u>1,355,757</u> | <u>98,087</u> |
| EXPENDITURES | | | | |
| General government | | | | |
| Other | | | | |
| Salaries and wages | 19,342 | 111,493 | 3,115 | 108,378 |
| Employee benefits | 7,893 | 49,406 | 2,015 | 47,391 |
| Services and supplies | <u>580</u> | <u>3,343</u> | <u>94</u> | <u>3,249</u> |
| Total other | <u>27,815</u> | <u>164,242</u> | <u>5,224</u> | <u>159,018</u> |
| Total general government | <u>27,815</u> | <u>164,242</u> | <u>5,224</u> | <u>159,018</u> |
| Community support | | | | |
| Economic development | | | | |
| Salaries and wages | 365,300 | 286,839 | 369,943 | (83,104) |
| Employee benefits | 166,395 | 131,845 | 176,557 | (44,712) |
| Services and supplies | 673,399 | 671,046 | 88,438 | 582,608 |
| Capital outlay | <u>650,000</u> | <u>650,000</u> | | <u>650,000</u> |
| Total economic development | <u>1,855,094</u> | <u>1,739,730</u> | <u>634,938</u> | <u>1,104,792</u> |
| Other | | | | |
| Salaries and wages | | | 10,724 | (10,724) |
| Employee benefits | | | 6,413 | (6,413) |
| Services and supplies | | | <u>317</u> | <u>(317)</u> |
| Total other | | | <u>17,454</u> | <u>(17,454)</u> |
| Total community support | <u>1,855,094</u> | <u>1,739,730</u> | <u>652,392</u> | <u>1,087,338</u> |
| Total expenditures | <u>1,882,909</u> | <u>1,903,972</u> | <u>657,616</u> | <u>1,246,356</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(625,239)</u> | <u>(646,302)</u> | <u>698,141</u> | <u>1,344,443</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(300,000)</u> | <u>(300,000)</u> | <u>(300,000)</u> | |
| CHANGE IN FUND BALANCE | (925,239) | (946,302) | 398,141 | 1,344,443 |
| FUND BALANCE, BEGINNING OF YEAR | <u>7,725,668</u> | <u>10,461,819</u> | <u>10,461,819</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 6,800,429</u> | <u>\$ 9,515,517</u> | <u>\$ 10,859,960</u> | <u>\$ 1,344,443</u> |

CITY OF NORTH LAS VEGAS

LIBRARY DISTRICT SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|-------------------|-------------------|
| REVENUES | | | | |
| Property taxes | \$ 2,396,873 | \$ 2,396,873 | \$ 2,443,071 | \$ 46,198 |
| Intergovernmental | | | 8,245 | 8,245 |
| Fines and forfeitures | 64,050 | 64,050 | 75,327 | 11,277 |
| Contributions | 20,000 | 20,000 | | (20,000) |
| Miscellaneous | <u>40,440</u> | <u>40,440</u> | <u>60,285</u> | <u>19,845</u> |
| Total revenues | <u>2,521,363</u> | <u>2,521,363</u> | <u>2,586,928</u> | <u>65,565</u> |
| EXPENDITURES | | | | |
| Culture and recreation | | | | |
| Library district operations | | | | |
| Salaries and wages | 831,505 | 1,404,641 | 1,153,788 | 250,853 |
| Employee benefits | 613,135 | 654,043 | 539,637 | 114,406 |
| Services and supplies | <u>409,546</u> | <u>556,045</u> | <u>485,358</u> | <u>70,687</u> |
| Total library district operations | <u>1,854,186</u> | <u>2,614,729</u> | <u>2,178,783</u> | <u>435,946</u> |
| Other | | | | |
| Total culture and recreation | <u>1,854,186</u> | <u>2,614,729</u> | <u>2,178,783</u> | <u>435,946</u> |
| Debt service | | | | |
| Principal payments | 350,000 | 350,000 | 350,000 | |
| Interest and fiscal charges | <u>123,100</u> | <u>123,100</u> | <u>123,078</u> | <u>22</u> |
| Total debt service | <u>473,100</u> | <u>473,100</u> | <u>473,078</u> | <u>22</u> |
| Total expenditures | <u>2,327,286</u> | <u>3,087,829</u> | <u>2,651,861</u> | <u>435,968</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>194,077</u> | <u>(566,466)</u> | <u>(64,933)</u> | <u>501,533</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Contingencies | (20,000) | (20,000) | | 20,000 |
| Transfers in | | 760,543 | 760,543 | |
| Transfers out | <u>(530,500)</u> | <u>(530,500)</u> | <u>(530,500)</u> | |
| Total other financing sources (uses) | <u>(550,500)</u> | <u>210,043</u> | <u>230,043</u> | <u>20,000</u> |
| CHANGE IN FUND BALANCE | (356,423) | (356,423) | 165,110 | 521,533 |
| FUND BALANCE, BEGINNING OF YEAR | <u>472,006</u> | <u>743,022</u> | <u>743,022</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 115,583</u> | <u>\$ 386,599</u> | <u>\$ 908,132</u> | <u>\$ 521,533</u> |

CITY OF NORTH LAS VEGAS

SPECIAL PURPOSE REVENUE SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------|------------------------|---------------------|-------------------|-----------------|
| REVENUES | | | | |
| Property taxes | \$ 8,248,796 | \$ 8,248,796 | \$ 8,866,635 | \$ 617,839 |
| Room taxes | 400,000 | 400,000 | 422,474 | 22,474 |
| Intergovernmental | 4,313,710 | 4,313,710 | 4,167,905 | (145,805) |
| Investment income | | | 3,149 | 3,149 |
| Miscellaneous | <u>102,240</u> | <u>102,240</u> | <u>45,827</u> | <u>(56,413)</u> |
| Total revenues | <u>13,064,746</u> | <u>13,064,746</u> | <u>13,505,990</u> | <u>441,244</u> |
| EXPENDITURES | | | | |
| General government | | | | |
| City attorney | | | | |
| Salaries and wages | | | 535 | (535) |
| Employee benefits | | | 341 | (341) |
| Services and supplies | | | <u>16</u> | <u>(16)</u> |
| Total city attorney | | | <u>892</u> | <u>(892)</u> |
| Finance | | | | |
| Salaries and wages | | | 128 | (128) |
| Employee benefits | | | 64 | (64) |
| Services and supplies | | | <u>4</u> | <u>(4)</u> |
| Total finance | | | <u>196</u> | <u>(196)</u> |
| Other | | | | |
| Services and supplies | | | <u>180</u> | <u>(180)</u> |
| Total other | | | <u>180</u> | <u>(180)</u> |
| Total general government | | | <u>1,268</u> | <u>(1,268)</u> |
| Public safety | | | | |
| Protective services | | | | |
| Salaries and wages | 1,323,870 | 1,381,429 | 1,348,988 | 32,441 |
| Employee benefits | 614,305 | 629,701 | 592,600 | 37,101 |
| Services and supplies | <u>1,644,925</u> | <u>2,666,040</u> | <u>2,300,753</u> | <u>365,287</u> |
| Other | | | | |
| Services and supplies | | | <u>(159,074)</u> | <u>159,074</u> |
| Total other | | | <u>(159,074)</u> | <u>159,074</u> |
| Total public safety | <u>3,583,100</u> | <u>4,677,170</u> | <u>4,083,267</u> | <u>593,903</u> |
| Public works | | | | |
| Administration | | | | |
| Salaries and wages | | | 4,865 | (4,865) |
| Employee benefits | | | 3,024 | (3,024) |
| Services and supplies | | | <u>146</u> | <u>(146)</u> |
| Total administration | | | <u>8,035</u> | <u>(8,035)</u> |
| Flood control | | | | |
| Salaries and wages | | | 182 | (182) |
| Employee benefits | | | 110 | (110) |
| Services and supplies | | | <u>1,012</u> | <u>(1,012)</u> |
| Total flood control | | | <u>1,304</u> | <u>(1,304)</u> |

(Continued)

CITY OF NORTH LAS VEGAS

SPECIAL PURPOSE REVENUE SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | Original Budget | Final Budget | Actual | Variance |
|--------------------------------------|----------------------|----------------------|----------------------|---------------------|
| Streets | | | | |
| Salaries and wages | 1,354,743 | 1,422,143 | 1,418,258 | 3,885 |
| Employee benefits | 649,782 | 664,122 | 616,579 | 47,543 |
| Services and supplies | 3,087,504 | 3,082,415 | 2,211,958 | 870,457 |
| Capital outlay | | | 381,738 | (381,738) |
| Total streets | <u>5,092,029</u> | <u>5,168,680</u> | <u>4,628,533</u> | <u>540,147</u> |
| Engineering | | | | |
| Salaries and wages | | | 4,488 | (4,488) |
| Employee benefits | | | 2,339 | (2,339) |
| Services and supplies | | | 135 | (135) |
| Total engineering | | | <u>6,962</u> | <u>(6,962)</u> |
| Survey | | | | |
| Salaries and wages | | | 7,201 | (7,201) |
| Employee benefits | | | 3,265 | (3,265) |
| Services and supplies | | | 216 | (216) |
| Total survey | | | <u>10,682</u> | <u>(10,682)</u> |
| Total public works | <u>5,092,029</u> | <u>5,168,680</u> | <u>4,655,516</u> | <u>513,164</u> |
| Culture and recreation | | | | |
| Parks and grounds | | | | |
| Services and supplies | <u>853,216</u> | <u>853,216</u> | <u>687,145</u> | <u>166,071</u> |
| Total culture and recreation | <u>853,216</u> | <u>853,216</u> | <u>687,145</u> | <u>166,071</u> |
| Community support | | | | |
| Other | | | | |
| Services and supplies | <u>100,000</u> | <u>100,000</u> | | <u>100,000</u> |
| Total community support | <u>100,000</u> | <u>100,000</u> | | <u>100,000</u> |
| Total expenditures | <u>9,628,345</u> | <u>10,799,066</u> | <u>9,427,196</u> | <u>1,371,870</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>3,436,401</u> | <u>2,265,680</u> | <u>4,078,794</u> | <u>1,813,114</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from capital asset disposal | | | 2,076 | 2,076 |
| Transfers in | 3,864,900 | 3,864,900 | 3,864,900 | |
| Transfers out | <u>(4,983,901)</u> | <u>(5,133,390)</u> | <u>(5,133,390)</u> | |
| Total other financing sources (uses) | <u>(1,119,001)</u> | <u>(1,268,490)</u> | <u>(1,266,414)</u> | <u>2,076</u> |
| CHANGE IN FUND BALANCE | 2,317,400 | 997,190 | 2,812,380 | 1,815,190 |
| FUND BALANCE, BEGINNING OF YEAR | <u>9,652,680</u> | <u>10,892,355</u> | <u>10,892,355</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 11,970,080</u> | <u>\$ 11,889,545</u> | <u>\$ 13,704,735</u> | <u>\$ 1,815,190</u> |

CITY OF NORTH LAS VEGAS

MORE COPS SALES TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------------|------------------------|---------------------|---------------------|-------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 9,210,000 | \$ 9,210,000 | \$ 9,515,254 | \$ 305,254 |
| Investment income | 17,220 | 17,220 | 16,767 | (453) |
| Miscellaneous | | | 13,025 | 13,025 |
| Total revenues | <u>9,227,220</u> | <u>9,227,220</u> | <u>9,545,046</u> | <u>317,826</u> |
| EXPENDITURES | | | | |
| Public safety | | | | |
| Police | | | | |
| Salaries and wages | 5,371,354 | 5,371,354 | 5,104,281 | 267,073 |
| Employee benefits | 3,658,065 | 3,943,815 | 3,871,647 | 72,168 |
| Services and supplies | 805,749 | 915,365 | 869,354 | 46,011 |
| Total expenditures | <u>9,835,168</u> | <u>10,230,534</u> | <u>9,845,282</u> | <u>385,252</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>(607,948)</u> | <u>(1,003,314)</u> | <u>(300,236)</u> | <u>703,078</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from capital asset disposal | | | 21,073 | 21,073 |
| Transfers in | 539,020 | 539,020 | 539,020 | |
| Transfers out | | (2,100,000) | (2,100,000) | |
| Total other financing sources (uses) | <u>539,020</u> | <u>(1,560,980)</u> | <u>(1,539,907)</u> | <u>21,073</u> |
| CHANGE IN FUND BALANCE | (68,928) | (2,564,294) | (1,840,143) | 724,151 |
| FUND BALANCE, BEGINNING OF YEAR | <u>5,036,357</u> | <u>5,647,492</u> | <u>5,647,492</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 4,967,429</u> | <u>\$ 3,083,198</u> | <u>\$ 3,807,349</u> | <u>\$ 724,151</u> |

CITY OF NORTH LAS VEGAS

PARK CONSTRUCTION TAX SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------------|------------------------|---------------------|---------------------|-------------------|
| REVENUES | | | | |
| Residential construction taxes | \$ 200,000 | \$ 200,000 | \$ 314,546 | \$ 114,546 |
| Investment income | <u>6,750</u> | <u>6,750</u> | <u>8,285</u> | <u>1,535</u> |
| Total revenues | <u>206,750</u> | <u>206,750</u> | <u>322,831</u> | <u>116,081</u> |
| Culture and recreation | | | | |
| Other | | | | |
| Services and supplies | <u>113,200</u> | <u>113,200</u> | | <u>113,200</u> |
| Total other | <u>113,200</u> | <u>113,200</u> | | <u>113,200</u> |
| Total culture and recreation | <u>113,200</u> | <u>113,200</u> | | <u>113,200</u> |
| Total expenditures | <u>113,200</u> | <u>113,200</u> | | <u>113,200</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>93,550</u> | <u>93,550</u> | <u>322,831</u> | <u>229,281</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(261,000)</u> | <u>(261,000)</u> | <u>(261,000)</u> | |
| CHANGE IN FUND BALANCE | (167,450) | (167,450) | 61,831 | 229,281 |
| FUND BALANCE, BEGINNING OF YEAR | <u>1,883,469</u> | <u>2,009,142</u> | <u>2,009,142</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 1,716,019</u> | <u>\$ 1,841,692</u> | <u>\$ 2,070,973</u> | <u>\$ 229,281</u> |

CITY OF NORTH LAS VEGAS

PUBLIC SAFETY SUPPORT SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | Original Budget | Final Budget | Actual | Variance |
|---|---------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 189,628 | \$ 189,628 | \$ 193,176 | \$ 3,548 |
| Charges for services | 17,000 | 17,000 | 38,710 | 21,710 |
| Intergovernmental | 1,349,465 | 2,551,291 | 1,884,348 | (666,943) |
| Fines and forfeitures | | 177,624 | 244,427 | 66,803 |
| Contributions | 11,375 | 16,835 | 16,855 | 20 |
| Investment income | 1,300 | 1,599 | 2,900 | 1,301 |
| Miscellaneous | 100,000 | 290,983 | 711,644 | 420,661 |
| Total revenues | <u>1,668,768</u> | <u>3,244,960</u> | <u>3,092,060</u> | <u>(152,900)</u> |
| EXPENDITURES | | | | |
| Public safety | | | | |
| Police | | | | |
| Salaries and wages | 965,436 | 1,881,930 | 1,057,747 | 824,183 |
| Employee benefits | 674,555 | 932,170 | 529,503 | 402,667 |
| Services and supplies | 382,048 | 1,068,381 | 842,179 | 226,202 |
| Capital outlay | | 10,682 | 18,898 | (8,216) |
| Total police | <u>2,022,039</u> | <u>3,893,163</u> | <u>2,448,327</u> | <u>1,444,836</u> |
| Corrections | | | | |
| Services and supplies | | 161,004 | 46,041 | 114,963 |
| Total corrections | | <u>161,004</u> | <u>46,041</u> | <u>114,963</u> |
| Protective services | | | | |
| Salaries and wages | 48,686 | 160,029 | 253,864 | (93,835) |
| Employee benefits | 26,468 | 66,860 | 129,864 | (63,004) |
| Services and supplies | 101,461 | 203,839 | 159,749 | 44,090 |
| Total protective services | <u>176,615</u> | <u>430,728</u> | <u>543,477</u> | <u>(112,749)</u> |
| Fire | | | | |
| Salaries and wages | | | 272 | (272) |
| Employee benefits | | | 38 | (38) |
| Total fire | | | <u>310</u> | <u>(310)</u> |
| Total expenditures | <u>2,198,654</u> | <u>4,484,895</u> | <u>3,038,155</u> | <u>1,446,740</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(529,886)</u> | <u>(1,239,935)</u> | <u>53,905</u> | <u>1,293,840</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 769,607 | 373,248 | 448,743 | 75,495 |
| Transfers out | | (58,041) | (107,044) | (49,003) |
| Total other financing sources | <u>769,607</u> | <u>315,207</u> | <u>341,699</u> | <u>26,492</u> |
| CHANGE IN FUND BALANCE | 239,721 | (924,728) | 395,604 | 1,320,332 |
| FUND BALANCE, BEGINNING OF YEAR | <u>2,205,469</u> | <u>3,107,061</u> | <u>3,107,061</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 2,445,190</u> | <u>\$ 2,182,333</u> | <u>\$ 3,502,665</u> | <u>\$ 1,320,332</u> |

CITY OF NORTH LAS VEGAS

MUNICIPAL COURT SUPPORT SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------------|------------------------|---------------------|---------------------|-------------------|
| REVENUES | | | | |
| Charges for services | \$ 350,000 | \$ 363,191 | \$ 472,139 | \$ 108,948 |
| Miscellaneous | <u>675,000</u> | <u>675,000</u> | <u>608,357</u> | <u>(66,643)</u> |
| Total revenues | <u>1,025,000</u> | <u>1,038,191</u> | <u>1,080,496</u> | <u>42,305</u> |
| EXPENDITURES | | | | |
| Judicial | | | | |
| Municipal court | | | | |
| Salaries and wages | 285,521 | 299,865 | 306,223 | (6,358) |
| Employee benefits | 146,616 | 149,667 | 144,011 | 5,656 |
| Services and supplies | 8,566 | 955,865 | 161,534 | 794,331 |
| Capital outlay | | | <u>131,000</u> | <u>(131,000)</u> |
| Total expenditures | <u>440,703</u> | <u>1,405,397</u> | <u>742,768</u> | <u>662,629</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>584,297</u> | <u>(367,206)</u> | <u>337,728</u> | <u>704,934</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(300,000)</u> | <u>(765,000)</u> | <u>(765,000)</u> | |
| CHANGE IN FUND BALANCE | 284,297 | (1,132,206) | (427,272) | 704,934 |
| FUND BALANCE, BEGINNING OF YEAR | <u>1,322,969</u> | <u>2,081,986</u> | <u>2,081,986</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 1,607,266</u> | <u>\$ 949,780</u> | <u>\$ 1,654,714</u> | <u>\$ 704,934</u> |

CITY OF NORTH LAS VEGAS

COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 13,022,195 | \$ 13,048,978 | \$ 5,414,357 | \$ (7,634,621) |
| Miscellaneous | <u>270,000</u> | <u>270,000</u> | <u>264,835</u> | <u>(5,165)</u> |
| Total revenues | <u>13,292,195</u> | <u>13,318,978</u> | <u>5,679,192</u> | <u>(7,639,786)</u> |
| EXPENDITURES | | | | |
| Community support | | | | |
| Housing and neighborhood services | | | | |
| Salaries and wages | 642,283 | 662,063 | 500,116 | 161,947 |
| Employee benefits | 306,535 | 319,743 | 223,903 | 95,840 |
| Services and supplies | 11,884,085 | 8,884,223 | 1,261,490 | 7,622,733 |
| Capital outlay | <u>717,900</u> | <u>717,900</u> | <u>717,900</u> | <u>717,900</u> |
| Total housing and neighborhood services | <u>13,550,803</u> | <u>10,583,929</u> | <u>1,985,509</u> | <u>8,598,420</u> |
| Other | | | | |
| Salaries and wages | | | 11,270 | (11,270) |
| Employee benefits | | | 6,348 | (6,348) |
| Services and supplies | | | 330 | (330) |
| Capital outlay | | | <u>25,651</u> | <u>(25,651)</u> |
| Total other | | | <u>43,599</u> | <u>(43,599)</u> |
| Total expenditures | <u>13,550,803</u> | <u>10,583,929</u> | <u>2,029,108</u> | <u>8,554,821</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>(258,608)</u> | <u>2,735,049</u> | <u>3,650,084</u> | <u>915,035</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(5,214,000)</u> | <u>(6,108,397)</u> | <u>(647,376)</u> | <u>5,461,021</u> |
| Total other financing sources (uses) | <u>(5,214,000)</u> | <u>(6,108,397)</u> | <u>(647,376)</u> | <u>5,461,021</u> |
| CHANGE IN FUND BALANCE | (5,472,608) | (3,373,348) | 3,002,708 | 6,376,056 |
| FUND BALANCE, BEGINNING OF YEAR | <u>6,725,310</u> | <u>5,180,701</u> | <u>5,180,701</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 1,252,702</u> | <u>\$ 1,807,353</u> | <u>\$ 8,183,409</u> | <u>\$ 6,376,056</u> |

DEBT SERVICE FUNDS

CITY OF NORTH LAS VEGAS

NON-MAJOR DEBT SERVICE FUND

FOR THE YEAR ENDED JUNE 30, 2014

Debt service funds are used to account for the accumulation of financial resources that are restricted, committed or assigned to the repayment of debt principal and interest.

Debt Service

Accounts for the accumulation of resources for, and the payment of, general obligation medium- and long-term debt principal and interest.

Additionally, this fund is used to account for the collection and accumulation of resources for, and the payment of, principal and interest payments pertaining to those special assessments levied against and secured by a lien upon property within certain assessment districts, for which the City is financially obligated in the event there are deficiencies.

CITY OF NORTH LAS VEGAS

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | |
| Property taxes | \$ 663,698 | \$ 663,698 | \$ 679,065 | \$ 15,367 |
| Special assessments | 2,040,855 | 2,041,555 | 2,170,942 | 129,387 |
| Fines and forfeitures | | 1,700 | 10,353 | 8,653 |
| Investment income | <u>5,800</u> | <u>5,800</u> | <u>10,178</u> | <u>4,378</u> |
| Total revenues | <u>2,710,353</u> | <u>2,712,753</u> | <u>2,870,538</u> | <u>157,785</u> |
| EXPENDITURES | | | | |
| Debt service | | | | |
| Principal payments | 4,640,000 | 4,640,000 | 4,640,000 | |
| Interest and fiscal charges | <u>2,913,837</u> | <u>2,916,237</u> | <u>2,912,425</u> | <u>3,812</u> |
| Total expenditures | <u>7,553,837</u> | <u>7,556,237</u> | <u>7,552,425</u> | <u>3,812</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(4,843,484)</u> | <u>(4,843,484)</u> | <u>(4,681,887)</u> | <u>161,597</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>4,871,726</u> | <u>4,871,726</u> | <u>6,021,726</u> | <u>1,150,000</u> |
| CHANGE IN FUND BALANCE | 28,242 | 28,242 | 1,339,839 | 1,311,597 |
| FUND BALANCE, BEGINNING OF YEAR | <u>3,353,792</u> | <u>3,284,870</u> | <u>3,284,870</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 3,382,034</u> | <u>\$ 3,313,112</u> | <u>\$ 4,624,709</u> | <u>\$ 1,311,597</u> |

CAPITAL PROJECTS FUNDS

CITY OF NORTH LAS VEGAS

NON-MAJOR CAPITAL PROJECTS FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

Capital projects funds are used to account for financial resources that are restricted, committed or assigned to the improvement, acquisition or construction of capital assets.

General Government Improvements

Accounts for various general government capital improvement projects.

Capital Projects Street Improvements

Accounts for the design, acquisition, construction and improvements of and to various streets and roadways within the City limits.

Municipal Buildings Facilities

Accounts for the costs of acquisition, construction, equipping and furnishing of various new facilities financed through the issuance of general obligation bonds.

Civic Center Facilities

Accounts for the costs of acquisition, construction, equipping and furnishing of a new civic center facility financed through the sale of general obligation bonds.

Parks and Recreation Projects

Accounts for

Public Safety Projects

Accounts for

CITY OF NORTH LAS VEGAS

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET JUNE 30, 2014

| | General Government <u>Improvements</u> | Capital Projects Street <u>Improvements</u> | Municipal Buildings <u>Facilities</u> | Civic Center <u>Facilities</u> |
|--|--|---|---|-----------------------------------|
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 151,510 | \$ 3,183,234 | \$ 6,577,037 | \$ 4,439,358 |
| Accounts receivable, net | | 168,941 | | |
| Grants receivable | | 1,012,822 | | |
| Prepaid items | | | 37,294 | |
| | <u>151,510</u> | <u>4,364,997</u> | <u>6,614,331</u> | <u>4,439,358</u> |
| Total assets | <u>\$ 151,510</u> | <u>\$ 4,364,997</u> | <u>\$ 6,614,331</u> | <u>\$ 4,439,358</u> |
| LIABILITIES | | | | |
| Accounts payable and other accrued liabilities | \$ | \$ 808,235 | \$ 38,784 | \$ 8,646 |
| Unearned revenue | | 58,272 | | |
| | | <u>866,507</u> | <u>38,784</u> | <u>8,646</u> |
| Total liabilities | | <u>866,507</u> | <u>38,784</u> | <u>8,646</u> |
| Total liabilities and deferred inflows of resources | | <u>866,507</u> | <u>38,784</u> | <u>8,646</u> |
| FUND BALANCES | | | | |
| Nonspendable | | | | |
| Prepaid items | | | 37,294 | |
| Restricted for | | | | |
| Buildings and facilities projects | | | | 4,430,712 |
| Street improvements projects | | 3,498,490 | | |
| Other capital projects | 16,501 | | 4,708,512 | |
| Police, fire and other public safety programs and projects | 135,000 | | 566,516 | |
| Parks, cultural and other recreational programs | | | 1,263,225 | |
| Committed to | | | | |
| Other capital projects | 9 | | | |
| | <u>151,510</u> | <u>3,498,490</u> | <u>6,575,547</u> | <u>4,430,712</u> |
| Total fund balances | <u>151,510</u> | <u>3,498,490</u> | <u>6,575,547</u> | <u>4,430,712</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 151,510</u> | <u>\$ 4,364,997</u> | <u>\$ 6,614,331</u> | <u>\$ 4,439,358</u> |

(Continued)

CITY OF NORTH LAS VEGAS

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING BALANCE SHEET (CONTINUED) JUNE 30, 2014

| | Parks and Recreation Projects | Public Safety Projects | Total Capital Projects |
|--|-------------------------------------|---------------------------|---------------------------|
| ASSETS | | | |
| Cash, cash equivalents and investments | \$ 1,903,437 | \$ 9,176,447 | \$ 25,431,023 |
| Accounts receivable, net | (7,716) | 11,514 | 172,739 |
| Grants receivable | 605,990 | 228,488 | 1,847,300 |
| Prepaid items | | | 37,294 |
| Total assets | <u>\$ 2,501,711</u> | <u>\$ 9,416,449</u> | <u>\$ 27,488,356</u> |
| LIABILITIES | | | |
| Accounts payable and other accrued liabilities | \$ 296,059 | \$ 183,170 | \$ 1,334,894 |
| Unearned revenue | 16 | | 58,288 |
| Total liabilities | <u>296,075</u> | <u>183,170</u> | <u>1,393,182</u> |
| Total liabilities and deferred inflows of resources | <u>296,075</u> | <u>183,170</u> | <u>1,393,182</u> |
| FUND BALANCES | | | |
| Nonspendable | | | |
| Prepaid items | | | 37,294 |
| Restricted for | | | |
| Buildings and facilities projects | | | 4,430,712 |
| Street improvements projects | | | 3,498,490 |
| Other capital projects | | | 4,725,013 |
| Police, fire and other public safety programs and projects | | 9,233,279 | 9,934,795 |
| Parks, cultural and other recreational programs | 2,205,636 | | 3,468,861 |
| Committed to | | | |
| Other capital projects | | | 9 |
| Total fund balances | <u>2,205,636</u> | <u>9,233,279</u> | <u>26,095,174</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 2,501,711</u> | <u>\$ 9,416,449</u> | <u>\$ 27,488,356</u> |

CITY OF NORTH LAS VEGAS

NON-MAJOR CAPITAL PROJECTS FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2014

| | General Government <u>Improvements</u> | Capital Projects Street <u>Improvements</u> | Municipal Buildings <u>Facilities</u> | Civic Center <u>Facilities</u> |
|---|--|---|---|-----------------------------------|
| REVENUES | | | | |
| Intergovernmental | \$ | \$ 6,845,651 | \$ | \$ |
| Contributions | | | | |
| Investment income | | | 30,607 | 16,091 |
| Miscellaneous | | 2,831 | | |
| Total revenues | <u> </u> | <u>6,848,482</u> | <u>30,607</u> | <u>16,091</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 1,759 | | 83,430 | 26,215 |
| Judicial | | | 300 | |
| Public safety | | | | |
| Public works | 31,178 | 2,579,364 | 1,444 | |
| Culture and recreation | | | | |
| Total current | <u>32,937</u> | <u>2,579,364</u> | <u>85,174</u> | <u>26,215</u> |
| Capital outlay | | | | |
| General government | | | 659,602 | 169,681 |
| Public safety | | | 221,436 | |
| Public works | | 6,198,262 | | |
| Culture and recreation | | | | |
| Community support | | 224,990 | | |
| Total capital outlay | <u> </u> | <u>6,423,252</u> | <u>881,038</u> | <u>169,681</u> |
| Total expenditures | <u>32,937</u> | <u>9,002,616</u> | <u>966,212</u> | <u>195,896</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(32,937)</u> | <u>(2,154,134)</u> | <u>(935,605)</u> | <u>(179,805)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | | 1,975,182 | 4,240,000 | |
| Transfers out | | | (4,240,000) | (3,864,900) |
| Total other financing sources (uses) | | <u>1,975,182</u> | | <u>(3,864,900)</u> |
| CHANGE IN FUND BALANCE | (32,937) | (178,952) | (935,605) | (4,044,705) |
| FUND BALANCE, BEGINNING OF YEAR | <u>184,447</u> | <u>3,677,442</u> | <u>7,511,152</u> | <u>8,475,417</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 151,510</u> | <u>\$ 3,498,490</u> | <u>\$ 6,575,547</u> | <u>\$ 4,430,712</u> |

(Continued)

CITY OF NORTH LAS VEGAS

NON-MAJOR CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | Parks and Recreation Projects | Public Safety Projects | Total Capital Projects |
|---|-------------------------------------|---------------------------|---------------------------|
| REVENUES | | | |
| Intergovernmental | \$ 11,422,606 | \$ 5,442,078 | \$ 23,710,335 |
| Contributions | | 487,651 | 487,651 |
| Investment income | | | 46,698 |
| Miscellaneous | | | 2,831 |
| Total revenues | <u>11,422,606</u> | <u>5,929,729</u> | <u>24,247,515</u> |
| EXPENDITURES | | | |
| Current | | | |
| General government | | 13,897 | 125,301 |
| Judicial | | | 300 |
| Public safety | | 71,757 | 71,757 |
| Public works | | 1,081,636 | 3,693,622 |
| Culture and recreation | 1,135,636 | | 1,135,636 |
| Total current | <u>1,135,636</u> | <u>1,167,290</u> | <u>5,026,616</u> |
| Capital outlay | | | |
| General government | | | 829,283 |
| Public safety | | 888,708 | 1,110,144 |
| Public works | | 4,228,018 | 10,426,280 |
| Culture and recreation | 10,596,416 | | 10,596,416 |
| Community support | | | 224,990 |
| Total capital outlay | <u>10,596,416</u> | <u>5,116,726</u> | <u>23,187,113</u> |
| Total expenditures | <u>11,732,052</u> | <u>6,284,016</u> | <u>28,213,729</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(309,446)</u> | <u>(354,287)</u> | <u>(3,966,214)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 915,000 | 1,547,500 | 8,677,682 |
| Transfers out | | | (8,104,900) |
| Total other financing sources (uses) | <u>915,000</u> | <u>1,547,500</u> | <u>572,782</u> |
| CHANGE IN FUND BALANCE | 605,554 | 1,193,213 | (3,393,432) |
| FUND BALANCE, BEGINNING OF YEAR | <u>1,600,082</u> | <u>8,040,066</u> | <u>29,488,606</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 2,205,636</u> | <u>\$ 9,233,279</u> | <u>\$ 26,095,174</u> |

CITY OF NORTH LAS VEGAS

GENERAL GOVERNMENT IMPROVEMENTS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---------------------------------|------------------------|---------------------|-------------------|-----------------|
| EXPENDITURES | | | | |
| General government | | | | |
| Finance | | | | |
| Salaries and wages | \$ | \$ | \$ 271 | \$ (271) |
| Employee benefits | | | 184 | (184) |
| Services and supplies | | | 8 | (8) |
| Total finance | | | <u>463</u> | <u>(463)</u> |
| Other | | | | |
| Services and supplies | | | <u>1,296</u> | <u>(1,296)</u> |
| Public works | | | | |
| Administration | | | | |
| Salaries and wages | | | 2,000 | (2,000) |
| Employee benefits | | | 1,591 | (1,591) |
| Services and supplies | | | 60 | (60) |
| Total administration | | | <u>3,651</u> | <u>(3,651)</u> |
| Engineering | | | | |
| Salaries and wages | | | 6,603 | (6,603) |
| Employee benefits | | | 4,053 | (4,053) |
| Services and supplies | | | 198 | (198) |
| Total engineering | | | <u>10,854</u> | <u>(10,854)</u> |
| Construction | | | | |
| Salaries and wages | | 25,000 | 9,371 | 15,629 |
| Employee benefits | | | 5,469 | (5,469) |
| Services and supplies | | <u>15,000</u> | <u>281</u> | <u>14,719</u> |
| Total construction | | <u>40,000</u> | <u>15,121</u> | <u>24,879</u> |
| Survey | | | | |
| Salaries and wages | | | 946 | (946) |
| Employee benefits | | | 578 | (578) |
| Services and supplies | | | 28 | (28) |
| Total survey | | | <u>1,552</u> | <u>(1,552)</u> |
| Total public works | | <u>40,000</u> | <u>31,178</u> | <u>8,822</u> |
| CHANGE IN FUND BALANCE | | (40,000) | (32,937) | 7,063 |
| FUND BALANCE, BEGINNING OF YEAR | <u>184,447</u> | <u>184,447</u> | <u>184,447</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 184,447</u> | <u>\$ 144,447</u> | <u>\$ 151,510</u> | <u>\$ 7,063</u> |

CITY OF NORTH LAS VEGAS

CAPITAL PROJECTS STREET IMPROVEMENTS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------|------------------------|---------------------|------------------|---------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 30,656,410 | \$ 30,656,410 | \$ 6,845,651 | \$ (23,810,759) |
| Miscellaneous | <u>546,900</u> | <u>546,900</u> | <u>2,831</u> | <u>(544,069)</u> |
| Total revenues | <u>31,203,310</u> | <u>31,203,310</u> | <u>6,848,482</u> | <u>(24,354,828)</u> |
| EXPENDITURES | | | | |
| Public works | | | | |
| Administration | | | | |
| Salaries and wages | | | 11,716 | (11,716) |
| Employee benefits | | | 7,672 | (7,672) |
| Services and supplies | | | <u>358</u> | <u>(358)</u> |
| Total administration | | | <u>19,746</u> | <u>(19,746)</u> |
| Flood control | | | | |
| Salaries and wages | | | 1,650 | (1,650) |
| Employee benefits | | | 966 | (966) |
| Services and supplies | | | 260,713 | (260,713) |
| Capital outlay | | | <u>5,344</u> | <u>(5,344)</u> |
| Total flood control | | | <u>268,673</u> | <u>(268,673)</u> |
| Streets | | | | |
| Salaries and wages | 2,300,727 | 2,300,727 | | 2,300,727 |
| Employee benefits | 996,775 | 996,775 | | 996,775 |
| Services and supplies | 3,095,008 | 3,244,497 | 1,082,144 | 2,162,353 |
| Capital outlay | <u>27,681,900</u> | <u>27,681,900</u> | <u>6,192,918</u> | <u>21,488,982</u> |
| Total streets | <u>34,074,410</u> | <u>34,223,899</u> | <u>7,275,062</u> | <u>26,948,837</u> |
| Engineering | | | | |
| Salaries and wages | | | 282,432 | (282,432) |
| Employee benefits | | | 178,542 | (178,542) |
| Services and supplies | | | <u>8,637</u> | <u>(8,637)</u> |
| Total engineering | | | <u>469,611</u> | <u>(469,611)</u> |
| Real property | | | | |
| Salaries and wages | | | 89,120 | (89,120) |
| Employee benefits | | | 55,525 | (55,525) |
| Services and supplies | | | <u>2,675</u> | <u>(2,675)</u> |
| Total real property | | | <u>147,320</u> | <u>(147,320)</u> |
| Construction | | | | |
| Salaries and wages | | | 169,029 | (169,029) |
| Employee benefits | | | 146,993 | (146,993) |
| Services and supplies | | | <u>7,335</u> | <u>(7,335)</u> |
| Total construction | | | <u>323,357</u> | <u>(323,357)</u> |
| Survey | | | | |
| Salaries and wages | | | 135,776 | (135,776) |
| Employee benefits | | | 84,402 | (84,402) |
| Services and supplies | | | <u>4,074</u> | <u>(4,074)</u> |
| Total survey | | | <u>224,252</u> | <u>(224,252)</u> |
| Other | | | | |
| Salaries and wages | | | 28,561 | (28,561) |
| Employee benefits | | | 19,869 | (19,869) |
| Services and supplies | | | <u>1,175</u> | <u>(1,175)</u> |
| Total other | | | <u>49,605</u> | <u>(49,605)</u> |
| Total public works | <u>34,074,410</u> | <u>34,223,899</u> | <u>8,777,626</u> | <u>25,446,273</u> |

(Continued)

CITY OF NORTH LAS VEGAS

CAPITAL PROJECTS STREET IMPROVEMENTS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|---------------------|--------------------|
| Community support | | | | |
| Developer agreements | | | | |
| Capital outlay | <u>4,500,000</u> | <u>4,500,000</u> | <u>224,990</u> | <u>4,275,010</u> |
| Total developer agreements | <u>4,500,000</u> | <u>4,500,000</u> | <u>224,990</u> | <u>4,275,010</u> |
| Total community support | <u>4,500,000</u> | <u>4,500,000</u> | <u>224,990</u> | <u>4,275,010</u> |
| Total expenditures | <u>38,574,410</u> | <u>38,723,899</u> | <u>9,002,616</u> | <u>29,721,283</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(7,371,100)</u> | <u>(7,520,589)</u> | <u>(2,154,134)</u> | <u>5,366,455</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>6,514,000</u> | <u>6,663,489</u> | <u>1,975,182</u> | <u>(4,688,307)</u> |
| CHANGE IN FUND BALANCE | <u>(857,100)</u> | <u>(857,100)</u> | <u>(178,952)</u> | <u>678,148</u> |
| FUND BALANCE, BEGINNING OF YEAR | <u>2,668,901</u> | <u>3,677,442</u> | <u>3,677,442</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 1,811,801</u> | <u>\$ 2,820,342</u> | <u>\$ 3,498,490</u> | <u>\$ 678,148</u> |

CITY OF NORTH LAS VEGAS

MUNICIPAL BUILDINGS FACILITIES CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | Original Budget | Final Budget | Actual | Variance |
|---|-----------------|--------------|-----------|-----------|
| REVENUES | | | | |
| Investment income | \$ 31,000 | \$ 31,000 | \$ 30,607 | \$ (393) |
| EXPENDITURES | | | | |
| General government | | | | |
| Finance | | | | |
| Salaries and wages | | | 249 | (249) |
| Employee benefits | | | 76 | (76) |
| Services and supplies | | | 3 | (3) |
| Total finance | | | 328 | (328) |
| Other | | | | |
| Salaries and wages | 73,000 | 73,000 | 199 | 72,801 |
| Employee benefits | 33,000 | 33,000 | 15 | 32,985 |
| Services and supplies | 1,412,125 | 1,465,288 | 82,888 | 1,382,400 |
| Capital outlay | | 431,237 | 659,602 | (228,365) |
| Total other | 1,518,125 | 2,002,525 | 742,704 | 1,259,821 |
| Total general government | 1,518,125 | 2,002,525 | 743,032 | 1,259,493 |
| Judicial | | | | |
| Other | | | | |
| Salaries and wages | | | 280 | (280) |
| Employee benefits | | | 20 | (20) |
| Total other | | | 300 | (300) |
| Total judicial | | | 300 | (300) |
| Public safety | | | | |
| Other | | | | |
| Salaries and wages | 9,125 | 9,125 | | 9,125 |
| Employee benefits | 4,125 | 4,125 | | 4,125 |
| Services and supplies | 26,750 | 26,750 | | 26,750 |
| Capital outlay | | 257,515 | 221,436 | 36,079 |
| Total other | 40,000 | 297,515 | 221,436 | 76,079 |
| Public works | | | | |
| Other | | | | |
| Salaries and wages | 35,800 | 35,800 | 879 | 34,921 |
| Employee benefits | 15,900 | 15,900 | 539 | 15,361 |
| Services and supplies | 71,300 | 71,300 | 26 | 71,274 |
| Total other | 123,000 | 123,000 | 1,444 | 121,556 |
| Total public works | 123,000 | 123,000 | 1,444 | 121,556 |
| Culture and recreation | | | | |
| Other | | | | |
| Capital outlay | 1,092,000 | 1,092,000 | | 1,092,000 |
| Total other | 1,092,000 | 1,092,000 | | 1,092,000 |
| Total expenditures | 2,773,125 | 3,515,040 | 966,212 | 2,548,828 |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | (2,742,125) | (3,484,040) | (935,605) | 2,548,435 |

(Continued)

CITY OF NORTH LAS VEGAS

MUNICIPAL BUILDINGS FACILITIES CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--------------------------------------|------------------------|---------------------|---------------------|---------------------|
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 4,240,000 | 4,240,000 | 4,240,000 | |
| Transfers out | <u>(4,240,000)</u> | <u>(4,240,000)</u> | <u>(4,240,000)</u> | |
| Total other financing sources (uses) | | | | |
| CHANGE IN FUND BALANCE | (2,742,125) | (3,484,040) | (935,605) | 2,548,435 |
| FUND BALANCE, BEGINNING OF YEAR | <u>6,990,652</u> | <u>7,511,152</u> | <u>7,511,152</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 4,248,527</u> | <u>\$ 4,027,112</u> | <u>\$ 6,575,547</u> | <u>\$ 2,548,435</u> |

CITY OF NORTH LAS VEGAS

CIVIC CENTER FACILITIES CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | |
| Investment income | \$ <u>18,400</u> | \$ <u>18,400</u> | \$ <u>16,091</u> | \$ <u>(2,309)</u> |
| EXPENDITURES | | | | |
| General government | | | | |
| Finance | | | | |
| Salaries and wages | | | 208 | (208) |
| Employee benefits | | | 102 | (102) |
| Services and supplies | | | 6 | (6) |
| Total finance | <u> </u> | <u> </u> | <u>316</u> | <u>(316)</u> |
| Other | | | | |
| Salaries and wages | | | 9,134 | (9,134) |
| Employee benefits | | | 4,473 | (4,473) |
| Services and supplies | 1,128,650 | 1,285,650 | 12,292 | 1,273,358 |
| Capital outlay | | | 169,681 | (169,681) |
| Total other | <u>1,128,650</u> | <u>1,285,650</u> | <u>195,580</u> | <u>1,090,070</u> |
| Total general government | <u>1,128,650</u> | <u>1,285,650</u> | <u>195,896</u> | <u>1,089,754</u> |
| Total expenditures | <u>1,128,650</u> | <u>1,285,650</u> | <u>195,896</u> | <u>1,089,754</u> |
| DEFICIENCY OF REVENUES UNDER EXPENDITURES | <u>(1,110,250)</u> | <u>(1,267,250)</u> | <u>(179,805)</u> | <u>1,087,445</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers out | <u>(3,864,900)</u> | <u>(3,864,900)</u> | <u>(3,864,900)</u> | |
| CHANGE IN FUND BALANCE | (4,975,150) | (5,132,150) | (4,044,705) | 1,087,445 |
| FUND BALANCE, BEGINNING OF YEAR | <u>10,249,360</u> | <u>8,475,417</u> | <u>8,475,417</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 5,274,210</u> | <u>\$ 3,343,267</u> | <u>\$ 4,430,712</u> | <u>\$ 1,087,445</u> |

CITY OF NORTH LAS VEGAS

PARKS AND RECREATION PROJECTS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|---------------------|---------------------|--------------------|
| REVENUES | | | | |
| Intergovernmental | \$ 10,987,587 | \$ 17,520,061 | \$ 11,422,606 | \$ (6,097,455) |
| Total revenues | <u>10,987,587</u> | <u>17,520,061</u> | <u>11,422,606</u> | <u>(6,097,455)</u> |
| EXPENDITURES | | | | |
| Public works | | | | |
| Other | | | | |
| Salaries and wages | 690,861 | 690,861 | | 690,861 |
| Employee benefits | 301,934 | 301,934 | | 301,934 |
| Services and supplies | <u>828,971</u> | <u>828,971</u> | | <u>828,971</u> |
| Total other | <u>1,821,766</u> | <u>1,821,766</u> | | <u>1,821,766</u> |
| Total public works | <u>1,821,766</u> | <u>1,821,766</u> | | <u>1,821,766</u> |
| Culture and recreation | | | | |
| Administration | | | | |
| Salaries and wages | | | 33,522 | (33,522) |
| Employee benefits | | | 20,409 | (20,409) |
| Services and supplies | | | 642,835 | (642,835) |
| Capital outlay | <u>10,361,821</u> | <u>16,894,295</u> | <u>10,532,902</u> | <u>6,361,393</u> |
| Total administration | <u>10,361,821</u> | <u>16,894,295</u> | <u>11,229,668</u> | <u>5,664,627</u> |
| Parks planning and development | | | | |
| Services and supplies | | | 954 | (954) |
| Capital outlay | | | <u>63,514</u> | <u>(63,514)</u> |
| Total parks planning and development | | | <u>64,468</u> | <u>(64,468)</u> |
| Other | | | | |
| Salaries and wages | | | 272,987 | (272,987) |
| Employee benefits | | | 157,245 | (157,245) |
| Services and supplies | | | <u>7,684</u> | <u>(7,684)</u> |
| Total other | | | <u>437,916</u> | <u>(437,916)</u> |
| Total culture and recreation | <u>10,361,821</u> | <u>16,894,295</u> | <u>11,732,052</u> | <u>5,162,243</u> |
| Total expenditures | <u>12,183,587</u> | <u>18,716,061</u> | <u>11,732,052</u> | <u>6,984,009</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(1,196,000)</u> | <u>(1,196,000)</u> | <u>(309,446)</u> | <u>886,554</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>915,000</u> | <u>915,000</u> | <u>915,000</u> | |
| Total other financing sources (uses) | <u>915,000</u> | <u>915,000</u> | <u>915,000</u> | |
| CHANGE IN FUND BALANCE | (281,000) | (281,000) | 605,554 | 886,554 |
| FUND BALANCE, BEGINNING OF YEAR | <u>1,259,932</u> | <u>1,600,082</u> | <u>1,600,082</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 978,932</u> | <u>\$ 1,319,082</u> | <u>\$ 2,205,636</u> | <u>\$ 886,554</u> |

CITY OF NORTH LAS VEGAS

PUBLIC SAFETY PROJECTS CAPITAL PROJECTS FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | Original Budget | Final Budget | Actual | Variance |
|---|---------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | |
| Intergovernmental Contributions | \$ 5,493,100 | \$ 5,493,100 | \$ 5,442,078 | \$ (51,022) |
| | | | 487,651 | 487,651 |
| Total revenues | <u>5,493,100</u> | <u>5,493,100</u> | <u>5,929,729</u> | <u>436,629</u> |
| EXPENDITURES | | | | |
| General government | | | | |
| Other | | | | |
| Salaries and wages | | | 8,204 | (8,204) |
| Employee benefits | | | 5,445 | (5,445) |
| Services and supplies | | | 248 | (248) |
| Total other | | | <u>13,897</u> | <u>(13,897)</u> |
| Total general government | | | <u>13,897</u> | <u>(13,897)</u> |
| Public safety | | | | |
| Protective services | | | | |
| Salaries and wages | | | 22,567 | (22,567) |
| Employee benefits | | | 13,972 | (13,972) |
| Services and supplies | | | 1,349 | (1,349) |
| Capital outlay | | | 101,034 | (101,034) |
| Total protective services | | | <u>138,922</u> | <u>(138,922)</u> |
| Fire | | | | |
| Services and supplies | 878,500 | 765,000 | 33,869 | 731,131 |
| Capital outlay | <u>1,736,000</u> | <u>1,823,676</u> | <u>787,674</u> | <u>1,036,002</u> |
| Total fire | <u>2,614,500</u> | <u>2,588,676</u> | <u>821,543</u> | <u>1,767,133</u> |
| Total public safety | <u>2,614,500</u> | <u>2,588,676</u> | <u>960,465</u> | <u>1,628,211</u> |
| Public works | | | | |
| Other | | | | |
| Salaries and wages | 330,600 | 330,600 | 182,376 | 148,224 |
| Employee benefits | 144,900 | 144,900 | 108,805 | 36,095 |
| Services and supplies | 891,500 | 891,500 | 790,455 | 101,045 |
| Capital outlay | <u>4,296,100</u> | <u>4,296,100</u> | <u>4,228,018</u> | <u>68,082</u> |
| Total other | <u>5,663,100</u> | <u>5,663,100</u> | <u>5,309,654</u> | <u>353,446</u> |
| Total public works | <u>5,663,100</u> | <u>5,663,100</u> | <u>5,309,654</u> | <u>353,446</u> |
| Total expenditures | <u>8,277,600</u> | <u>8,251,776</u> | <u>6,284,016</u> | <u>1,967,760</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | <u>(2,784,500)</u> | <u>(2,758,676)</u> | <u>(354,287)</u> | <u>2,404,389</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>1,547,500</u> | <u>1,547,500</u> | <u>1,547,500</u> | |
| Total other financing sources (uses) | <u>1,547,500</u> | <u>1,547,500</u> | <u>1,547,500</u> | |
| CHANGE IN FUND BALANCE | (1,237,000) | (1,211,176) | 1,193,213 | 2,404,389 |
| FUND BALANCE, BEGINNING OF YEAR | <u>7,228,530</u> | <u>8,040,066</u> | <u>8,040,066</u> | |
| FUND BALANCE, END OF YEAR | <u>\$ 5,991,530</u> | <u>\$ 6,828,890</u> | <u>\$ 9,233,279</u> | <u>\$ 2,404,389</u> |

PROPRIETARY FUNDS

MAJOR ENTERPRISE FUNDS

CITY OF NORTH LAS VEGAS

MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

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

Wastewater Utility

Accounts for the collection from the residents of the City and the transmission of sewage through the system infrastructure for treatment and release into Lake Mead.

Water Utility

Accounts for the delivery of water services through the system infrastructure to the residents of the City and other service areas.

CITY OF NORTH LAS VEGAS

WASTEWATER UTILITY ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|------------------------|-----------------------|----------------------|
| OPERATING REVENUES | | | | |
| Utility fees | \$ 38,121,000 | \$ 38,121,000 | \$ 37,493,357 | \$ (627,643) |
| Construction fees | 211,000 | 211,000 | 267,859 | 56,859 |
| Connection fees | 900,000 | 900,000 | 1,683,360 | 783,360 |
| Fines and forfeitures | 839,000 | 839,000 | 600,508 | (238,492) |
| Miscellaneous | 271,000 | 271,000 | 640,835 | 369,835 |
| Total operating revenues | <u>40,342,000</u> | <u>40,342,000</u> | <u>40,685,919</u> | <u>343,919</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 4,448,046 | 5,160,179 | 3,999,055 | 1,161,124 |
| Employee benefits | 2,082,265 | 2,308,840 | 1,677,734 | 631,106 |
| Services and supplies | 13,695,261 | 16,845,226 | 12,179,299 | 4,665,927 |
| Depreciation and amortization | 19,973,200 | 19,973,200 | 13,328,994 | 6,644,206 |
| Total operating expenses | <u>40,198,772</u> | <u>44,287,445</u> | <u>31,185,082</u> | <u>13,102,363</u> |
| Operating income | <u>143,228</u> | <u>(3,945,445)</u> | <u>9,500,837</u> | <u>13,446,282</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Investment income | | | 13,586 | 13,586 |
| Gain on capital asset disposition | | | 751 | 751 |
| Interest and fiscal charges | (15,321,000) | (15,321,000) | (15,171,210) | 149,790 |
| Intergovernmental | 5,657,754 | 5,657,754 | 6,209,435 | 551,681 |
| Total nonoperating revenues (expenses) | <u>(9,663,246)</u> | <u>(9,663,246)</u> | <u>(8,947,438)</u> | <u>715,808</u> |
| Income before capital contributions and transfers | <u>(9,520,018)</u> | <u>(13,608,691)</u> | <u>553,399</u> | <u>14,162,090</u> |
| CAPITAL CONTRIBUTIONS | | | | |
| Capital contributions | | | 1,320,110 | 1,320,110 |
| TRANSFERS | | | | |
| Transfers out | <u>(9,600,000)</u> | <u>(5,579,160)</u> | <u>(5,579,160)</u> | |
| CHANGE IN NET POSITION | <u>\$ (19,120,018)</u> | <u>\$ (19,187,851)</u> | <u>(3,705,651)</u> | <u>\$ 15,482,200</u> |
| NET POSITION, BEGINNING OF YEAR | | | 166,977,293 | |
| NET POSITION, END OF YEAR | | | <u>\$ 163,271,642</u> | |

CITY OF NORTH LAS VEGAS

WATER UTILITY ENTERPRISE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---|------------------------|-----------------------|-----------------------|---------------------|
| OPERATING REVENUES | | | | |
| Utility fees | \$ 47,529,000 | \$ 47,529,000 | \$ 48,776,854 | \$ 1,247,854 |
| Construction fees | 166,000 | 166,000 | 336,509 | 170,509 |
| Connection fees | 2,918,000 | 2,918,000 | 862,551 | (2,055,449) |
| Other charges for services | | | 1,908,640 | 1,908,640 |
| Fines and forfeitures | 1,066,000 | 1,066,000 | 1,465,896 | 399,896 |
| Miscellaneous | 656,000 | 656,000 | 805,663 | 149,663 |
| Total operating revenues | <u>52,335,000</u> | <u>52,335,000</u> | <u>54,156,113</u> | <u>1,821,113</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 6,156,774 | 6,760,115 | 5,820,235 | 939,880 |
| Employee benefits | 2,931,347 | 3,143,401 | 2,620,207 | 523,194 |
| Services and supplies | 21,044,150 | 24,781,979 | 22,317,929 | 2,464,050 |
| Depreciation and amortization | 5,592,000 | 5,592,000 | 5,544,977 | 47,023 |
| Total operating expenses | <u>35,724,271</u> | <u>40,277,495</u> | <u>36,303,348</u> | <u>3,974,147</u> |
| Operating income | <u>16,610,729</u> | <u>12,057,505</u> | <u>17,852,765</u> | <u>5,795,260</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Gain on capital asset disposition | | | 11,917 | 11,917 |
| Interest and fiscal charges | (709,500) | (709,500) | (596,009) | 113,491 |
| Income before capital contributions and transfers | <u>15,901,229</u> | <u>11,348,005</u> | <u>17,268,673</u> | <u>5,920,668</u> |
| CAPITAL CONTRIBUTIONS | | | | |
| Capital contributions | | | 1,456,792 | 1,456,792 |
| TRANSFERS | | | | |
| Transfers in | | 894,397 | 46,188 | (848,209) |
| Transfers out | (22,400,000) | (18,419,770) | (18,419,770) | |
| CHANGE IN NET POSITION | <u>\$ (6,498,771)</u> | <u>\$ (6,177,368)</u> | 351,883 | <u>\$ 6,529,251</u> |
| NET POSITION, BEGINNING OF YEAR | | | 136,604,246 | |
| NET POSITION, END OF YEAR | | | <u>\$ 136,956,129</u> | |

NON-MAJOR ENTERPRISE FUNDS

CITY OF NORTH LAS VEGAS

NON-MAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

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

Municipal Golf Courses

Accounts for the operations of a nine-hole par-3 golf course and an 18-hole par-72 championship course.

CITY OF NORTH LAS VEGAS

MUNICIPAL GOLF COURSES ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|------------------------|---------------------|---------------------|-----------------------|
| OPERATING REVENUES | | | | |
| User fees | \$ 1,739,414 | \$ 1,739,414 | \$ 2,017,409 | \$ 277,995 |
| Miscellaneous | <u>444,836</u> | <u>444,836</u> | <u>50,372</u> | <u>(394,464)</u> |
| Total operating revenues | <u>2,184,250</u> | <u>2,184,250</u> | <u>2,067,781</u> | <u>(116,469)</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 205,711 | 208,215 | 124,376 | 83,839 |
| Employee benefits | 60,803 | 61,336 | 22,004 | 39,332 |
| Services and supplies | 2,200,471 | 2,563,766 | 2,731,956 | (168,190) |
| Depreciation and amortization | <u>9,500</u> | <u>9,500</u> | <u>226,358</u> | <u>(216,858)</u> |
| Total operating expenses | <u>2,476,485</u> | <u>2,842,817</u> | <u>3,104,694</u> | <u>(261,877)</u> |
| Operating loss | <u>(292,235)</u> | <u>(658,567)</u> | <u>(1,036,913)</u> | <u>(378,346)</u> |
| NONOPERATING REVENUES | | | | |
| Gain on capital asset disposition | | | <u>(145,668)</u> | <u>(145,668)</u> |
| Loss before transfers | <u>(292,235)</u> | <u>(658,567)</u> | <u>(1,182,581)</u> | <u>(524,014)</u> |
| TRANSFERS | | | | |
| Transfers in | 90,000 | 453,220 | 853,220 | 400,000 |
| Transfers out | | | <u>(947,239)</u> | <u>(947,239)</u> |
| CHANGE IN NET POSITION | <u>\$ (202,235)</u> | <u>\$ (205,347)</u> | <u>(1,276,600)</u> | <u>\$ (1,071,253)</u> |
| NET POSITION, BEGINNING OF YEAR | | | <u>6,807,559</u> | |
| NET POSITION, END OF YEAR | | | <u>\$ 5,530,959</u> | |

INTERNAL SERVICE FUNDS

CITY OF NORTH LAS VEGAS

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Motor Equipment

Accounts for repairs, maintenance, fuel and services to vehicles of all departments of the City.

Self-insurance Reserve

Accounts for costs incurred in self-insuring liability claims, unemployment, employee and retiree health care (including medical, dental and vision), workers' compensation programs and post employment benefits other than pensions.

CITY OF NORTH LAS VEGAS

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION JUNE 30, 2014

| | <u>Motor Equipment</u> | <u>Self-insurance Reserve</u> | <u>Total Internal Service Funds</u> |
|--|----------------------------|-----------------------------------|---|
| ASSETS | | | |
| Current assets | | | |
| Cash, cash equivalents and investments | \$ 1,627,521 | \$ 20,124,207 | \$ 21,751,728 |
| Accounts receivable, net | 4,725 | 169 | 4,894 |
| Prepaid items | | 73,921 | 73,921 |
| Due from other funds | | 6,346,209 | 6,346,209 |
| Inventories | 258,143 | | 258,143 |
| Restricted assets | | | |
| Cash, cash equivalents and investments | <u>1,618,906</u> | <u>1,917,346</u> | <u>3,536,252</u> |
| Total current assets | <u>3,509,295</u> | <u>28,461,852</u> | <u>31,971,147</u> |
| Noncurrent assets | | | |
| Capital assets, net of accumulated depreciation and amortization | | | |
| Construction in progress | 64,956 | | 64,956 |
| Buildings and building improvements | 264,099 | | 264,099 |
| Improvements other than buildings | 92,320 | | 92,320 |
| Machinery, equipment and software | <u>2,142,804</u> | | <u>2,142,804</u> |
| Total noncurrent assets | <u>2,564,179</u> | | <u>2,564,179</u> |
| Total assets | <u>6,073,474</u> | <u>28,461,852</u> | <u>34,535,326</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable and other accrued liabilities | 245,040 | 6,156,535 | 6,401,575 |
| Accrued salaries and benefits | 6,861 | 6,416,599 | 6,423,460 |
| Due to other funds | 2,116 | 1,447 | 3,563 |
| Due to other governments | 84 | 46,253 | 46,337 |
| Customer deposits | | 1,486 | 1,486 |
| Compensated absences | 30,564 | 19,933 | 50,497 |
| Total current liabilities | <u>284,665</u> | <u>12,642,253</u> | <u>12,926,918</u> |
| Noncurrent liabilities | | | |
| Compensated absences | 219,554 | 143,187 | 362,741 |
| Postemployment benefits other than pensions | | <u>11,687,908</u> | <u>11,687,908</u> |
| Total noncurrent liabilities | <u>219,554</u> | <u>11,831,095</u> | <u>12,050,649</u> |
| Total liabilities | <u>504,219</u> | <u>24,473,348</u> | <u>24,977,567</u> |
| NET POSITION | | | |
| Net investment in capital assets | 2,564,179 | | 2,564,179 |
| Restricted | | | |
| Other | <u>3,005,076</u> | <u>3,988,504</u> | <u>6,993,580</u> |
| Total net position | <u>\$ 5,569,255</u> | <u>\$ 3,988,504</u> | <u>\$ 9,557,759</u> |

CITY OF NORTH LAS VEGAS

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Motor Equipment</u> | <u>Self-insurance Reserve</u> | <u>Total Internal Service Funds</u> |
|-----------------------------------|----------------------------|-----------------------------------|---|
| OPERATING REVENUES | | | |
| Other charges for services | \$ 6,590,218 | \$ 23,113,415 | \$ 29,703,633 |
| OPERATING EXPENSES | | | |
| Salaries and wages | 771,377 | 11,473,184 | 12,244,561 |
| Employee benefits | 314,816 | 1,972,857 | 2,287,673 |
| Services and supplies | 2,750,363 | 18,053,351 | 20,803,714 |
| Depreciation and amortization | <u>572,755</u> | <u>572,755</u> | <u>572,755</u> |
| Total operating expenses | <u>4,409,311</u> | <u>31,499,392</u> | <u>35,908,703</u> |
| Operating income (loss) | <u>2,180,907</u> | <u>(8,385,977)</u> | <u>(6,205,070)</u> |
| NONOPERATING REVENUES | | | |
| Investment income | | 5,489 | 5,489 |
| Gain on capital asset disposition | <u>4,030</u> | <u>4,030</u> | <u>4,030</u> |
| Total nonoperating revenues | <u>4,030</u> | <u>5,489</u> | <u>9,519</u> |
| Loss before transfers | <u>2,184,937</u> | <u>(8,380,488)</u> | <u>(6,195,551)</u> |
| TRANSFERS | | | |
| Transfers in | | 12,098,988 | 12,098,988 |
| Transfers out | <u>(539,020)</u> | <u>(539,020)</u> | <u>(539,020)</u> |
| Total transfers | <u>(539,020)</u> | <u>12,098,988</u> | <u>11,559,968</u> |
| CHANGE IN NET POSITION | 1,645,917 | 3,718,500 | 5,364,417 |
| NET POSITION, BEGINNING OF YEAR | <u>3,923,338</u> | <u>270,004</u> | <u>4,193,342</u> |
| NET POSITION, END OF YEAR | <u>\$ 5,569,255</u> | <u>\$ 3,988,504</u> | <u>\$ 9,557,759</u> |

CITY OF NORTH LAS VEGAS

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2014

| | Motor Equipment | Self-insurance Reserve | Total Internal Service Funds |
|---|---------------------|---------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received from interfund services | \$ 6,585,059 | \$ 17,444,742 | \$ 24,029,801 |
| Cash payments for goods and services | (2,864,542) | (19,688,949) | (22,553,491) |
| Cash payments for employee services | (1,159,502) | (5,850,891) | (7,010,393) |
| Net cash provided by operating activities | <u>2,561,015</u> | <u>(8,095,098)</u> | <u>(5,534,083)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | | 12,098,988 | 12,098,988 |
| Transfers out | (539,020) | | (539,020) |
| Net cash provided by noncapital financing activities | <u>(539,020)</u> | <u>12,098,988</u> | <u>11,559,968</u> |
| CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | (2,001,359) | | (2,001,359) |
| Proceeds received from disposal of capital assets | 8,507 | | 8,507 |
| Net cash used in capital financing activities | <u>(1,992,852)</u> | | <u>(1,992,852)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Investment income received | | 5,489 | 5,489 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 29,143 | 4,009,379 | 4,038,522 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | <u>3,217,284</u> | <u>18,032,174</u> | <u>21,249,458</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR | <u>\$ 3,246,427</u> | <u>\$ 22,041,553</u> | <u>\$ 25,287,980</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$ 2,180,907 | \$ (8,385,977) | \$ (6,205,070) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities | | | |
| Depreciation | 572,755 | | 572,755 |
| (Increase) decrease in operating assets | | | |
| Accounts receivable | (4,725) | 262,556 | 257,831 |
| Due from other funds | | (5,931,232) | (5,931,232) |
| Inventories | (22,393) | | (22,393) |
| Prepaid items | | 98,075 | 98,075 |
| Increase (decrease) in operating liabilities | | | |
| Accounts payable | (91,604) | (1,654,472) | (1,746,076) |
| Accrued salaries and benefits | (49,626) | 6,177,859 | 6,128,233 |
| Due to other funds | (434) | (36) | (470) |
| Due to other governments | (182) | (79,201) | (79,383) |
| Customer deposits | | 39 | 39 |
| Compensated absences | (23,683) | (56,262) | (79,945) |
| Postemployment benefits other than pensions | | 1,473,553 | 1,473,553 |
| Total adjustments | <u>380,108</u> | <u>290,879</u> | <u>670,987</u> |
| Net cash provided by operating activities | <u>\$ 2,561,015</u> | <u>\$ (8,095,098)</u> | <u>\$ (5,534,083)</u> |

CITY OF NORTH LAS VEGAS

MOTOR EQUIPMENT ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|-----------------------------------|--------------------------|--------------------------|----------------------------|----------------------------|
| OPERATING REVENUES | | | | |
| Other charges for services | \$ <u>6,328,969</u> | \$ <u>6,460,202</u> | \$ <u>6,590,218</u> | \$ <u>130,016</u> |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 799,383 | 899,750 | 771,377 | 128,373 |
| Employee benefits | 321,780 | 361,086 | 314,816 | 46,270 |
| Services and supplies | 3,299,909 | 3,202,920 | 2,750,363 | 452,557 |
| Depreciation and amortization | <u>960,000</u> | <u>960,000</u> | <u>572,755</u> | <u>387,245</u> |
| Total operating expenses | <u>5,381,072</u> | <u>5,423,756</u> | <u>4,409,311</u> | <u>1,014,445</u> |
| Operating loss | <u>947,897</u> | <u>1,036,446</u> | <u>2,180,907</u> | <u>1,144,461</u> |
| NONOPERATING REVENUES | | | | |
| Gain on capital asset disposition | | | <u>4,030</u> | <u>4,030</u> |
| Income (loss) before transfers | <u>947,897</u> | <u>1,036,446</u> | <u>2,184,937</u> | <u>1,148,491</u> |
| TRANSFERS | | | | |
| Transfers out | <u>(539,020)</u> | <u>(539,020)</u> | <u>(539,020)</u> | |
| Total transfers | <u>(539,020)</u> | <u>(539,020)</u> | <u>(539,020)</u> | |
| CHANGE IN NET POSITION | \$ <u><u>408,877</u></u> | \$ <u><u>497,426</u></u> | 1,645,917 | \$ <u><u>1,148,491</u></u> |
| NET POSITION, BEGINNING OF YEAR | | | <u>3,923,338</u> | |
| NET POSITION, END OF YEAR | | | <u><u>\$ 5,569,255</u></u> | |

CITY OF NORTH LAS VEGAS

SELF-INSURANCE RESERVE ENTERPRISE FUND

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - BUDGET TO ACTUAL FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|---------------------------------|------------------------|---------------------|---------------------|---------------------|
| OPERATING REVENUES | | | | |
| Other charges for services | \$ 19,295,000 | \$ 21,370,400 | \$ 23,113,415 | \$ 1,743,015 |
| OPERATING EXPENSES | | | | |
| Salaries and wages | 474,090 | 11,686,038 | 11,473,184 | 212,854 |
| Employee benefits | 209,372 | 521,192 | 1,972,857 | (1,451,665) |
| Services and supplies | 20,486,845 | 15,230,116 | 18,053,351 | (2,823,235) |
| Total operating expenses | <u>21,170,307</u> | <u>27,437,346</u> | <u>31,499,392</u> | <u>(4,062,046)</u> |
| Operating loss | <u>(1,875,307)</u> | <u>(6,066,946)</u> | <u>(8,385,977)</u> | <u>(2,319,031)</u> |
| NONOPERATING REVENUES | | | | |
| Investment income | | | 5,489 | 5,489 |
| Loss before transfers | <u>(1,875,307)</u> | <u>(6,066,946)</u> | <u>(8,380,488)</u> | <u>(2,313,542)</u> |
| TRANSFERS | | | | |
| Transfers in | | 6,245,922 | 12,098,988 | 5,853,066 |
| CHANGE IN NET POSITION | <u>\$ (1,875,307)</u> | <u>\$ 178,976</u> | 3,718,500 | <u>\$ 3,539,524</u> |
| NET POSITION, BEGINNING OF YEAR | | | <u>270,004</u> | |
| NET POSITION, END OF YEAR | | | <u>\$ 3,988,504</u> | |

FIDUCIARY FUNDS

CITY OF NORTH LAS VEGAS

AGENCY FUNDS

FOR THE YEAR ENDED JUNE 30, 2014

Agency funds are used to account for assets held as an agent for individuals, private organizations, other governments or other funds.

Bail Deposits

Accounts for funds deposited or pledged for the release of a suspect from detention, with the understanding that the suspect will return for trial or forfeit the bail (and possibly be brought up on charges of the crime or failure to appear).

Non-forfeiture Holding

Accounts for those funds associated with the seizure of narcotics from a suspect to be held until such time as a trial is held and a determination is made with regard to the purpose of the funds.

Other Deposits

Accounts for funds deposited by developers in-lieu of a surety bond.

Business Cleanup Deposits

Accounts for funds deposited as a condition to the issuance of a special use permit in the event the business fails to adequately clean up the area after the special event.

Special Trust Reward

Accounts for funds from Clark County to be used as a reward to eligible tipsters who provide information that directly leads to the whereabouts of Everlyse Cabrera and the subsequent felony arrest and/or indictment.

Employee Insurance Deposits

Accounts for employee and employer contributions to group health and life insurance, which are held until they are disbursed to the City's insurance carriers.

Workers' Compensation Retention

Accounts for funds held by the State of Nevada as a retention requirement.

Contractor Retention Accounts

Accounts for money withheld from contract payments as retention requirements in construction contracts.

New Construction Privilege Tax

Accounts for funds collected from new construction by the City and remitted to Clark County, Nevada.

Convention Authority Tax

Accounts for gaming taxes and room tax receipts collected from North Las Vegas businesses by the City and transmitted to the Las Vegas Convention and Visitors Authority.

Garbage Company Collection

Accounts for billings and collections by the City for garbage pick-up services performed by a local disposal company.

Inmate Deposits

Accounts for funds held for inmates in the City Detention Center until they are released or transferred.

SIAD No. 54 (Civic Center Drive Development)

Accounts for the collection of property assessments pledged for the payment of principal and interest and for which no assets or revenues of the City have been pledged.

SIAD No. 60 (Aliante Development)

Accounts for the collection of property assessments pledged for the payment of principal and interest and for which no assets or revenues of the City have been pledged.

CITY OF NORTH LAS VEGAS

AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES JUNE 30, 2014

| | <u>Bail Deposits</u> | <u>Non-forfeiture Holding</u> | <u>Other Deposits</u> | <u>Business Cleanup Deposits</u> | <u>Special Trust Reward</u> | <u>Employee Insurance Deposits</u> | <u>Workers' Compensation Retention</u> | <u>Contractor Retention Accounts</u> |
|--|----------------------|-----------------------------------|-----------------------|--|---------------------------------|--|--|--|
| ASSETS | | | | | | | | |
| Cash, cash equivalents and investments | \$ 249,328 | \$ 356,654 | \$ 2,641,749 | \$ 13,549 | \$ 15,000 | \$ 91,661 | \$ 258 | \$ 741,648 |
| Accounts receivable, net | | | | (50) | | 394 | | |
| Interest receivable | | | | | | | | |
| Special assessments receivable | | | | | | | | |
| Total assets | <u>\$ 249,328</u> | <u>\$ 356,654</u> | <u>\$ 2,641,749</u> | <u>\$ 13,499</u> | <u>\$ 15,000</u> | <u>\$ 92,055</u> | <u>\$ 258</u> | <u>\$ 741,648</u> |
| LIABILITIES | | | | | | | | |
| Due to other governments | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Due to developers | | | | | | | | 741,586 |
| Due to others | <u>249,328</u> | <u>356,654</u> | <u>2,641,749</u> | <u>13,499</u> | <u>15,000</u> | <u>92,055</u> | <u>258</u> | <u>62</u> |
| Total liabilities | <u>\$ 249,328</u> | <u>\$ 356,654</u> | <u>\$ 2,641,749</u> | <u>\$ 13,499</u> | <u>\$ 15,000</u> | <u>\$ 92,055</u> | <u>\$ 258</u> | <u>\$ 741,648</u> |

(Continued)

CITY OF NORTH LAS VEGAS

AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES (CONTINUED) JUNE 30, 2014

| | New Construction Privilege Tax | Convention Authority Tax | Garbage Company Collection | Inmate Deposits | SIAD No. 54 (Civic Center Drive Development) | SIAD No. 60 (Aliante Development) | Total Agency Funds |
|--|--------------------------------------|-----------------------------|----------------------------------|-----------------|---|---|-----------------------|
| ASSETS | | | | | | | |
| Cash, cash equivalents and investments | \$ 68,618 | \$ 172,816 | \$ 1,657,055 | \$ 5,015 | \$ 468,796 | \$ 4,487,427 | \$ 10,969,574 |
| Accounts receivable, net | | 952 | 2,880,481 | | | | 2,881,777 |
| Interest receivable | | | | | | 8,325 | 8,325 |
| Special assessments receivable | | | | | | 51,632 | 51,632 |
| Total assets | <u>\$ 68,618</u> | <u>\$ 173,768</u> | <u>\$ 4,537,536</u> | <u>\$ 5,015</u> | <u>\$ 468,796</u> | <u>\$ 4,547,384</u> | <u>\$ 13,911,308</u> |
| LIABILITIES | | | | | | | |
| Due to other governments | \$ 68,618 | \$ 173,768 | | \$ | \$ | \$ | \$ 242,386 |
| Due to developers | | | | | | | 741,586 |
| Due to others | | | 4,537,536 | 5,015 | 468,796 | 4,547,384 | 12,927,336 |
| Total liabilities | <u>\$ 68,618</u> | <u>\$ 173,768</u> | <u>\$ 4,537,536</u> | <u>\$ 5,015</u> | <u>\$ 468,796</u> | <u>\$ 4,547,384</u> | <u>\$ 13,911,308</u> |

CITY OF NORTH LAS VEGAS

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2014

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|--|-------------------------|---------------|---------------|--------------------------|
| BAIL DEPOSITS | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 209,513 | \$ 483,308 | \$ 443,493 | \$ 249,328 |
| LIABILITIES | | | | |
| Due to others | \$ 209,513 | \$ 1,571,210 | \$ 1,531,395 | \$ 249,328 |
| NON-FORFEITURE HOLDING | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 427,407 | \$ 58,271 | \$ 129,024 | \$ 356,654 |
| LIABILITIES | | | | |
| Due to others | \$ 427,407 | \$ 61,708 | \$ 132,461 | \$ 356,654 |
| OTHER DEPOSITS | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 2,532,813 | \$ 1,586,791 | \$ 1,477,855 | \$ 2,641,749 |
| LIABILITIES | | | | |
| Due to others | \$ 2,532,813 | \$ 2,675,853 | \$ 2,566,917 | \$ 2,641,749 |
| Total liabilities | \$ 2,532,813 | \$ 2,675,853 | \$ 2,566,917 | \$ 2,641,749 |
| BUSINESS CLEANUP DEPOSITS | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 11,749 | \$ 3,350 | \$ 1,550 | \$ 13,549 |
| Accounts receivable, net | | 5,200 | 5,250 | (50) |
| Total assets | \$ 11,749 | \$ 8,550 | \$ 6,800 | \$ 13,499 |
| LIABILITIES | | | | |
| Due to others | \$ 11,749 | \$ 3,650 | \$ 1,900 | \$ 13,499 |
| SPECIAL TRUST REWARD | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 15,000 | | | \$ 15,000 |
| LIABILITIES | | | | |
| Due to others | \$ 15,000 | | | \$ 15,000 |
| EMPLOYEE INSURANCE DEPOSITS | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 284,677 | \$ 34,460,118 | \$ 34,653,134 | \$ 91,661 |
| Accounts receivable, net | \$ | 394 | | 394 |
| LIABILITIES | | | | |
| Due to others | \$ 284,677 | \$ 37,757,597 | \$ 37,950,219 | \$ 92,055 |
| WORKERS' COMPENSATION RETENTION | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ | 258 | | 258 |
| LIABILITIES | | | | |
| Due to others | \$ | 258 | | 258 |

(Continued)

CITY OF NORTH LAS VEGAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|--|-------------------------|---------------|---------------|--------------------------|
| CONTRACTOR RETENTION ACCOUNTS | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 3,615,120 | \$ 847,502 | \$ 3,720,974 | \$ 741,648 |
| LIABILITIES | | | | |
| Due to developers | \$ 3,615,058 | \$ 4,497,986 | \$ 7,371,458 | \$ 741,586 |
| Due to others | 62 | | | 62 |
| Total liabilities | \$ 3,615,120 | \$ 4,497,986 | \$ 7,371,458 | \$ 741,648 |
| NEW CONSTRUCTION PRIVILEGE TAX | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 53,950 | \$ 1,147,809 | \$ 1,133,141 | \$ 68,618 |
| LIABILITIES | | | | |
| Due to other governments | \$ 53,950 | \$ 2,476,494 | \$ 2,461,826 | \$ 68,618 |
| CONVENTION AUTHORITY TAX | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 133,516 | \$ 2,072,418 | \$ 2,033,117 | \$ 172,816 |
| Accounts receivable, net | 23,595 | 100,717 | 123,361 | 952 |
| Total assets | \$ 157,111 | \$ 2,173,135 | \$ 2,156,478 | \$ 173,768 |
| LIABILITIES | | | | |
| Due to other governments | \$ 157,111 | \$ 4,746,598 | \$ 4,729,941 | \$ 173,768 |
| GARBAGE COMPANY COLLECTION | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 1,519,146 | \$ 19,830,938 | \$ 19,693,029 | \$ 1,657,055 |
| Accounts receivable, net | 2,728,710 | 21,718,610 | 21,566,839 | 2,880,481 |
| Total assets | \$ 4,247,856 | \$ 41,549,548 | \$ 41,259,868 | \$ 4,537,536 |
| LIABILITIES | | | | |
| Due to others | \$ 4,247,856 | \$ 41,412,219 | \$ 41,122,539 | \$ 4,537,536 |
| INMATE DEPOSITS | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 5,015 | | | \$ 5,015 |
| LIABILITIES | | | | |
| Due to others | \$ 5,015 | | | \$ 5,015 |

(Continued)

CITY OF NORTH LAS VEGAS

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| | Balance July 1, 2013 | Additions | Deductions | Balance June 30, 2014 |
|---|-------------------------|-----------------------|-----------------------|--------------------------|
| SIAD NO. 54 (CIVIC CENTER DRIVE DEVELOPMENT) | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 584,957 | \$ 79,212 | \$ 195,373 | \$ 468,796 |
| Interest receivable | 5,317 | | 5,317 | |
| Special assessments receivable | 39,668 | | 39,668 | |
| | <u>629,942</u> | <u>79,212</u> | <u>240,358</u> | <u>468,796</u> |
| Total assets | <u>\$ 629,942</u> | <u>\$ 79,212</u> | <u>\$ 240,358</u> | <u>\$ 468,796</u> |
| LIABILITIES | | | | |
| Due to others | \$ 629,942 | \$ 230,483 | \$ 391,629 | \$ 468,796 |
| | <u>629,942</u> | <u>230,483</u> | <u>391,629</u> | <u>468,796</u> |
| Total liabilities | <u>\$ 629,942</u> | <u>\$ 230,483</u> | <u>\$ 391,629</u> | <u>\$ 468,796</u> |
| SIAD NO. 60 (ALIANTE DEVELOPMENT) | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 4,341,000 | \$ 4,003,936 | \$ 3,857,509 | \$ 4,487,427 |
| Interest receivable | 11,157 | | 2,832 | 8,325 |
| Special assessments receivable | 70,889 | | 19,257 | 51,632 |
| | <u>4,423,046</u> | <u>4,003,936</u> | <u>3,879,598</u> | <u>4,547,384</u> |
| Total assets | <u>\$ 4,423,046</u> | <u>\$ 4,003,936</u> | <u>\$ 3,879,598</u> | <u>\$ 4,547,384</u> |
| LIABILITIES | | | | |
| Due to others | \$ 4,423,046 | \$ 12,762,825 | \$ 12,638,487 | \$ 4,547,384 |
| | <u>4,423,046</u> | <u>12,762,825</u> | <u>12,638,487</u> | <u>4,547,384</u> |
| Total liabilities | <u>\$ 4,423,046</u> | <u>\$ 12,762,825</u> | <u>\$ 12,638,487</u> | <u>\$ 4,547,384</u> |
| TOTAL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 13,733,863 | \$ 64,573,911 | \$ 67,338,199 | \$ 10,969,574 |
| Accounts receivable, net | 2,752,305 | 21,824,921 | 21,695,450 | 2,881,777 |
| Interest receivable | 16,474 | | 8,149 | 8,325 |
| Special assessments receivable | 110,557 | | 58,925 | 51,632 |
| | <u>16,613,199</u> | <u>86,398,832</u> | <u>89,100,723</u> | <u>13,911,308</u> |
| Total assets | <u>\$ 16,613,199</u> | <u>\$ 86,398,832</u> | <u>\$ 89,100,723</u> | <u>\$ 13,911,308</u> |
| LIABILITIES | | | | |
| Due to other governments | \$ 211,061 | \$ 7,223,092 | \$ 7,191,767 | \$ 242,386 |
| Due to developers | 3,615,058 | 4,497,986 | 7,371,458 | 741,586 |
| Due to others | 12,787,080 | 96,475,803 | 96,335,547 | 12,927,336 |
| | <u>16,613,199</u> | <u>108,196,881</u> | <u>110,898,772</u> | <u>13,911,308</u> |
| Total liabilities | <u>\$ 16,613,199</u> | <u>\$ 108,196,881</u> | <u>\$ 110,898,772</u> | <u>\$ 13,911,308</u> |

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, the 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 (the City) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated February 6, 2015.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014 - 001, to be a material weakness.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts, including whether the funds established by the City, as listed in Nevada Revised Statutes (NRS) 354.624 (5)(a)(1 through 5), complied with the express purposes required by NRS 354.6241. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings. The City's response to the findings identified in our audit is described in the

accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

We noted certain matters that we reported to management of the City in a separate letter dated February 6, 2015.

Purpose of this Report. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
February 6, 2015

STATISTICAL SECTION

CITY OF NORTH LAS VEGAS

STATISTICAL INFORMATION

FOR THE YEAR ENDED JUNE 30, 2014

Financial Trends

The following tables contain financial trend information to enable the reader to understand how financial performance has changed over time.

- Net Position by Component
- Changes in Net Position
- Fund Balances, Governmental Funds
- Changes in Fund Balances, Governmental Funds

Revenue Capacity

The following tables contain revenue capacity information to enable the reader to assess the most significant local revenue source.

- Assessed and Estimated Actual Value of Taxable Property
- Property Tax Rates - Direct and Overlapping Governments
- Principal Property Taxpayers
- Property Tax Levies and Collections

Debt Capacity

The following tables contain debt capacity information to enable the reader to assess the affordability of the current level of outstanding debt and the ability to issue additional debt in the future.

- Ratios of Outstanding Debt by Type
- Ratios of General Bonded Debt Outstanding
- Direct and Overlapping Governmental Activities Debt
- Legal Debt Margin Information

Demographic and Economic Information

The following tables contain demographic and economic information to enable the reader to understand the environment within which financial activities take place.

- Demographic and Economic Statistics
- Principal Employers

Operating Information

The following tables contain operating information to enable the reader to understand how the information contained in the comprehensive annual financial report relates to services provided and activities performed.

- City Employees by Function/Program
- Operating Indicators by Function/Program
- Capital Asset Statistics by Function/Program

CITY OF NORTH LAS VEGAS

NET POSITION BY COMPONENT LAST TEN FISCAL YEARS⁽¹⁾ (UNAUDITED)

| | June 30, 2005 | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 | June 30, 2013 ¹ | June 30, 2014 |
|----------------------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|-------------------------|-------------------------------|-------------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 512,031,593 | \$ 426,076,443 | \$ 686,823,759 | \$ 647,951,709 | \$ 931,368,784 | \$ 1,015,611,134 | \$ 1,008,326,661 ^{1/2} | \$ 1,035,550,177 | \$ 1,109,705,374 | \$ 1,106,799,902 |
| Restricted | 52,742,169 | 219,962,997 | 170,062,533 | 175,099,469 | 822,415 | 25,463,718 | 74,650,721 | 70,286,644 | 73,249,575 | 73,249,575 |
| Unrestricted | <u>54,827,804</u> | <u>90,089,008</u> | <u>(17,102,203)</u> | <u>134,661,363</u> | <u>126,254,419</u> | <u>65,197,112</u> | <u>49,244,494</u> | <u>(5,838,643)</u> | <u>(14,533,877)</u> | <u>(9,551,124)</u> |
| Total governmental activities | <u>619,601,566</u> | <u>736,128,448</u> | <u>839,784,089</u> | <u>957,712,541</u> | <u>1,058,445,618</u> | <u>1,080,808,246</u> | <u>1,083,034,873</u> | <u>1,104,362,255</u> | <u>1,165,458,141</u> | <u>1,170,498,353</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | 122,505,881 | 148,354,185 | 143,131,044 | 38,022,471 | 198,618,584 | 213,075,462 | 181,912,347 | 226,097,835 | 229,033,516 | 214,759,669 |
| Restricted | 5,542,657 | 6,299,601 | 135,082,528 | 159,367,463 | 10,945,118 | 13,317,115 | 47,537,496 | 7,132,932 | 4,514,658 | 75,134 |
| Unrestricted | <u>85,777,494</u> | <u>93,561,682</u> | <u>(9,672,204)</u> | <u>81,888,662</u> | <u>84,546,345</u> | <u>66,022,121</u> | <u>57,830,202</u> | <u>71,322,255</u> | <u>73,718,676</u> | <u>87,031,572</u> |
| Total business-type activities | <u>213,826,032</u> | <u>248,215,468</u> | <u>268,541,368</u> | <u>279,278,596</u> | <u>294,110,047</u> | <u>292,414,698</u> | <u>287,280,045</u> | <u>304,553,022</u> | <u>307,266,850</u> | <u>301,866,375</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | 634,537,474 | 574,430,628 | 829,954,803 | 685,974,180 | 1,129,987,368 | 1,228,686,596 | 1,190,239,008 | 1,261,648,012 | 1,338,738,890 | 1,321,559,571 |
| Restricted | 58,284,826 | 226,262,598 | 305,145,061 | 334,466,932 | 11,767,533 | 13,317,115 | 73,001,214 | 81,783,653 | 74,801,302 | 73,324,709 |
| Unrestricted | <u>140,605,298</u> | <u>183,650,690</u> | <u>(26,774,407)</u> | <u>216,550,025</u> | <u>210,800,764</u> | <u>131,219,233</u> | <u>107,074,696</u> | <u>65,483,612</u> | <u>59,184,799</u> | <u>77,480,448</u> |
| Total primary government | <u>\$ 833,427,598</u> | <u>\$ 984,343,916</u> | <u>\$ 1,108,325,457</u> | <u>\$ 1,236,991,137</u> | <u>\$ 1,352,555,665</u> | <u>\$ 1,373,222,944</u> | <u>\$ 1,370,314,918</u> | <u>\$ 1,408,915,277</u> | <u>\$ 1,472,724,991</u> | <u>\$ 1,472,364,728</u> |

1. Fiscal year 2012 amounts were retoractively restated in fiscal year 2013.

CITY OF NORTH LAS VEGAS

CHANGES IN NET POSITION LAST TEN FISCAL YEARS⁽¹⁾ (UNAUDITED)

| | June 30, 2005 | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 ² | June 30, 2013 | June 30, 2014 |
|--|-----------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------------|------------------------|-------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | \$ 35,327,956 | \$ 35,392,023 | \$ 44,525,088 | \$ 77,831,201 | \$ 79,790,759 | \$ 81,909,186 | \$ 81,162,689 | \$ 49,229,276 | \$ 51,855,800 | \$ 56,381,592 |
| Judicial | 6,354,035 | 7,867,369 | 11,798,220 | 13,226,034 | 14,153,887 | 10,780,531 | 10,125,028 | 10,521,037 | 9,496,348 | 9,896,150 |
| Public safety | 105,135,075 | 116,315,250 | 141,118,701 | 149,836,872 | 160,483,422 | 172,629,424 | 149,867,948 | 160,705,260 | 147,724,400 | 154,787,847 |
| Public works | 27,326,160 | 29,476,778 | 36,982,106 | 30,407,379 | 26,999,830 | 16,794,794 | 13,694,463 | 10,164,862 | 11,197,298 | 8,416,102 |
| Culture and recreation | 13,155,432 | 14,661,434 | 18,112,226 | 17,040,617 | 19,585,869 | 18,044,295 | 14,177,795 | 15,245,421 | 13,295,753 | 16,347,681 |
| Community support | 5,187,904 | 4,719,421 | 5,230,808 | 5,527,004 | 7,897,550 | 15,363,130 | 8,239,825 | 7,807,086 | 5,168,774 | 5,722,271 |
| Interest on long-term debt | 2,487,971 | 3,374,753 | 10,021,271 | 9,751,729 | 9,417,258 | 8,846,315 | 8,775,931 | 3,106,240 | 4,388,732 | 4,111,816 |
| Total governmental activities | <u>194,974,533</u> | <u>211,807,028</u> | <u>267,788,420</u> | <u>303,620,836</u> | <u>318,328,575</u> | <u>324,367,675</u> | <u>286,043,679</u> | <u>256,779,182</u> | <u>243,127,105</u> | <u>255,663,459</u> |
| Business-type activities | | | | | | | | | | |
| Wastewater | 15,369,965 | 16,674,919 | 24,549,809 | 27,885,130 | 29,181,700 | 31,443,978 | 36,986,026 | 26,615,574 | 38,806,095 | 46,654,631 |
| Water | 28,626,134 | 32,392,345 | 36,406,905 | 38,491,805 | 34,652,481 | 33,198,374 | 32,402,016 | 33,863,783 | 33,417,139 | 37,368,080 |
| Municipal golf courses | 882,148 | 1,661,367 | 1,696,700 | 1,865,239 | 1,806,068 | 1,198,958 | 1,116,228 | 2,422,211 | 2,321,525 | 3,253,407 |
| Total business-type activities | <u>44,878,247</u> | <u>50,728,631</u> | <u>62,653,414</u> | <u>68,242,174</u> | <u>65,640,249</u> | <u>65,841,310</u> | <u>70,504,270</u> | <u>62,901,568</u> | <u>74,544,759</u> | <u>87,276,118</u> |
| Total primary government expenses | <u>\$ 239,852,780</u> | <u>\$ 262,535,659</u> | <u>\$ 330,441,834</u> | <u>\$ 371,863,010</u> | <u>\$ 383,968,824</u> | <u>\$ 390,208,985</u> | <u>\$ 356,547,949</u> | <u>\$ 319,680,750</u> | <u>\$ 317,671,864</u> | <u>\$ 342,939,577</u> |
| Program revenues | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| General government | \$ 6,708,886 | \$ 7,538,821 | \$ 7,624,085 | \$ 7,808,363 | \$ 8,557,114 | \$ 10,911,870 | \$ 8,635,975 | \$ 11,467,970 | \$ 12,001,422 | \$ 13,813,102 |
| Judicial | 9,246,994 | 9,435,382 | 11,631,052 | 2,208,306 | 2,515,779 | 3,098,548 | 12,222,293 | 10,412,316 | 10,446,582 | 10,950,414 |
| Public safety | 23,466,784 | 27,777,824 | 23,849,055 | 30,131,176 | 28,995,220 | 29,888,956 | 10,631,966 | 20,574,051 | 21,124,279 | 24,235,187 |
| Public works | 5,611,844 | 5,282,467 | 5,622,943 | 2,548,356 | 1,297,430 | 1,883,015 | 2,702,747 | 4,876,338 | 4,751,577 | 5,375,946 |
| Culture and recreation | 1,959,245 | 2,184,512 | 2,382,876 | 2,568,030 | 2,354,508 | 1,866,740 | 1,945,886 | 2,787,964 | 2,874,363 | 3,707,230 |
| Community support | | | | | | | 261,485 | 530,174 | 547,459 | 623,259 |
| Operating grants and contributions | 17,465,498 | 4,993,866 | 4,877,620 | 5,423,876 | 6,591,191 | 11,811,707 | 9,654,245 | 23,609,657 | 19,871,431 | 23,491,365 |
| Capital grants and contributions | <u>121,133,280</u> | <u>74,204,852</u> | <u>79,897,469</u> | <u>98,079,100</u> | <u>127,600,370</u> | <u>79,156,147</u> | <u>56,049,152</u> | <u>65,538,503</u> | <u>91,544,553</u> | <u>32,366,318</u> |
| Total governmental activities | <u>185,592,531</u> | <u>131,417,724</u> | <u>135,885,100</u> | <u>148,767,207</u> | <u>177,911,612</u> | <u>138,616,983</u> | <u>102,103,749</u> | <u>139,796,973</u> | <u>163,161,666</u> | <u>114,562,821</u> |
| Business-type activities | | | | | | | | | | |
| Charges for services | | | | | | | | | | |
| Wastewater | 35,074,181 | 44,914,104 | 39,620,242 | 39,129,724 | 36,035,962 | 34,444,912 | 37,163,386 | 39,614,919 | 40,239,867 | 41,243,489 |
| Water | 61,522,301 | 55,682,008 | 52,539,912 | 51,576,234 | 45,697,439 | 47,074,546 | 48,561,691 | 48,563,211 | 51,188,315 | 53,292,819 |
| Municipal golf courses | 1,001,098 | 2,239,586 | 2,019,026 | 1,719,315 | 1,425,561 | 335,745 | 257,839 | 1,993,004 | 1,791,935 | 2,017,409 |
| Operating grants and contributions | | 477,392 | 50,511 | | | | | 6,127,457 | 3,116,042 | 3,023,196 |
| Capital grants and contributions | <u>8,491,527</u> | <u>14,305,840</u> | <u>12,601,983</u> | <u>8,504,641</u> | <u>19,002,302</u> | <u>19,871,057</u> | <u>9,420,345</u> | <u>7,460,413</u> | <u>5,857,325</u> | <u>5,963,141</u> |
| Total business-type activities | <u>106,089,107</u> | <u>117,618,930</u> | <u>106,831,674</u> | <u>100,929,914</u> | <u>102,161,264</u> | <u>101,726,260</u> | <u>95,403,261</u> | <u>103,759,004</u> | <u>102,193,484</u> | <u>105,540,054</u> |
| Total primary government program revenues | <u>\$ 291,681,638</u> | <u>\$ 249,036,654</u> | <u>\$ 242,716,774</u> | <u>\$ 249,697,121</u> | <u>\$ 280,072,876</u> | <u>\$ 240,343,243</u> | <u>\$ 197,507,010</u> | <u>\$ 243,555,977</u> | <u>\$ 265,355,150</u> | <u>\$ 220,102,875</u> |
| Net (expenses) program revenues | | | | | | | | | | |
| Governmental activities | \$ (9,382,002) | \$ (80,389,304) | \$ (131,903,320) | \$ (154,853,629) | \$ (140,416,963) | \$ (185,750,692) | \$ (183,939,930) | \$ (116,982,209) | \$ (79,965,439) | \$ (141,100,638) |
| Business-type activities | <u>61,210,860</u> | <u>66,890,299</u> | <u>44,178,260</u> | <u>32,687,740</u> | <u>36,521,015</u> | <u>35,884,950</u> | <u>24,898,991</u> | <u>40,857,436</u> | <u>27,648,725</u> | <u>18,263,936</u> |
| Primary government | <u>\$ 51,828,858</u> | <u>\$ (13,499,005)</u> | <u>\$ (87,725,060)</u> | <u>\$ (122,165,889)</u> | <u>\$ (103,895,948)</u> | <u>\$ (149,865,742)</u> | <u>\$ (159,040,939)</u> | <u>\$ (76,124,773)</u> | <u>\$ (52,316,714)</u> | <u>\$ (122,836,702)</u> |

(Continued)

CITY OF NORTH LAS VEGAS

CHANGES IN NET POSITION (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

| | June 30, 2005 | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 ² | June 30, 2013 | June 30, 2014 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------------|-----------------------|-----------------------|
| General revenues and other changes in net position | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| Property taxes | \$ 47,336,337 | \$ 56,697,663 | \$ 71,404,630 | \$ 82,250,980 | \$ 87,102,142 | \$ 77,024,811 | \$ 57,540,748 | \$ 55,137,022 | \$ 48,831,490 | \$ 49,088,718 |
| Residential construction taxes | 3,088,277 | 4,629,375 | 1,802,497 | 1,519,802 | 467,995 | 499,417 | 362,850 | 382,353 | 332,595 | 314,546 |
| Room taxes | 279,089 | 337,299 | 357,956 | 345,952 | 300,678 | 330,333 | 331,768 | 358,753 | 383,888 | 422,474 |
| Franchise fees, based on gross receipts | 11,761,981 | 13,778,783 | 15,773,376 | 18,989,378 | 17,083,699 | 16,717,339 | 16,224,681 | 16,142,005 | 15,769,356 | 20,788,938 |
| Intergovernmental consolidated taxes | 47,361,646 | 53,720,737 | 52,955,745 | 50,199,861 | 39,642,953 | 34,179,293 | 36,538,629 | 37,565,290 | 39,434,352 | 43,976,942 |
| Other local government shared revenues | 7,701,591 | 13,827,809 | 17,359,378 | 17,403,712 | 14,485,904 | 9,906,795 | 13,937,837 | 2,124,392 | 2,224,996 | 2,082,929 |
| Unrestricted investment income | 4,435,080 | 6,881,978 | 22,604,399 | 28,054,514 | 18,224,615 | 7,727,611 | 2,610,156 | 1,378,592 | 679,281 | 1,035,183 |
| Gain on disposal of capital assets | | | | | | | | 316,407 | 204,150 | 2,102,479 |
| Miscellaneous | 15,507,025 | 16,193,249 | 21,618,036 | 42,097,298 | 28,479,414 | 23,144,183 | 28,064,262 | 2,199,961 | 1,767,227 | 2,281,880 |
| Transfers | 24,638,772 | 31,246,139 | 31,682,943 | 31,966,320 | 30,914,915 | 41,365,458 | 31,318,875 | 31,958,855 | 31,433,990 | 24,046,761 |
| Total governmental activities | <u>162,109,798</u> | <u>197,313,032</u> | <u>235,558,960</u> | <u>272,827,817</u> | <u>236,702,315</u> | <u>210,895,240</u> | <u>186,929,806</u> | <u>147,563,630</u> | <u>141,061,325</u> | <u>146,140,850</u> |
| Business-type activities | | | | | | | | | | |
| Other local government shared revenues | 137,748 | 174,764 | 3,189,017 | 538,471 | | | | | | |
| Unrestricted investment income | 108,404 | 51,471 | 90 | 7,060,164 | 5,671,124 | 1,455,994 | 356,115 | 72,721 | 136,985 | 13,586 |
| Gain on disposal of capital assets | | | | | | | | 23,860 | | 12,668 |
| Miscellaneous | 592 | 5,157 | 4,641,476 | 2,417,173 | 3,554,227 | 2,329,165 | 3,055,358 | 36,782 | 6,362,108 | 356,096 |
| Transfers | (24,638,772) | (31,246,139) | (31,682,943) | (31,966,320) | (30,914,915) | (41,365,458) | (31,318,875) | (31,958,855) | (31,433,990) | (24,046,761) |
| Total business-type activities | <u>(24,392,028)</u> | <u>(31,014,747)</u> | <u>(23,852,360)</u> | <u>(21,950,512)</u> | <u>(21,689,564)</u> | <u>(37,580,299)</u> | <u>(27,907,402)</u> | <u>(31,825,492)</u> | <u>(24,934,897)</u> | <u>(23,664,411)</u> |
| Total primary government general revenues and other changes in net position | <u>\$ 137,717,770</u> | <u>\$ 166,298,285</u> | <u>\$ 211,706,600</u> | <u>\$ 250,877,305</u> | <u>\$ 215,012,751</u> | <u>\$ 173,314,941</u> | <u>\$ 159,022,404</u> | <u>\$ 115,738,138</u> | <u>\$ 116,126,428</u> | <u>\$ 122,476,439</u> |
| Change in net position | | | | | | | | | | |
| Governmental activities | \$ 152,727,796 | \$ 116,923,728 | \$ 103,655,640 | \$ 117,974,188 | \$ 96,285,352 | \$ 25,144,548 | \$ 2,989,876 | \$ 30,581,421 | \$ 61,095,886 | \$ 5,040,212 |
| Business-type activities | 36,818,832 | 35,875,552 | 20,325,900 | 10,737,228 | 14,831,451 | (1,695,349) | (3,008,411) | 9,031,944 | 2,713,828 | (5,400,475) |
| Primary government | <u>\$ 189,546,628</u> | <u>\$ 152,799,280</u> | <u>\$ 123,981,540</u> | <u>\$ 128,711,416</u> | <u>\$ 111,116,803</u> | <u>\$ 23,449,199</u> | <u>\$ (18,535)</u> | <u>\$ 39,613,365</u> | <u>\$ 63,809,714</u> | <u>\$ (360,263)</u> |

1. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.
2. FY 2012 amounts were retroactively restated in FY 2013.

CITY OF NORTH LAS VEGAS

FUND BALANCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (UNAUDITED)

| | June 30, 2005 | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 ¹ | June 30, 2013 | June 30, 2014 |
|--------------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|-------------------------------|----------------------|----------------------|
| General fund | | | | | | | | | | |
| Reserved | \$ 1,139,400 | \$ 3,245,348 | \$ 542,793 | \$ 758,891 | \$ | \$ | \$ | \$ | \$ | \$ |
| Unreserved | 25,542,347 | 28,983,463 | 36,567,167 | 45,336,045 | 39,361,193 | 22,953,382 | | | | |
| Nonspendable | | | | | | | 384,375 | 287,203 | 231,430 | 238,432 |
| Restricted for | | | | | | | 101,642 | 26,257 | 170,576 | |
| Committed for | | | | | | | | 274,200 | 596,200 | 207,179 |
| Unassigned | | | | | | | 7,238,181 | 11,302,907 | 8,340,738 | 7,633,089 |
| Total general fund | <u>\$ 26,681,747</u> | <u>\$ 32,228,811</u> | <u>\$ 37,109,960</u> | <u>\$ 46,094,936</u> | <u>\$ 39,361,193</u> | <u>\$ 22,953,382</u> | <u>\$ 7,724,198</u> | <u>\$ 11,890,567</u> | <u>\$ 9,338,944</u> | <u>\$ 8,078,700</u> |
| Other governmental funds | | | | | | | | | | |
| Reserved | \$ 2,195,919 | \$ 1,810,042 | \$ 904,655 | \$ 1,256,971 | \$ | \$ | \$ | \$ | \$ | \$ |
| Unreserved | | | | | | | | | | |
| Special revenue funds | 46,753,408 | 55,601,940 | 54,625,345 | 57,249,895 | 54,590,729 | 48,388,767 | | | | |
| Debt service funds | 4,851,562 | 6,264,884 | 6,926,512 | 7,316,194 | 4,684,177 | 3,278,094 | | | | |
| Capital projects funds | 34,025,885 | 211,893,685 | 208,120,685 | 189,433,342 | 155,724,644 | 111,345,725 | | | | |
| Nonspendable | | | | | | | 87,162 | 224,923 | 2,655,236 | 6,499,075 |
| Restricted for | | | | | | | 84,687,535 | 74,624,464 | 70,116,032 | 70,396,589 |
| Committed for | | | | | | | 1,377,827 | 1,327,188 | 1,250,166 | 292,564 |
| Assigned to | | | | | | | 1,430,753 | 1,859,516 | 2,354,991 | 4,362,189 |
| Total other governmental funds | <u>\$ 87,826,774</u> | <u>\$ 275,570,551</u> | <u>\$ 270,577,197</u> | <u>\$ 255,256,402</u> | <u>\$ 214,999,550</u> | <u>\$ 163,012,586</u> | <u>\$ 87,583,277</u> | <u>\$ 78,036,091</u> | <u>\$ 76,376,425</u> | <u>\$ 81,550,417</u> |

1. FY 2012 amounts were retoractively restated in FY 2013.

CITY OF NORTH LAS VEGAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS LAST TEN FISCAL YEARS (UNAUDITED)

| | June 30, 2005 | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 | June 30, 2013 | June 30, 2014 |
|--|---------------------|--------------------|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|---------------------|---------------------|
| REVENUES | | | | | | | | | | |
| Property taxes | \$ 47,336,337 | \$ 56,697,663 | \$ 71,404,630 | \$ 82,250,980 | \$ 87,102,142 | \$ 77,024,811 | \$ 57,540,748 | \$ 55,137,022 | \$ 49,160,817 | \$ 49,097,031 |
| Residential construction taxes | 3,088,277 | 4,629,375 | 1,802,497 | 1,519,802 | 467,995 | 499,417 | 362,850 | 382,353 | 332,595 | 314,546 |
| Room taxes | 279,088 | 337,299 | 357,956 | 345,952 | 300,678 | 330,333 | 331,768 | 358,753 | 383,888 | 422,474 |
| Franchise fees | | | | | | | | 16,142,005 | 15,769,356 | 20,788,938 |
| Licenses and permits | 31,329,077 | 35,431,853 | 33,416,360 | 32,347,464 | 28,734,711 | 26,062,330 | 26,271,308 | 10,132,978 | 10,722,526 | 10,748,799 |
| Special assessments | | | | | | | | 2,202,745 | 2,202,185 | 2,170,942 |
| Charges for services | 19,859,653 | 22,249,296 | 20,397,993 | 21,033,088 | 22,240,756 | 23,296,938 | 14,280,489 | 6,023,699 | 5,369,223 | 7,573,999 |
| Intergovernmental consolidated taxes | | | | | | | | 37,565,290 | 39,434,352 | 43,976,942 |
| Intergovernmental | 167,438,712 | 105,703,977 | 113,541,467 | 140,003,233 | 142,978,208 | 116,132,627 | 102,027,017 | 67,518,671 | 106,630,804 | 49,201,824 |
| Fines and forfeitures | 5,761,207 | 6,243,247 | 6,816,569 | 9,358,465 | 10,173,893 | 9,905,464 | 10,197,087 | 7,195,757 | 7,535,551 | 7,236,044 |
| Contributions | | | | | | | | 219,350 | 106,332 | 571,956 |
| Rents and royalties | | | | | | | | 513,578 | 557,856 | 582,762 |
| Investment income | | | | | | | | 806,229 | 195,524 | 642,581 |
| Miscellaneous | 16,722,742 | 16,559,701 | 34,322,266 | 43,852,373 | 29,035,648 | 15,050,513 | 9,507,120 | 2,871,657 | 1,760,617 | 2,098,694 |
| Total revenues | 291,815,093 | 247,852,411 | 282,059,738 | 330,711,357 | 321,034,031 | 268,302,433 | 220,518,387 | 207,070,087 | 240,161,626 | 195,427,532 |
| EXPENDITURES | | | | | | | | | | |
| General government | 23,878,017 | 25,960,959 | 37,255,958 | 55,369,189 | 44,557,977 | 67,149,968 | 64,597,945 | 24,346,198 | 20,954,097 | 18,696,163 |
| Judicial | 19,237,253 | 8,176,793 | 10,422,419 | 13,002,378 | 13,857,493 | 10,589,039 | 10,415,468 | 8,995,929 | 8,501,665 | 8,532,342 |
| Public safety | 111,957,340 | 123,202,142 | 145,738,363 | 151,348,964 | 166,332,695 | 165,279,861 | 151,511,917 | 136,959,835 | 153,567,436 | 121,831,060 |
| Public works | 78,974,918 | 51,614,517 | 67,046,155 | 103,964,900 | 105,808,278 | 55,421,439 | 31,517,296 | 36,683,544 | 21,626,361 | 21,156,322 |
| Culture and recreation | 70,332,727 | 21,298,887 | 26,652,050 | 29,009,898 | 36,289,596 | 45,258,925 | 38,247,284 | 23,051,356 | 52,141,269 | 23,412,874 |
| Community support | 5,837,951 | 6,931,645 | 7,425,578 | 9,821,305 | 11,413,230 | 15,513,020 | 8,165,001 | 7,395,157 | 6,962,391 | 4,444,462 |
| | 310,218,206 | 237,184,943 | 294,540,523 | 362,516,634 | 378,259,269 | 359,212,252 | 304,454,911 | 237,432,019 | 263,753,219 | 198,073,223 |
| Debt service | | | | | | | | | | |
| Principal payments | 4,538,583 | 5,245,135 | 10,613,800 | 11,145,300 | 11,374,500 | 11,547,700 | 6,307,800 | 5,277,600 | 5,928,600 | 4,990,000 |
| Interest and fiscal charges | 2,656,634 | 2,496,086 | 9,184,281 | 9,774,489 | 9,601,384 | 9,095,696 | | 3,076,503 | 3,246,669 | 3,035,503 |
| Payment to current bond refunding agent | | | | | | | 20,000,000 | | | |
| Debt issuance costs | | | 154,338 | 284,504 | | | 143,438 | 200,286 | | |
| Total debt service | 7,195,217 | 7,741,221 | 19,952,419 | 21,204,293 | 20,975,884 | 20,643,396 | 33,977,323 | 8,554,389 | 9,175,269 | 8,025,503 |
| Total expenditures | 317,413,423 | 244,926,164 | 314,492,942 | 383,720,927 | 399,235,153 | 379,855,648 | 338,432,234 | 245,986,408 | 272,928,488 | 206,098,726 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (25,598,330) | 2,926,247 | (32,433,204) | (53,009,570) | (78,201,122) | (111,553,215) | (117,913,847) | (38,916,321) | (32,766,862) | (10,671,194) |

(Continued)

CITY OF NORTH LAS VEGAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS (CONTINUED) LAST TEN FISCAL YEARS (UNAUDITED)

| | June 30, 2005 | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 | June 30, 2013 | June 30, 2014 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Contingencies | | (10,000) | | | (49,395) | | | | | |
| Debt issuance proceeds | | 160,000,000 | 4,500,000 | 12,680,000 | | 3,145,000 | 17,090,000 | 27,070,000 | | |
| Debt issuance premiums | | 4,143,946 | 9,160,000 | 160,380 | | | | | | |
| Payment to advance refunding bond agent | | | (9,116,037) | | | (3,071,110) | (16,922,300) | (26,573,920) | | |
| Debt issuance discounts | | (1,494,180) | (15,000) | (15,750) | | (52,183) | | (257,999) | | |
| Transfers in | 56,791,980 | 68,284,156 | 73,826,205 | 75,287,726 | 79,675,504 | 88,126,189 | 52,280,115 | 43,764,721 | 46,423,036 | 46,358,276 |
| Transfers out | (28,591,529) | (41,038,018) | (46,059,162) | (41,438,606) | (48,415,589) | (42,207,531) | (25,192,464) | (10,809,831) | (18,049,079) | (33,871,483) |
| Other | | 875,540 | 25,000 | | | | | 342,533 | 181,316 | 2,098,449 |
| Total other financing sources (uses) | 28,200,451 | 190,761,444 | 32,321,006 | 46,673,750 | 31,210,520 | 45,940,365 | 27,255,351 | 33,535,504 | 28,555,273 | 14,585,242 |
| CHANGE IN FUND BALANCE | \$ 2,602,121 | \$ 193,687,691 | \$ (112,198) | \$ (6,335,820) | \$ (46,990,602) | \$ (65,612,850) | \$ (90,658,496) | \$ (5,380,817) | \$ (4,211,589) | \$ 3,914,048 |
| Capital expenditures included in expenditures above | \$ 147,702,622 | \$ 59,888,265 | \$ 78,408,888 | \$ 121,827,730 | \$ 118,033,178 | \$ 112,947,115 | \$ 94,972,764 | \$ 51,457,061 | \$ 87,382,782 | \$ 26,921,150 |
| Debt service as a percentage of noncapital expenditures | 4.20 % | 4.20 % | 8.40 % | 8.00 % | 7.50 % | 7.70 % | 5.70 % | 4.20 % | 5.20 % | 4.69 % |

1. FY 2012 amounts were retroactively restated in FY 2013.

CITY OF NORTH LAS VEGAS

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY¹ LAST TEN FISCAL YEARS (UNAUDITED)

| For the Year Ended June 30, | Residential Property | Commercial Property | Industrial Property | Undeveloped Property | Less Tax Exempt Property | Total Taxable Assessed Value | Direct Tax Rate | Estimated Actual Value | Ratio of Total Taxable Assessed to Total Estimated Actual Value ² |
|--------------------------------|-------------------------|------------------------|---------------------|-------------------------|-----------------------------|---------------------------------|-----------------|---------------------------|---|
| 2005 | \$ 1,795,261,000 | \$ 498,190,000 | \$ 312,674,000 | \$ 1,336,537,000 | \$ (978,617,000) | \$ 2,964,045,000 | 1.1987 | \$ 8,467,870,000 | 35.00 % |
| 2006 | 2,831,615,000 | 640,304,000 | 365,053,000 | 2,035,717,000 | (1,407,739,000) | 4,464,950,000 | 1.1837 | 12,757,000,000 | 35.00 % |
| 2007 | 4,451,125,000 | 831,875,000 | 442,427,000 | 2,609,030,000 | (1,565,997,000) | 6,768,460,000 | 1.1637 | 19,338,454,000 | 35.00 % |
| 2008 | 5,479,828,000 | 1,041,647,000 | 580,796,000 | 3,401,267,000 | (2,298,842,000) | 8,204,696,000 | 1.1587 | 23,441,991,000 | 35.00 % |
| 2009 | 5,572,985,000 | 1,281,806,000 | 669,317,000 | 3,239,635,000 | (2,475,324,000) | 8,288,419,000 | 1.1587 | 23,681,197,000 | 35.00 % |
| 2010 | 3,709,241,000 | 1,360,037,000 | 691,913,000 | 2,509,269,000 | (2,144,624,000) | 6,125,836,000 | 1.1587 | 17,502,381,000 | 35.00 % |
| 2011 | 2,646,355,000 | 1,022,464,000 | 525,474,000 | 1,059,048,000 | (1,108,378,000) | 4,144,963,000 | 1.1587 | 11,842,751,000 | 35.00 % |
| 2012 | 2,674,770,000 | 995,708,000 | 423,800,000 | 647,713,000 | (869,661,000) | 3,872,330,000 | 1.1587 | 11,063,797,000 | 35.00 % |
| 2013 | 2,416,735,000 | 941,804,000 | 382,696,000 | 492,391,000 | 779,884,000 | 5,013,510,000 | 1.1587 | 9,867,835,000 | 50.81 % |
| 2014 | 2,487,233,874 | 997,032,941 | 384,695,090 | 417,300,826 | (784,220,790) | 3,502,041,941 | 1.1587 | 10,005,834,117 | 35.00 % |

1. Source - Clark County Assessor's Office
2. Pursuant to State statute, all property is assessed at 35% of its estimated value.

CITY OF NORTH LAS VEGAS

PROPERTY TAX RATES¹ - DIRECT AND OVERLAPPING GOVERNMENTS (PER \$100 OF ASSESS VALUE²) LAST TEN FISCAL YEARS (UNAUDITED)

| For the Year Ended June 30, | City of North Las Vegas, Direct Rates | | | | Overlapping Rates | | | | |
|-----------------------------|---------------------------------------|--------------|--------------------------|-----------------------|-------------------|--------------|------------------------------|---------------|--------------------------|
| | City Operations | Debt Service | Public Safety (Override) | Total Direct Tax Rate | State of Nevada | Clark County | Clark County School District | Emergency 911 | Las Vegas Artesian Basin |
| 2005 | 0.1975 | 0.0622 | 0.9390 | 1.1987 | 0.1700 | 0.6652 | 1.3034 | 0.0050 | 0.0016 |
| 2006 | 0.2014 | 0.0622 | 0.9201 | 1.1837 | 0.1700 | 0.6575 | 1.3034 | 0.0050 | 0.0013 |
| 2007 | 0.1937 | 0.0300 | 0.9400 | 1.1637 | 0.1700 | 0.6566 | 1.3034 | 0.0050 | 0.0009 |
| 2008 | 0.1901 | 0.0250 | 0.9436 | 1.1587 | 0.1700 | 0.6541 | 1.3034 | 0.0050 | 0.0008 |
| 2009 | 0.1901 | 0.0250 | 0.9436 | 1.1587 | 0.1700 | 0.6541 | 1.3034 | 0.0050 | 0.0008 |
| 2010 | 0.1937 | 0.0100 | 0.9550 | 1.1587 | 0.1700 | 0.6541 | 1.3034 | 0.0050 | 0.0011 |
| 2011 | 0.1937 | 0.0370 | 0.9280 | 1.1587 | 0.1700 | 0.6541 | 1.3034 | 0.0050 | 0.0015 |
| 2012 | 0.1937 | 0.0250 | 0.9400 | 1.1587 | 0.1700 | 0.6541 | 1.3034 | 0.0050 | |
| 2013 | 0.1937 | 0.0250 | 0.9400 | 1.1587 | 0.1700 | 0.6541 | 1.3034 | 0.0050 | |
| 2014 | 0.1937 | 0.0250 | 0.9400 | 1.1587 | 0.1700 | 0.6541 | 1.3034 | 0.0050 | |

| For the Year Ended June 30, | Overlapping Rates | | | |
|-----------------------------|---|--|-------------------------|------------------------------------|
| | Las Vegas - Clark County Library District | City of North Las Vegas Library District | Total Overlapping Rates | Total Direct and Overlapping Rates |
| 2005 | 0.0215 | 0.0632 | 2.2299 | 3.4286 |
| 2006 | 0.0123 | 0.0632 | 2.2127 | 3.3964 |
| 2007 | 0.0123 | 0.0632 | 2.2114 | 3.3751 |
| 2008 | 0.0123 | 0.0632 | 2.2088 | 3.3675 |
| 2009 | 0.0086 | 0.0632 | 2.2051 | 3.3638 |
| 2010 | 0.0100 | 0.0632 | 2.2068 | 3.3655 |
| 2011 | 0.0070 | 0.0632 | 2.2042 | 3.3629 |
| 2012 | | 0.0632 | 2.1957 | 3.3544 |
| 2013 | | 0.0632 | 2.1957 | 3.3544 |
| 2014 | | 0.0632 | 2.1957 | 3.3544 |

1. Source - Clark County Treasurer's Office
2. The State of Nevada Constitution has a maximum rate limit of \$5 per \$100 assessed value and Nevada Revised Statutes further lower the limit to a total combined tax rate of 3.64.

CITY OF NORTH LAS VEGAS

PRINCIPAL PROPERTY TAXPAYERS^{1, 2} CURRENT AND NINE YEARS AGO (UNAUDITED)

| Taxpayer | 2014 | | | 2005 | | |
|---------------------------------------|--|------|---|--|------|---|
| | Taxable Assessed Value ³ | Rank | Percentage of Taxable Assess Value ⁴ | Taxable Assessed Value ³ | Rank | Percentage of Taxable Assess Value ⁴ |
| Golden Triangle Industrial Park | \$ 46,117,062 | 1 | 1.32 % | \$ | | % |
| Picerne Real Estate Group | 40,196,163 | 2 | 1.15 % | | | % |
| Cannery Casino Resorts | 38,618,712 | 3 | 1.10 % | 20,023,000 | 10 | 0.68 % |
| Southwest Generation | 37,561,998 | 4 | 1.07 % | | | % |
| Station Casinos Incorporated | 28,210,006 | 5 | 0.81 % | | | % |
| Alliance Residential Company | 26,874,382 | 6 | 0.77 % | | | % |
| Aliante Gaming Limited Liability Co. | 25,978,564 | 7 | 0.74 % | | | % |
| Wal-Mart Stores Incorporated | 23,384,958 | 8 | 0.67 % | | | % |
| National Security Technologies | 23,340,814 | 9 | 0.67 % | | | % |
| Las Vegas Paving Corporation | 22,592,636 | 10 | 0.65 % | | | % |
| Station Casinos Incorporated | | | | 73,782,000 | 1 | 2.49 % |
| Black Hills Corporation | | | | 52,134,000 | 2 | 1.76 % |
| Greenspun Companies | | | | 44,474,000 | 3 | 1.50 % |
| Operating Engineers Pension Trust | | | | 41,168,000 | 4 | 1.39 % |
| Potlatch Corporation | | | | 30,440,000 | 5 | 1.03 % |
| Pardee Construction Company of Nevada | | | | 26,978,000 | 6 | 0.91 % |
| Mendenhall Family Trust | | | | 25,107,000 | 7 | 0.85 % |
| Centex Homes | | | | 24,165,000 | 8 | 0.82 % |
| Meldrum Family Trust | | | | 23,023,000 | 10 | 0.78 % |
| | <u>\$ 312,875,295</u> | | <u>8.95 %</u> | <u>\$ 361,294,000</u> | | <u>12.21 %</u> |

1. Located in Clark County, Nevada
2. Source - Clark County Assessor's Office
3. Taxable assessed value is 35% of appraised value.
4. See the "Assessed and Estimated Actual Value of Taxable Property" table for assessed property value data.

CITY OF NORTH LAS VEGAS

PROPERTY TAX LEVIES AND COLLECTIONS¹ LAST TEN FISCAL YEARS (UNAUDITED)

| For the Year Ended June 30, | Tax Levy | Current Tax Levy Collections | Percent of Tax Levy Collected | Delinquent Tax Levy Collections | Total Tax Levy Collected | Percent of Total Tax Levy Collected to Tax Levy |
|-----------------------------|---------------|---------------------------------|----------------------------------|------------------------------------|-----------------------------|--|
| 2005 | \$ 41,613,896 | \$ 41,352,020 | 99.3707 % | \$ 261,715 | \$ 41,613,735 | 99.9996 % |
| 2006 | 50,957,310 | 50,570,826 | 99.2416 % | 286,303 | 50,857,129 | 99.8034 % |
| 2007 | 65,307,155 | 64,545,683 | 98.8340 % | 761,287 | 65,306,970 | 99.9997 % |
| 2008 | 75,518,219 | 74,309,000 | 98.3988 % | 1,204,478 | 75,513,478 | 99.9937 % |
| 2009 | 80,728,503 | 78,928,443 | 97.7702 % | 1,782,248 | 80,710,691 | 99.9779 % |
| 2010 | 71,204,380 | 68,995,648 | 96.8980 % | 2,164,910 | 71,160,558 | 99.9385 % |
| 2011 | 51,409,059 | 49,881,300 | 97.0282 % | 1,430,459 | 51,311,759 | 99.8107 % |
| 2012 | 47,624,187 | 46,781,680 | 98.2309 % | 600,963 | 47,382,643 | 99.4928 % |
| 2013 | 42,824,473 | 42,336,988 | 98.8617 % | 182,336 | 42,519,324 | 99.2874 % |
| 2014 | 42,179,362 | 41,711,002 | 98.8896 % | 207,124 ² | 41,918,126 | 99.3807 % |

1. Source - Clark County Comptroller's Office.
2. Collections July 1 through September 30 of the subsequent year.

CITY OF NORTH LAS VEGAS

RATIOS OF OUSTANDING DEBT¹ BY TYPE LAST TEN FISCAL YEARS² (UNAUDITED)

| For the Year Ended June 30, | Governmental Activities | | | Business-type Activities | | Total Primary Government ³ | Percentage of Clark County Personal Income ⁴ | City of North Las Vegas Per Capita ⁴ |
|-----------------------------|-----------------------------|-----------------------------|----------------|--|-----------|--|---|--|
| | General Obligation Bonds | Special Assessment Bonds | Capital Leases | General Obligation/Pledged Revenue Bonds | Other | | | |
| | | | | | | | | |
| 2006 | \$ 212,150,000 | \$ 2,612,000 | \$ | \$ 42,510,000 | \$ | \$ 257,272,000 | 0.37 % | \$ 1,381 |
| 2007 | 198,940,000 | 6,753,200 | | 179,634,000 | | 385,327,200 | 0.53 % | 1,954 |
| 2008 | 189,600,000 | 17,512,900 | | 176,439,000 | | 383,551,900 | 0.52 % | 1,862 |
| 2009 | 180,330,000 | 15,993,400 | | 173,090,000 | | 369,413,400 | 0.54 % | 1,735 |
| 2010 | 170,395,641 | 14,273,700 | 46,359 | 312,033,000 | | 496,748,700 | 0.71 % | 2,290 |
| 2011 | 147,435,033 | 12,532,900 | 34,967 | 305,588,000 | | 465,590,900 | 0.66 % | 2,123 |
| 2012 | 160,223,349 | 10,715,300 | 16,651 | 299,136,000 | | 470,091,300 | 0.63 % ⁵ | 2,103 |
| 2013 | 156,632,000 | 8,729,700 | | 292,391,000 | 7,000,000 | 464,752,700 | 0.61 % | |
| 2014 | 153,712,000 | 7,009,700 | | 285,554,000 | 6,000,000 | 452,275,700 | % ⁵ | ⁵ |

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
2. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.
3. Excludes debt issued by the City's blended component units.
4. See the "Demographic and Economic Statistics" table for Clark County personal income and the City's population data.
5. Information not available at time of printing.

CITY OF NORTH LAS VEGAS

RATIOS OF GENERAL BONDED DEBT¹ OUTSTANDING LAST TEN FISCAL YEARS² (UNAUDITED)

| For the Year Ended June 30, | General Obligation Bonds | General Obligation/Pledged Revenue Bonds | Total General Bonded Debt ³ | Percentage of Estimated Actual Property Value ⁴ | City of North Las Vegas Per Capita ⁵ | Amounts Available to Repay General Bonded Debt | Net General Bonded Debt |
|-----------------------------|-----------------------------|--|---|--|--|--|----------------------------|
| 2006 | \$ 212,150,000 | \$ 42,510,000 | \$ 254,660,000 | 2.00 % | \$ 1,367 | \$ 3,479,930 | \$ 251,180,070 |
| 2007 | 198,940,000 | 179,634,000 | 378,574,000 | 1.96 % | 1,919 | 4,276,162 | 374,297,838 |
| 2008 | 189,600,000 | 176,439,000 | 366,039,000 | 1.56 % | 1,777 | 5,095,859 | 360,943,141 |
| 2009 | 180,330,000 | 173,090,000 | 353,420,000 | 1.49 % | 1,660 | 4,892,967 | 348,527,033 |
| 2010 | 170,395,641 | 312,033,000 | 482,428,641 | 2.76 % | 2,224 | 1,960,788 | 480,467,853 |
| 2011 | 147,435,033 | 305,588,000 | 453,023,033 | 3.83 % | 2,066 | 432,004 | 452,591,029 |
| 2012 | 160,223,349 | 299,136,000 | 459,359,349 | 4.15 % | 2,055 | 25,062 | 459,334,287 |
| 2013 | 156,632,000 | 292,391,000 | 449,023,000 | 4.55 % | | 243,501 | 448,779,499 |
| 2014 | 153,712,000 | 285,554,000 | 439,266,000 | 4.39 % | ⁶ | 389,316 | 438,876,684 |

1. Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.
2. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.
3. Excludes debt issued by the City's blended component units.
4. See the "Assessed and Estimated Actual Value of Taxable Property" table for estimated actual property value data.
5. See the "Demographic and Economic Statistics" table for the City's population data.
6. Information not available at time of printing.

CITY OF NORTH LAS VEGAS

**Direct and Overlapping Governmental Activities Debt
As of June 30, 2014
In Thousands
(Unaudited)**

| <u>Jurisdiction</u> | <u>Net General Obligation Bonded Debt Outstanding</u> | <u>Percentage Applicable to City of North Las Vegas</u> | <u>Amount Applicable to City of North Las Vegas</u> |
|-----------------------------------|---|---|---|
| Direct: | | | |
| City of North Las Vegas | \$ 15,986 | 100.00% | \$ 15,986 |
| Overlapping: | | | |
| Clark County | 42,852 | 7.36% | 3,154 |
| Clark County School District | 2,245,520 | 7.36% | 165,270 |
| Las Vegas/Clark County Library | 33,000 | 8.88% | 2,930 |
| State of Nevada | 1,339,395 | 4.85% | 64,961 |
| Subtotal overlapping debt | 3,660,767 | | 236,315 |
| Total direct and overlapping debt | \$ 3,676,753 | | \$ 252,301 |

¹ Source - Zions Bank Public Finance

CITY OF NORTH LAS VEGAS

LEGAL DEBT MARGIN INFORMATION LAST TEN FISCAL YEARS¹ (UNAUDITED)

| | | June 30, 2005 | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 | June 30, 2013 | June 30, 2014 |
|---|--------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Total taxable assessed property value | ² | <u>\$ 2,964,045,000</u> | <u>\$ 4,464,950,000</u> | <u>\$ 6,768,460,000</u> | <u>\$ 8,204,696,000</u> | <u>\$ 8,288,419,000</u> | <u>\$ 6,125,836,000</u> | <u>\$ 4,144,963,000</u> | <u>\$ 3,872,330,000</u> | <u>\$ 5,013,510,000</u> | <u>\$ 3,502,041,941</u> |
| Legal debt Margin | | | | | | | | | | | |
| Legal debt limit (20% of taxable assessed property value) | | \$ 592,809,000 | \$ 892,990,000 | \$ 1,353,692,000 | \$ 1,640,939,200 | \$ 1,657,683,800 | \$ 1,225,167,200 | \$ 828,992,600 | \$ 774,466,000 | \$ 1,002,702,000 | \$ 700,408,388 |
| Debt applicable to debt limit | | | | | | | | | | | |
| Net general bonded debt | ³ | <u>257,679,000</u> | <u>251,180,070</u> | <u>374,297,838</u> | <u>360,943,141</u> | <u>348,527,033</u> | <u>480,467,853</u> | <u>452,591,029</u> | <u>459,334,287</u> | <u>448,779,499</u> | <u>438,876,684</u> |
| Legal debt margin | | <u>\$ 335,130,000</u> | <u>\$ 641,809,930</u> | <u>\$ 979,394,162</u> | <u>\$ 1,279,996,059</u> | <u>\$ 1,309,156,767</u> | <u>\$ 744,699,347</u> | <u>\$ 376,401,571</u> | <u>\$ 315,131,713</u> | <u>\$ 553,922,501</u> | <u>\$ 261,531,704</u> |
| Total debt applicable to debt limit as a percentage of debt limit | | <u>43.47 %</u> | <u>28.13 %</u> | <u>27.65 %</u> | <u>22.00 %</u> | <u>21.02 %</u> | <u>39.22 %</u> | <u>54.60 %</u> | <u>59.31 %</u> | <u>44.76 %</u> | <u>62.66 %</u> |

1. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.
2. See the "Assessed and Estimated Actual Value of Taxable Property" table for estimated actual property value data.
3. See the "Ratios of General Bonded Debt Outstanding" table for the calculation of net general bonded debt.

CITY OF NORTH LAS VEGAS

DEMOGRAPHIC AND ECONOMIC STATISTICS¹ LAST TEN FISCAL YEARS (UNAUDITED)

| For the Year Ended June 30, | City of North Las Vegas Population | Clark County Personal Income | Clark County Population | Clark County Per Capita Personal Income | Clark County Unemployment Rate |
|-----------------------------|--|---------------------------------|----------------------------|---|--------------------------------------|
| 2005 | 174,456 | \$ 64,181,422,000 | \$ 1,729,552 | \$ 37,109 | 4.70 % |
| 2006 | 186,350 | 68,874,056,000 | 1,803,774 | 38,183 | 4.30 % |
| 2007 | 197,233 | 73,040,160,000 | 1,867,817 | 39,105 | 4.70 % |
| 2008 | 206,044 | 74,279,798,000 | 1,912,349 | 38,842 | 7.00 % |
| 2009 | 212,863 | 68,791,192,000 | 1,939,407 | 35,470 | 11.90 % |
| 2010 | 216,961 | 69,800,237,000 | 1,951,269 | 35,772 | 14.20 % |
| 2011 | 219,275 | 70,289,097,000 | 1,969,975 | 35,680 | 13.50 % |
| 2012 | 223,491 | 74,886,428,000 | 2,000,759 | 37,429 | 11.20 % |
| 2013 | | 75,957,334,000 ² | 2,027,868 ² | 37,457 ² | 9.70 % |
| 2014 | | ² | ² | ² | 5.10 % |

1. Source - Nevada Workforce Informer, Data Analysis (<http://www.nevadaworkforce.com/cgi/dataanalysis/dataTypeSelection.asp?tableName=notable>)
2. Information not available at time of printing.

CITY OF NORTH LAS VEGAS

PRINCIPAL EMPLOYERS⁽¹⁾ CURRENT AND NINE YEARS AGO (UNAUDITED)

| Clark County Employer | 2014 | | | 2005 | | |
|--|---------------|------|--|---------------|------|---|
| | Employees | Rank | Percentage of Total Clark County Employment | Employees | Rank | Percentage of Total Clark County Employment |
| Clark County School District | 30,000-39,999 | 1 | 4.04 % | 30,000-39,999 | 1 | 4.13 % |
| Clark County, Nevada | 8000-8499 | 2 | .95 % | 8000-8499 | 3 | .97 % |
| Wynn Las Vegas | 8000-8499 | 3 | .95 % | | | % |
| Bellagio, LLC | 7500-7999 | 4 | .90 % | 9500-9999 | 2 | 1.15 % |
| MGM Grand Hotel and Casino | 7500-7999 | 5 | .90 % | 7500-7999 | 4 | .91 % |
| Aria Resort and Casino, LLC | 7000-7499 | 6 | .83 % | | | % |
| Mandalay Bay Resort and Casino | 7000-7499 | 7 | .83 % | 7500-7999 | 5 | .91 % |
| Caesars Palace | 6000-6499 | 8 | .72 % | 4500-4999 | 9 | .56 % |
| University of Nevada, Las Vegas | 5000-5499 | 9 | .61 % | 5500-5999 | 6 | .68 % |
| Las Vegas Metropolitan Police Department | 4500-4999 | 10 | .55 % | 4500-4999 | 8 | .56 % |
| Mirage Hotel and Casino | | | | 5500-5999 | 7 | .68 % |
| Rio Suite Hotel and Casino | | | | 4000-4500 | 10 | .51 % |

1. Source - Nevada Workforce Informer, Data Analysis (<http://www.nevadaworkforce.com/?PAGEID=67&SUBID=167> and <http://www.nevadaworkforce.com/cgi/dataanalysis/labForceReport.asp?menuchoice=LABFORCE>).

CITY OF NORTH LAS VEGAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS (UNAUDITED)

| | June 30, 2005 | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 | June 30, 2013 | June 30, 2014 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Function/program | | | | | | | | | | |
| Governmental activities | | | | | | | | | | |
| General government | 182 | 186 | 204 | 259 | 272 | 277 | 258 | 193 | 163 | 127 |
| Judicial | 49 | 59 | 82 | 87 | 91 | 98 | 99 | 98 | 85 | 72 |
| Public safety | 816 | 887 | 972 | 1,133 | 1,232 | 1,269 | 1,264 | 1,226 | 1,141 | 915 |
| Public works | 122 | 124 | 156 | 167 | 167 | 168 | 143 | 100 | 80 | 51 |
| Culture and recreation | 183 | 184 | 205 | 220 | 234 | 251 | 235 | 166 | 152 | 129 |
| Community support | 13 | 15 | 29 | 40 | 42 | 44 | 40 | 33 | 29 | 25 |
| Total governmental activities | <u>1,365</u> | <u>1,455</u> | <u>1,648</u> | <u>1,906</u> | <u>2,038</u> | <u>2,107</u> | <u>2,039</u> | <u>1,816</u> | <u>1,650</u> | <u>1,319</u> |
| Business-type activities | | | | | | | | | | |
| Wastewater | 28 | 28 | 36 | 44 | 46 | 48 | 63 | 52 | 55 | 55 |
| Water | 68 | 68 | 73 | 91 | 96 | 97 | 84 | 96 | 95 | 93 |
| Municipal golf courses | 10 | 14 | 14 | 13 | 14 | 9 | 8 | 7 | 8 | 7 |
| Total business-type activities | <u>106</u> | <u>110</u> | <u>123</u> | <u>148</u> | <u>156</u> | <u>154</u> | <u>155</u> | <u>155</u> | <u>158</u> | <u>155</u> |
| Total full-time equivalent employees | <u>1,471</u> | <u>1,565</u> | <u>1,771</u> | <u>2,054</u> | <u>2,194</u> | <u>2,261</u> | <u>2,194</u> | <u>1,971</u> | <u>1,808</u> | <u>1,474</u> |

1. Source - City of North Las Vegas, Finance Department, Budget Division.

CITY OF NORTH LAS VEGAS

OPERATING INDICATORS BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS² (UNAUDITED)

| Function/program | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 | June 30, 2013 | June 30, 2014 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Police | | | | | | | | | |
| Calls for service | | | | | | | | | |
| Officer initiated | 180,000 | 184,000 | 166,364 | 194,527 | 190,668 | 211,130 | 207,019 | 113,946 | 106,247 |
| Community generated | 117,000 | 135,000 | 139,132 | 136,089 | 96,897 | 108,908 | 92,588 | 106,385 | 98,452 |
| Neighborhood watch meetings | 2 | 25 | 80 | 113 | 72 | 102 | 37 | 47 | 31 |
| Detention | | | | | | | | | |
| Bookings | 8,250 | 14,300 | 14,500 | 17,726 | 19,842 | 20,662 | 20,662 | 10,058 | 9,037 |
| Average daily population | 817 | 802 | 807 | 885 | 906 | 928 | 523 | 237 | 220 |
| Daily meals service | 639,200 | 945,000 | 850,000 | 1,045,686 | 900,000 | 1,171,704 | 532,888 | 276,122 | |
| Fire | | | | | | | | | |
| Number of calls | 20,499 | 23,270 | 24,500 | 25,986 | 26,351 | 27,016 | 27,828 | 28,540 | 30,187 |
| EMS responses | 10,269 | 12,104 | 12,400 | 17,895 | 15,588 | 18,983 | 24,309 | 24,766 | 24,831 |
| Non-fire Incidents | 9,365 | 10,228 | 11,150 | 5,750 | 6,040 | 3,673 | 1,170 | 509 | 2,448 |
| Fire Incidents | 865 | 938 | 950 | 2,142 | 1,839 | 4,346 | 2,330 | 1,954 | 2,191 |
| Structure fires | 99 | 108 | 89 | 667 | 543 | 673 | 643 | 516 | 717 |
| Library facilities | | | | | | | | | |
| Circulation | 220,000 | 226,771 | 416,494 | 465,304 | 613,658 | 793,000 | 725,905 | 710,415 | 649,445 |
| Holdings | 114,860 | 139,596 | 152,139 | 153,436 | 212,074 | 225,404 | 234,725 | 243,629 | 251,543 |
| Library traffic | 215,000 | 243,800 | 417,431 | 446,336 | 557,694 | 754,000 | 536,085 | 490,128 | 442,688 |
| Culture and recreation | | | | | | | | | |
| Golf Courses | | | | | | | | | |
| Number of rounds of golf | 47,301 | 104,891 | 94,738 | 86,670 | 74,474 | 68,000 | 63,565 | 64,297 | 61,102 |
| Cost of operation per round (Municipal Course) | \$ 9 | \$ 8 | \$ 12 | \$ 12 | \$ 12 | \$ 8 | \$ 11 | \$ 11 | \$ 12 |
| Cost of operation per round (Craig Ranch Course) | \$ | \$ 21 | \$ 21 | \$ 26 | \$ | \$ | \$ | \$ | \$ |
| Cost of operation per round (Aliante Course) | \$ | \$ | \$ | \$ | \$ 54 | \$ 75 | \$ 54 | \$ 47 | \$ 49 |
| Parks/Recreation | | | | | | | | | |
| Program participation visits | 930,803 | 1,517,745 | 1,618,451 | 194,443 | 1,271,769 | 1,300,000 | 1,435,852 | 1,154,162 | 1,197,216 |
| Annual cost per acre to maintain | \$ 7,235 | \$ 19,626 | \$ 20,513 | \$ 19,971 | \$ 22,776 | \$ 18,000 | \$ 9,906 | \$ 7,300 | \$ 7,001 |
| Number of stage rentals | 16 | 15 | 18 | 11 | 13 | 10 | 21 | 17 | 12 |
| Public works | | | | | | | | | |
| Building safety-permits issued | 13,380 | 17,009 | 11,470 | 9,616 | 6,693 | 6,044 | 6,480 | 6,285 | 5,586 |
| Survey | | | | | | | | | |
| Technical reviews completed (maps, documents) | 300 | 303 | 279 | 279 | 118 | 60 | 31 | 25 | 24 |
| GPS features collected | 80,000 | 109,189 | 66,370 | 66,371 | 75,327 | 55,000 | 5,851 | 9,543 | 1,253 |
| Engineering services-active capital projects | 58 | 55 | 64 | 57 | 64 | 72 | 65 | 47 | 50 |
| Construction services-number of inspections | 26,000 | 20,339 | 14,179 | 12,072 | 5,020 | 8,090 | 4,142 | 2,423 | |
| Development and Flood Control-permits issued | 1,200 | 824 | 1,055 | 1,100 | 699 | 500 | 309 | 322 | 275 |
| Real property services | | | | | | | | | |
| Maps reviewed and processed | 111 | 117 | 59 | 49 | 181 | 23 | 19 | 13 | 15 |
| Planning Commission items reviewed | 700 | 606 | 491 | 47 | 94 | 150 | 149 | 111 | 138 |
| Addresses assigned | 11,100 | 5,607 | 3,014 | 806 | 758 | 500 | 356 | 151 | 303 |

(Continued)

CITY OF NORTH LAS VEGAS

OPERATING INDICATORS BY FUNCTION/PROGRAM¹ (CONTINUED) LAST TEN FISCAL YEARS² (UNAUDITED)

| | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 | June 30, 2013 | June 30, 2014 |
|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Water | | | | | | | | | |
| Valves exercised | 2,202 | 1,283 | 2,760 | 1,933 | 3,104 | 1,970 | 2,588 | 1,773 | 1,486 |
| Water repairs | 143 | 215 | 290 | 226 | 250 | 233 | 276 | 250 | 218 |
| Service requests | 1,505 | 2,054 | 2,344 | 90,717 | 82,644 | 76,462 | 69,700 | 76,731 | 70,423 |
| Number of bills | 804,780 | 910,679 | 974,142 | 994,641 | 970,590 | 974,406 | 980,797 | 1,079,258 | 1,006,250 |
| Number of meters read | 786,042 | 886,203 | 956,892 | 993,013 | 1,001,336 | 1,007,205 | 1,017,682 | 1,025,417 | 1,030,452 |

1. Source - Various City of North Las Vegas departments.
2. Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

CITY OF NORTH LAS VEGAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM¹ LAST TEN FISCAL YEARS² (UNAUDITED)

| | June 30, 2005 | June 30, 2006 | June 30, 2007 | June 30, 2008 | June 30, 2009 | June 30, 2010 | June 30, 2011 | June 30, 2012 | June 30, 2013 | June 30, 2014 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Function/program | | | | | | | | | | |
| Police stations | 1 | 2 | 2 | 2 | 2 | 2 | 3 | 2 | 2 | 2 |
| Fire stations | 6 | 6 | 6 | 7 | 7 | 7 | 8 | 8 | 8 | 8 |
| Library facilities | 2 | 2 | 3 | 2 | 2 | 3 | 3 | 3 | 3 | 3 |
| Culture and recreation | | | | | | | | | | |
| Community centers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Parks | 26 | 27 | 31 | 31 | 31 | 31 | 34 | 34 | 34 | 34 |
| Park acreage | 379 | 390 | 482 | 493 | 493 | 493 | 474 | 474 | 474 | 474 |
| Golf courses | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Swimming pools | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Tennis courts | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Public works | | | | | | | | | | |
| Lane miles of paved street | 1,699 | 1,748 | 2,150 | 1,925 | 1,971 | 2,150 | 2,150 | 2,167 | 2,171 | 2,489 |
| Lane miles of unpaved street | | | | | | 630 | 700 | 698 | 698 | 698 |
| Traffic signal intersections | 78 | 82 | 85 | 105 | 120 | 138 | 141 | 143 | 152 | 155 |
| Street lights | 27,840 | 29,500 | 29,600 | 32,000 | 35,000 | 35,000 | 35,000 | 35,000 | 35,104 | 35,000 |
| Water | | | | | | | | | | |
| Miles of water main | 896 | 1,000 | 1,048 | 1,072 | 1,096 | 1,110 | 1,127 | 1,130 | 1,117 | 1,119 |
| Residential service connections | 57,136 | 60,006 | 73,962 | 76,473 | 75,375 | 73,048 | 73,642 | 74,191 | 76,367 | 76,988 |
| Commercial service connections | 3,526 | 3,239 | 4,665 | 5,001 | 5,350 | 5,256 | 5,258 | 5,305 | 5,403 | 5,439 |
| Average daily consumption in million gallons | 44 | 45 | 44 | 50 | 49 | 47 | 46 | 46 | 45 | 44 |
| Peak demand day in million gallons | 74 | 78 | 68 | 75 | 74 | 76 | 75 | 74 | 66 | 69 |
| Wastewater | | | | | | | | | | |
| Miles of sewer wastewater main | 527 | 581 | 595 | 609 | 625 | 641 | 657 | 659 | 660 | 752 |
| Miles of storm wastewater main | 127 | 129 | 129 | 147 | 175 | 180 | 183 | 193 | 263 | 266 |

1. Source - Various City of North Las Vegas departments.

BUSINESS LICENSE FEES

CITY OF NORTH LAS VEGAS

SCHEDULE OF BUSINESS LICENSE FEES

FOR THE YEAR ENDED JUNE 30, 2014

As required by Nevada Revised Statutes (NRS) 354.624, Section 4(a), all fees imposed by a local government are subject to the provisions of NRS 354.5989. A local government may adopt new business license fees only if the revenue from the fees is less than the prescribed calculated maximum.

FEES CALCULATED AS A PERCENTAGE OF GROSS REVENUE

| | | |
|---|----|-----------------------|
| Business license revenue for the year ended June 30, 2014 | \$ | 2,596,020 |
| Business license revenue for the year ended June 30, 2013 (base year) | \$ | 2,332,545 |
| Adjustment to base year | | |
| Percentage change in Consumer Price Index | | 3.45 % |
| Total adjustment to base year | | <u>80,473</u> |
| Adjusted business license revenue base for the year ended June 30, 2014 | | <u>2,413,018</u> |
| Amount under allowable maximum | \$ | <u><u>183,002</u></u> |

FEES CALCULATED ON A FLAT OR FIXED RATE

| | | |
|---|---------------|-----------------------|
| Business license revenue for the year ended June 30, 2014 | \$ | 1,578,290 |
| Business license revenue for the year ended June 30, 2013 (base year) | \$ | 1,434,553 |
| Adjustment to base year | | |
| Percentage change in local government population | (1.90)% | |
| Percentage change in Consumer Price Index | <u>3.45 %</u> | |
| | | <u>1.55 %</u> |
| Total adjustment to base year | | <u>22,236</u> |
| Adjusted business license revenue base for the year ended June 30, 2014 | | <u>1,456,789</u> |
| Amount under allowable maximum | \$ | <u><u>121,501</u></u> |

SINGLE AUDIT INFORMATION

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

We have audited the compliance of the City of North Las Vegas (the City) with the types of compliance requirements described in the Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2014. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility. The City's management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility. Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Major Federal Program. In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the City's major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance. The City's management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned

functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness* in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133. We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated February 6, 2015, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Piercy Bowler Taylor & Kern

Las Vegas, Nevada
February 6, 2015

CITY OF NORTH LAS VEGAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2014

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Federal or Pass-through Grantor Number | Expenditures |
|---|------------------------|--|--|
| U.S. Department of the Interior | | | |
| Passed through State of Nevada, Bureau of Land Management Southern Nevada Public Land Management | 15.235* | L05AC13499 L07AC12952 L07AC14012 L08AC14594 L09AC15510 L10AC20273 L11AC20228 L12AC20493 | \$ 159,872 1,134,005 170,191 4,586,726 842,996 4,479,040 12,814 <u>35,305</u> |
| Total U.S. Department of the Interior | | | <u>11,420,949</u> |
| U.S. Department of Housing and Urban Development | | | |
| Community Development Block Grants/Special Purpose Grants | 14.225 | HN NV44SPG502 | 53,975 |
| Passed through Clark County, Nevada, Department of Finance Community Development Block Grants/Entitlement Grants | 14.218 | B-03-UC-32-0001 B-08-UC-32-0001 B-10-UC-32-0001 B-11-UC-32-0001 B-12-UC-32-0001 B-13-UC-32-0001 | 5,023 64,033 18,810 146,084 587,832 724,017 |
| Home Investment Partnerships Program | 14.239 | M-09-DC-32-0224 M-12-DC-32-0001 M-13-DC-32-0001 | 185,474 35,827 176 |
| Neighborhood Stabilization Program | 14.264 | B-08-DN-32-0001 B-08-UN-32-0001 B-11-UN-32-0001 | 46,613 169,193 3,192,114 |
| Total U.S. Department of Housing and Urban Development | | | <u>5,229,171</u> |
| U.S. Department of Homeland Security | | | |
| Passed through Clark County, Nevada, Fire Department National Urban Search and Rescue Response System | 97.025 | EMW-2013-CA-K00016 EMW-2008-CA-1494 EMW-2012-CA-K00029 | 24,468 132,285 10,152 |
| Passed through State of Nevada, Department of Public Safety Emergency Management Performance Grants | 97.042 | 9704213 EMW-2013-EP-00022-S01 EMW-2014-EP-00003-S01 | 26,132 34,073 56,247 |
| Homeland Security Grant Program | 97.067 | 97067U11 97067U12 97067.11-U11 | 13,000 72,719 <u>35,740</u> |
| Total U.S. Department of Homeland Security | | | <u>404,816</u> |
| U.S. Department of Transportation | | | |
| Passed through State of Nevada, Department of Transportation Highway Planning and Construction | 20.205* | PR311-10-063 PR110-14-063 | 480,446 737 |

(Continued)

CITY OF NORTH LAS VEGAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| Federal Grantor/Pass-through Grantor/Program Title | Federal CFDA Number | Federal or Pass-through Grantor Number | Expenditures |
|--|------------------------|--|------------------------------------|
| | | P348-10-063 | 19,755 |
| | | PR395-11-063 | 52,451 |
| | | P437-12-063 | 59,368 |
| | | PR573-13-063 | 6,141 |
| | | P040-12-063 | 155,152 |
| | | P042-12-063 | 60,762 |
| Passed through State of Nevada, Department of Public Safety Highway Planning and Construction | 20.205* | JF-2014-NLVPD-00048 TS-2014-NLVPD-00041 | 15,821 35,981 |
| State and Community Highway Safety | 20.600 | LFD-2014-NLVPD-00008 23-JF-1-1.18 JF-2014-NLVPD-00048 23-PS-3 | 5,000 9,402 21,241 26,316 |
| Alcohol Impaired Driving Countermeasures Incentive Grants I | 20.601 | 23-JF-1.18 | 6,426 |
| Occupant Protection Incentive Grants | 20.602 | JF-2014-NLVPD-00048 | 12,395 |
| Alcohol Open Container Requirements | 20.607 | 23-JF-1.18 JF-2014-NLVPD-00048 | 18,544 32,619 |
| National Priority Safety Programs | 20.616 | JF-2014-NLVPD-00048 | <u>5,382</u> |
| Total U.S. Department of Transportation | | | <u>1,023,939</u> |
| U.S. Department of Justice | | | |
| State Criminal Alien Assistance Program | 16.606 | 2012-AP-BX-0533 | 42,714 |
| Bulletproof Vest Partnership Program | 16.607 | 2012 BVP | 1,387 |
| Public Safety Partnership and Community Policing Grants (ARRA) | 16.710 | 2010-CK-WX-0219 2010-UL-WX-0031 | 19,228 815,233 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2010-DJ-BX-1136 2012-DJ-BX-1077 2013-DJ-BX-0953 | 57,059 26,563 113,326 |
| Passed through State of Nevada, Department of Health and Human Services Crime Victim Assistance | 16.575 | 2011-VAGX-0030 | 88,000 |
| Enforcing Underage Drinking Laws Program | 16.727 | 2011-AH-FX-0010 | 26,679 |
| Passed through Las Vegas Metropolitan Police Department Missing Children's Assistance | 16.543 | 2011-MC-CX-K002 | <u>8,839</u> |
| Total U.S. Department of Justice | | | <u>1,199,028</u> |
| U.S. Department of Agriculture | | | |
| Passed through State of Nevada, Department of Education Special Milk Program for Children | 10.556 | N/A | <u>18,573</u> |
| U.S. Department of Health and Human Services | | | |
| Passed through Southern Nevada Health District Centers for Disease Control and Prevention - Affordable Care Act Communities Putting Prevention to Work | 93.520 | C-7655 | <u>53,871</u> |

(Continued)

CITY OF NORTH LAS VEGAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2014

| <u>Federal Grantor/Pass-through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Federal or Pass-through Grantor Number</u> | <u>Expenditures</u> |
|---|--------------------------------|---|----------------------|
| Total federal expenditures | | | \$ <u>19,350,347</u> |

* A major program

CITY OF NORTH LAS VEGAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

Note 1. Reporting Entity

The accompanying supplementary schedule of expenditures of federal awards presents the activity of all federal financial assistance programs of the City of North Las Vegas (the City). The reporting entity is defined in Note 1 to the basic financial statements. The schedule includes federal financial assistance received directly from federal agencies as well as passed through other government agencies.

Note 2. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Subrecipients

During the year ended June 30, 2014, the following awards (including amendments) were given to subrecipients:

| | <u>Award Amount</u> |
|---|---------------------|
| U.S. Department of Housing and Urban Development | |
| Community Development Block Grants/Entitlement Grants (CFDA # 14.218) | \$ 1,159,828 |
| Home Investment Partnerships Program (CFDA # 14.239) | 370,740 |
| Neighborhood Stabilization Program (CFDA # 14.264) | <u>145,675</u> |
| | <u>\$ 1,676,243</u> |

CITY OF NORTH LAS VEGAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

Section I - Summary of Auditors' Results

Financial Statements

| | |
|---|---------------|
| Type of auditors' report issued | Unqualified |
| Internal control over financial reporting | |
| Material weaknesses identified | Yes |
| Significant deficiencies identified that are not considered to be material weaknesses | None reported |
| Noncompliance material to financial statements | No |

Federal Awards

| | |
|---|---------------|
| Internal control over major programs | |
| Material weaknesses identified | No |
| Significant deficiencies identified that are not considered to be material weaknesses | None reported |
| Type of auditors' report issued on compliance for major programs | Unqualified |
| Audit findings required to be reported in accordance with Circular A-133, Section .510(a) | Yes |

Identification of major programs

| | |
|------------------------------------|--|
| CFDA number | 15.235 |
| Name of federal program or cluster | U.S. Department of the Interior, Southern Nevada Public Land Management |
| CFDA number | 20.205 |
| Name of federal program or cluster | U.S. Department of Transportation, Highway Planning and Construction |

| | |
|---|-----------|
| Dollar threshold used to distinguish between Type A and Type B programs | \$580,510 |
| Auditee qualified as low-risk auditee | Yes |

(Continued)

CITY OF NORTH LAS VEGAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

2014 - 001

Criteria

There should be a sufficient level of qualified accounting staff to 1) allow for proper segregation of duties, 2) ensure appropriate accounting recognition of transactions and journal entries, and 3) ensure that errors are detected and corrected timely during financial close procedures prior to commencement of audit procedures.

Condition

Due to staff reductions and the time period for financial close, there is a lack of adequate accounting staff available to review transactions and ensure that journal entries are appropriately recorded, reviewed and reconciled to supporting documentation prior to commencement of audit procedures.

Effect

Numerous adjustments were proposed by the auditor which should be made prior to audit procedures.

Cause

There is not adequate staff to perform financial close and analyze all accounts and transactions prior to commencement of the audit.

Recommendation

While we recognize the difficulties inherent in the allocation of limited resources, particularly in today's economic environment, we recommend that consideration be given to allocating resources for additional qualified accounting staff.

Management's response

Management informed us that it will continue to evaluate the adequacy of staffing levels and segregation of duties in order to prioritize and focus limited resources on the areas and functions of greatest need and that automated reporting tools in the accounting system are currently being developed, which are expected to facilitate more timely review of information and exception based reporting while requiring less preparation time, allowing for more time to be focused on oversight and systemic improvements.

(Continued)

CITY OF NORTH LAS VEGAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

| | |
|-----------------------|--|
| 2014 - 002 | |
| Program | Southern Nevada Public Land Management (CFDA #15.235) |
| Specific requirements | Federal awards are required to be recorded and expensed within the compliance requirements set forth by the awarding agency. |
| Condition and context | Four disbursements, out of the 73 tested, included expenditures which were incurred after the period of availability of funds. The modified agreement extended the period of performance to March 31, 2014 and the related expenses were for services performed after that period. |
| Questioned costs | \$20,780.75 |
| Effect | Costs were charged to the grant that were incurred after the period of performance. |
| Cause | A thorough review of invoices received after the period of performance was not performed by someone with the requisite skills, knowledge and expertise required to identify such expenditures. |
| Recommendation | Management should adopt, implement and monitor compliance with policies and procedures designed to provide reasonable assurance that all applicable federal grant requirements are appropriately applied and complied with. In addition, resources should be made available to provide appropriate training and other resources to those delegated with the primary responsibility for compliance with federal grant requirements. |
| Management's response | Management informed us that they will obtain/provide the necessary training to assigned personnel in order to ensure they have the appropriate level of accounting knowledge and skill (with an emphasis on the specific requirements unique to a governmental entity with federal grant awards) to monitor compliance with such policies and procedures to provide reasonable assurance that all applicable federal grant requirements are appropriately applied and complied with. |

(Continued)

CITY OF NORTH LAS VEGAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2014

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a) (continued)

| | |
|-----------------------|--|
| 2014 - 003 | |
| Program | Southern Nevada Public Land Management (CFDA #15.235) Highway Planning and Construction (CFDA #20.205) |
| Specific requirements | Local governments that are direct recipients of Federal awards and their subrecipients will use procurement procedures that conform to applicable Federal law and regulations and standards identified in the A-102 Common Rule or OMB Circular A-110 (2 CFR part 215), as applicable. Specifically, no employee, officer or agent of the grantee or subgrantee shall participate in selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. |
| Condition and context | The current Purchasing Guidelines does not include policies and procedures to address standards of conduct in governing the performance of their employees engaged in the award and administration of contracts. |
| Questioned costs | N/A |
| Effect | The City could enter into transactions which may create a conflict of interest resulting in questioned costs. |
| Cause | The City did not have policies in place to adequately address the appropriate eligibility guidelines of the grant awards. |
| Recommendation | Management should implement policies and procedures to address the conduct of those involved in making procurement decisions. |
| Management's response | Management informed us that it will incorporate within its purchasing policy procurement procedures that conform to applicable Federal laws, regulations, and standards identified in the A-102 Common Rule or OMB Circular A-110 (2 CFR Part 215), as applicable. |

CITY OF NORTH LAS VEGAS

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

Section II – Findings relating to the financial statements, which are required to be reported in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*

2013 - 001

Criteria

There should be a sufficient level of qualified accounting staff to 1) allow for proper segregation of duties, 2) ensure appropriate accounting recognition of transactions and journal entries, and 3) ensure that errors are detected and corrected timely during financial close procedures prior to commencement of audit procedures.

Condition

Due to staff reductions and the time period for financial close, there is a lack of adequate accounting staff available to review transactions and ensure that journal entries are appropriately recorded, reviewed and reconciled to supporting documentation prior to commencement of audit procedures.

Effect

Numerous adjustments were proposed by the auditor which should be made prior to audit procedures.

Cause

There is not adequate staff to perform financial close and analyze all accounts and transactions prior to commencement of the audit.

Current status

This finding has not been remediated and will be reported as part of the current year audit.

(Continued)

CITY OF NORTH LAS VEGAS

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Section III – Findings and questioned costs for federal awards, including audit findings as defined in Circular A-133 Section .510(a)

None reported



**STATE OF NEVADA
DEPARTMENT OF TAXATION**

Web Site: <http://tax.nv.gov>

1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

BRIAN SANDOVAL
Governor
ROBERT R. BARENGO
Chair, Nevada Tax Commission
DEONNE E. CONTINE
Executive Director

LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite 1300
555 E. Washington Avenue
Las Vegas, Nevada 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

April 10, 2015

**COMMITTEE ON LOCAL GOVERNMENT FINANCE
REQUEST FOR APPEARANCE**

CERTIFIED MAIL: 7006 0100 0002 3081 6831
DARREN ADAIR, DIRECTOR OF FINANCE
CITY OF NORTH LAS VEGAS
2250 LAS VEGAS BLVD NORTH #710
NORTH LAS VEGAS, NV 89030

Date and Time of Meeting: **April 30, 2015**
9:00 a.m.

Place of Meeting:
Nevada Gaming Control Board
1919 College Parkway
Board Room #100
Carson City, Nevada

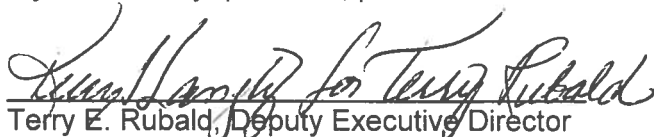
Video Conference To:
Nevada Gaming Control Board
Grant Sawyer State Office Building
555 East Washington Avenue, Room 2450
Las Vegas, Nevada

A representative from the City of North Las Vegas is requested to appear before the Committee on Local Government Finance (Committee) regarding the following:

- a) For Possible Action: Discussion and Consideration of City of North Las Vegas Financial Condition**
- 1) Report by City on FY 15/16 Tentative Budget, including revenue, expenditures, January cash flow analysis and scheduled debt repayments;**
 - 2) Report by City on status of payments made to date regarding Writ of Garnishment by 5th & Centennial, LLC et al; and the bargaining contracts that are set to expire on 6/30/15;**
 - 3) Report by City on plan to alleviate financial difficulties currently experienced by City, including legislative requests, if any**

The Committee requests that any materials regarding this agenda item be received in the office of the Department at least 5 working days prior to the scheduled meeting to allow the Department and Committee Members an opportunity for review.

If you have any questions, please feel free to call me at 775-684-2095.


Terry E. Rubald, Deputy Executive Director
Department of Taxation

cc: Dr. Qiong X. Liu, City Manager, City of North Las Vegas

CLGF Meeting April 30, 2015

Agenda Item 3(b):

**Discussion Regarding Smoky Valley Library District
Financial Condition**



**STATE OF NEVADA
DEPARTMENT OF TAXATION**

Web Site: <http://tax.nv.gov>

1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

RENO OFFICE
4600 Kietzke Lane
Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 687-9999
Fax: (775) 688-1303

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LAS VEGAS OFFICE
Grant Sawyer Office Building, Suite 1300
555 E. Washington Avenue
Las Vegas, Nevada 89101
Phone: (702) 486-2300 Fax: (702) 486-2373

HENDERSON OFFICE
2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

April 10, 2015

**COMMITTEE ON LOCAL GOVERNMENT FINANCE
REQUEST FOR APPEARANCE**

CERTIFIED MAIL: 7006 0100 0002 3081 6817
JEANNE BLEAKER, CO-DIRECTOR
SMOKY VALLEY LIBRARY DISTRICT
P.O. BOX 1428
ROUND MOUNTAIN, NV 89045

Date and Time of Meeting: **April 30, 2015**
9:00 a.m.

Place of Meeting:
Nevada Gaming Control Board
1919 College Parkway
Board Room #100
Carson City, Nevada

Video Conference To:
Nevada Gaming Control Board
Grant Sawyer State Office Building
555 East Washington Avenue, Room 2450
Las Vegas, Nevada

A representative from the Smoky Valley Library District is requested to appear before the Committee on Local Government Finance (Committee) regarding the following:

b) For Possible Action: Discussion Regarding Smoky Valley Library District Financial Condition

1) Report by Library District regarding going concern audit opinion in the FY 13/14 Annual Audit Report

The Committee requests that any materials regarding this agenda item be received in the office of the Department at least 5 working days prior to the scheduled meeting to allow the Department and Committee Members an opportunity for review.

If you have any questions, please feel free to call me at 775-684-2095.


Terry E. Rubald, Deputy Executive Director
Department of Taxation

cc: Andrea Madziarek, Co-Director, Smoky Valley Library District

CLGF Meeting April 30, 2015

Agenda Item 4:

**Request to Initiate Rule-Making Regarding Amending NAC
287.788**

NAC 287.788 Contract with professional fund manager; investment plan. ([NRS 287.017](#))

1. The board of trustees may contract with a professional fund manager if the assets of the trust fund are invested:

(a) In an investment which is authorized for a local government pursuant to subparagraph (2) of paragraph (g) of subsection 2 of [NRS 287.017](#), or

(b) Pursuant to subsection 2 of [NAC 287.790](#).

2. Unless all the assets of the trust fund will only be deposited in the Retirement Benefits Investment Fund pursuant to subparagraph (1) of paragraph (g) of subsection 2 of [NRS 287.017](#), or invested in investments authorized pursuant to NRS 350.170, and the investment portfolio meets the requirements of subsection 2 of NAC 287.790 and board of trustees desire to invest in securities permitted by paragraph (c) of subsection 2 of NAC 287.790 outside of the Retirement Benefits Investment Fund the board of trustees shall develop an investment plan for the trust fund in consultation with a professional fund manager, if the board has entered into a contract with such a person pursuant to subsection 1, or with any other investment management advisor retained by the board of trustees. The investment plan must be approved as to its conformity with this subsection by the Committee on Local Government Finance before the investment of any assets of the trust fund. The investment plan must:

(a) Include formal investment policies consistent with the requirements of [NRS 287.017](#) and [NAC 287.760](#) to [287.792](#), inclusive, including, without limitation, policies governing acceptable risks, diversification requirements and the fundamental processes for regulating the investment of the assets of the trust fund.

(b) Include processes governing the selection and monitoring of the staff and any professional fund manager or other investment management advisor assisting the board of trustees in the administration of the trust fund that are sufficient to ensure such staff, professional fund managers and other advisors have appropriate expertise and exhibit appropriate fiduciary behavior for such positions.

(c) Include appropriate investment training for members of the board

of trustees and staff to ensure that they are knowledgeable in the prevailing investment practices.

(d) Include travel policies for participation in investment training for members of the board of trustees and staff that support the need for training and are defensible in the context of the interests of the public and the beneficiaries of the trust fund.

(e) Include an organizational plan for the selection and retention of competent investment expertise among the staff and in professional fund managers and other advisors, and incorporate a competitive process for the selection of both staff and professional fund managers and advisors.

(f) Provide for the development of and annual review by the board of trustees of the asset allocation strategy of the investment plan and the positioning of classes of assets in the investment portfolio of the trust fund in light of general market trends and valuations.

(g) Provide, on at least an annual basis, for a formal evaluation of the role or potential role of passive or indexed investment strategies applicable to the investment portfolio of the trust fund, and of appropriate strategies to minimize the costs of the administration of the trust fund, including, without limitation, the costs of transactions, professional fund managers and other advisors and investment training.

(h) Provide for a periodic review of investment-related practices, including, without limitation, services provided by brokers and unconventional investment strategies, in the context of fiduciary standards and the interests of economy.

(i) Establish formal benchmarks for the performance of the portfolio and managed accounts that are specific to the assigned role of the manager of the portfolio or account.

(j) Provide for the regular evaluation of the performance of the portfolio using consistent, documented and reliable disciplines, and establish clear criteria and procedures for selection and termination of investments by managers.

(k) Provide for regular communications on investment results to the governing body in a clear and intelligible format.

3. Approval by the Committee on Local Government Finance of the investment plan required in subsection 2 does not create or establish any

fiduciary responsibility between the Committee on Local Government Finance and the trust fund or its beneficiaries.

(Added to NAC by Com. on Local Gov't Finance by R089-08, eff. 9-18-2008)

CLGF Meeting April 30, 2015

Agenda Item 5:

Report from Subcommittee Regarding Guidance on Enterprise Funds and Special Revenue Funds



**STATE OF NEVADA
DEPARTMENT OF TAXATION**

Web Site: <http://tax.nv.gov>

1550 College Parkway, Suite 115
Carson City, Nevada 89706-7937
Phone: (775) 684-2000 Fax: (775) 684-2020

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Guidance Letter 15-001

Date: May XX, 2015

To: County Finance Officers

From: Terry E. Rubald, Deputy Executive Director, Department of Taxation

CC: Committee on Local Government Finance, Marvin Leavitt, Chairman
Deonne Contine, Executive Director, Department of Taxation
Kelly Langley, Supervisor, Local Government Finance, Division of Local Government Services

Subject: Special Revenue Funds and Enterprise Funds

SUMMARY:

This guidance letter recognizes Governmental Accounting Standards Board ("GASB") Statements, including but not limited to, No. 34, "Basic Accounting Standards and Management's Discussion and Analysis" and No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" are appropriate standards for the preparation of financial statements for all funds and comply with the requirements of NRS 354.612(2) as generally accepted accounting principles. In addition, this guidance letter discusses the nature and use of special revenue funds and enterprise funds, and provides an example using the Nevada statutory framework for a general improvement district.

AUTHORITY:

NRS 354.472(1)(d): One of the purposes of the Local Government Budget and Finance Act is to provide for the control of revenues, expenditures and expenses in order to promote prudence and efficiency in the expenditure of public money. NRS 354.612(2) requires fund financial statements and other schedules to be prepared in accordance with generally accepted accounting principles.

APPLICATION:

The Department finds that Governmental Accounting Standards Board ("GASB") Statements, including but not limited to, No. 34, "Basic Accounting Standards and Management's Discussion and Analysis" and No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" are appropriate standards for the preparation of financial statements for all funds and comply with the requirements of NRS 354.612(2) as generally accepted accounting principles.

Based on NRS 354.553, 354.570, and GASB No. 34, a special revenue fund is a type of governmental fund, whereas an enterprise fund is a type of proprietary fund.¹ In either case, the level of financial reporting must be based on a determination of whether the special revenue fund or the enterprise fund is a major or non-major fund.² The criteria for designation as a major fund is measured by whether the total assets, liabilities, revenues, or expenditures/expenses of the individual special revenue fund or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type. In addition, the total assets, liabilities, revenues, or expenditures/expenses of the individual special revenue fund or enterprise fund must be at least 5 percent of the corresponding total for all governmental and enterprise funds combined.³

When establishing a new fund, it is important to examine the activities that meet the criteria for using a particular kind of fund. For example, a governmental fund, such as a special revenue fund, generally has activities which are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities financed in whole or in part by fees charged to external parties for goods or services are usually, but not always, reported in enterprise funds.⁴

GASB No. 34, ¶78 outlines the financial statements required for governmental funds, including a balance sheet and statement of revenues, expenditures, and changes in fund balances. GASB No. 34, ¶91 indicates the required financial statements for a proprietary fund include a statement of net assets or balance sheet; a statement of revenues, expenses, and changes in fund net assets or fund equity; and a statement of cash flows.

Enterprise Funds

NRS 354.517 defines an enterprise fund as a fund established to account for operations (1) which are financed and conducted in a manner similar to the operations of private business enterprises, where the intent of the governing body is to have the expenses (including depreciation) of providing goods or services on a continuing basis to the general public, financed or recovered primarily through charges to the users; or (2) for which the governing body has decided that a periodic determination of revenues earned, expenses incurred and net income is consistent with public policy and is appropriate for capital maintenance, management control, accountability or other purposes.

Similarly, ¶67 of GASB Statement No. 34 states that an enterprise fund may be used to report any activity for which a fee is charged to external users for goods or services. In addition:

Activities are *required* to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's *principal revenue sources*.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable “solely” from the revenues of the activity.)

¹NRS 354.553, “Proprietary fund” means an internal service fund or enterprise fund; and NRS 354.570, “Special revenue fund” means a fund used to account for specific revenue sources, other than sources for major capital projects, which are restricted by law to expenditure for specified purposes. *See also*, ¶63, ¶64, ¶66, ¶67, GASB Statement No. 34 (June 1999), pp. 25-26.

² ¶75, GASB Statement No. 34 (June 1999), p. 28.

³ ¶76, GASB Statement No. 34 (June, 1999), p. 28.

⁴ ¶15, GASB Statement No. 34 (June, 1999), p. 9.

- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Footnote 33 to ¶67 states that:

These criteria do not require insignificant activities of governments to be reported as enterprise funds. For example, state law may require a county's small claims court to assess plaintiffs a fee to cover the cost of frivolous claims. However, taxes, not fees, are the principal revenue source of the county's court system, and the fees in question cover only the cost of frivolous small claims court cases. In this case, the county would not be required to remove its court system or the small claims court activity from its general fund and report it in an enterprise fund. Conversely, a state department of environmental protection regulation may require a water utility to recover the costs of operating its water plant, including debt service costs, through charges to its customers—the utility's principal revenue source. Because these charges are the activity's principal revenue source and because the water utility is required to recover its costs, the utility should be reported as an enterprise fund.

In explaining enterprise fund reporting requirements, GASB 34, ¶387 states that:

Perhaps most significantly, this Statement makes clear that enterprise fund reporting should be used for any activity that is financed with *debt secured solely by net revenue* from its fees and charges to external users. Enterprise fund reporting is also required for any activity that operates under *laws or regulations* requiring that its costs of providing services, including capital costs (depreciation or debt service), be recovered with fees and charges. The final criterion—requiring enterprise fund reporting for any activity for which management establishes fees and charges, pursuant to its *pricing policies*, designed to recover its costs of providing services, including capital costs—is similar to the existing criterion. However, it adds an element of objectivity by basing the standard on established policies rather than management's intent. Further, this Statement makes clear that all criteria for required use of enterprise fund reporting should be applied only in the context of an activity's principal revenue sources. For example, paragraph 67a requires an activity to be reported as an enterprise fund if the activity is financed by debt secured solely by a pledge of the net revenue from fees and charges of the activity. To apply the principal revenue source test in relation to this criterion, a government should compare an activity's pledged revenues to its total revenues.

Special Revenue Funds

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" abandons the reserved and unreserved classifications of fund balance and replaces them with five new classifications: non-spendable, restricted, committed, assigned and unassigned. These classifications will indicate the level of constraints placed upon how resources can be spent and identify the sources of those constraints.

In addition, Statement No. 54 updates the definitions of governmental fund types, with the most significant changes related to special revenue funds. The nature of a special revenue fund is discussed at Paragraph 30:

30. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term *proceeds of specific revenue sources* establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. Those specific restricted or committed revenues may be initially received in another fund and subsequently distributed to a special revenue fund. Those amounts should not be recognized as revenue in the fund initially receiving them; however, those inflows should be recognized as revenue in the special revenue fund in which they will be expended in accordance with specified purposes. Special revenue funds should not be used to account for resources held in trust for individuals, private organizations, or other governments.

The terms “restricted” or “committed” are references to constraints placed on the use of the revenue source. For example, a fund balance is “restricted” when the constraints are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation.⁵ A “committed” fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. “Committed” amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action, such as legislation, resolution, or ordinance, that was employed to previously commit those amounts. A committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.⁶

In the past, special revenue funds were reported in instances where there was a specific spending purpose, but not necessarily a specific revenue source. The new definition of a special revenue fund means that local governments need to evaluate resources *received* to determine if they qualify for reporting in a special revenue fund. An activity may no longer be reported as a special revenue fund based only on management’s desire to account for it separately. For all major special revenue funds reported, local governments will need to disclose the purpose of the fund and the revenues and other resources reported in the funds in the notes to the financial statements.

Please note that the change in classifications of fund balance and special revenue fund reporting requirements detailed in Statement No. 54 does not require changes in the way a local government budgets and internally accounts for special revenue funds; and the Department has not changed the budget reporting forms to reflect the new classifications.

In addition, GASB Statement No. 54 states at Paragraph 31:

The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise *a substantial portion* of the inflows reported in the fund. Other resources (investment earnings and transfers from other funds, for example) also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund. Governments should discontinue reporting a special revenue fund, and instead report the fund’s remaining resources in the general fund, if the government no longer expects that a substantial portion of the inflows will derive from restricted or committed revenue sources.

Local governments may use the following calculation to determine whether an activity would qualify for reporting as a special revenue fund:

$$\text{Substantial portion of inflows} = \frac{(\text{restricted revenues} + \text{committed revenues})}{\text{Total Inflows reported in the fund}}$$

⁵ ¶34, GASB Statement No. 34 (June 1999), p. 16. See also ¶8, GASB Statement No. 8 (February 2009), p. 4.

⁶ ¶10, GASB Statement No. 10 (February 2009), p. 5.

In the calculation, restricted revenues are defined as resources externally restricted or having restrictions imposed by internal enabling legislation (same definition as restricted net assets used in government-wide reporting). The committed revenues are resources with constraints imposed by the highest level of the government, where the constraints can be removed only by a similar action of the same governing body. Total Inflows are defined as the inflows of all financial resources. Total inflows will include transfers and other financing sources such as debt issuances.⁷

“Substantial portion” of inflows is not defined in Statement No. 54, however, the Government Finance Officers Association has indicated “around 20 percent” is reasonable for justifying a special revenue fund; and it is a commonly used threshold. Local governments also need to consider factors such as past resource history, future resource expectations and unusual current year inflows such as debt proceeds.⁸

Example – Nevada General Improvement District

NRS 318.197 permits a governing board of a general improvement district to fix rates, tolls or charges other than special assessments, including but not limited to, service charges and standby service charges, for services or facilities furnished by the district. NRS 318.197 is permissive rather than mandatory in that the governing board “may” fix rates, tolls or charges to cover the costs of services or facilities furnished.

The board may “pledge the revenue for the payment of any indebtedness or special obligations of the district.” Such rates and tolls constitute a perpetual lien on and against the property served, and may be collected on the tax roll together with the county’s general taxes (NRS 318.201). In addition, NRS 318.225 grants the governing board the power and authority to levy ad valorem taxes. NRS 318.275 permits the district to borrow money and issue GO bonds, revenue bonds, and special assessment bonds. Revenue bonds issued for the purpose of acquiring or improving facilities appertaining to the basic purpose of the district must be made payable solely out of the net revenues for any and all of the income-producing facilities and services provided by the district (NRS 318.320). General obligation bonds and other general obligation securities payable from general property taxes may be additionally secured by a pledge of and lien on net revenues. (NRS 318.325).

Applying GASB Statement 34, ¶67(a-c) to the Nevada statutory framework for general improvement districts, since a general improvement district is not required to recover costs through rates, tolls, or charges under NRS 318.197, an enterprise fund is not required to be used. However, if the general improvement district’s activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, then it would be required to use the enterprise fund accounting. This would be the case if the district issued revenue bonds pursuant to NRS 318.320. If the district’s activity is financed with debt secured by both taxes and user fees, then it is not required to use the enterprise fund accounting, as would be the case under NRS 318.325 for GO bonds secured by taxes or a combination of taxes and fees. Finally, under ¶67(c), if the pricing policies of the district for the fees and charges are designed to recover its costs, including capital costs (such as depreciation or debt service), then the enterprise fund accounting must be used.

If the general improvement district did not meet the conditions requiring the use of enterprise fund accounting pursuant to GASB Statement No. 34, ¶67, then standard governmental fund reporting must

⁷ Washington State Auditor’s Office, “GASB Statement 54 – Focusing on Special Revenue Funds,” page 37, accessed 4-17-15 at <http://digitalarchives.wa.gov/WA.Media/do/BE1679E72F5484784D2834ACA64AE00E.pdf>

⁸ Ibid, p. 37 and New York Division of Local Government and School Accountability, “Fund Balance Reporting and Governmental Fund Type Definitions,” p. 5, accessed 4-17-15 at <https://osc.state.ny.us/localgov/pubs/releases/gasb54.pdf>

be used. If the general improvement district contemplated creating a major special revenue fund, then at least 20% of the total inflows reported in the fund must be restricted and/or committed to the purpose for which the fund was created. The restricted and committed revenue must be recognized as revenue of the special revenue fund rather than the general fund. Total inflows include restricted revenues, committed revenues, transfers in and any other financing sources.

.If you have any questions about this guidance letter, please call the Local Government Finance Section of the Division of Local Government Services, Department of Taxation at (775) 684-2100.

WEBSITE LOCATIONS:

Nevada Revised Statutes (NRS): <http://www.leg.state.nv.us/NRS/>

Nevada Administrative Code: <http://www.leg.state.nv.us/NAC/CHAPTERS.html>

Department of Taxation Guidance letters: <http://www.tax.state.nv.us>; then select "Publications;" then select Assessment Standards Publications and "Guidance letters."

CLGF Meeting April 30, 2015

Agenda Item 6:

Legislative Bills

ASSEMBLY BILL NO. 19—COMMITTEE
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE NEVADA LEAGUE OF
CITIES AND MUNICIPALITIES)

PREFILED DECEMBER 20, 2014

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing the timing of the adoption of tentative budgets by certain local governments. (BDR 31-456)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to local governments; revising provisions governing the day on which certain governing bodies must hold budget hearings on tentative budgets prepared by those governing bodies; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

1 Under existing law, certain local governmental entities which have the right to
2 levy or receive money from ad valorem or other taxes, or any mandatory
3 assessments, are required to prepare a tentative budget for the ensuing fiscal year.
4 Such a local governmental entity must submit the tentative budget to the
5 Department of Taxation and then give notice of a public hearing on the tentative
6 budget. Existing law requires that such a budget hearing must be held: (1) for
7 county budgets, on the third Monday in May; (2) for city budgets, on the third
8 Tuesday in May; (3) for school districts, on the third Wednesday in May; and (4)
9 for all other local governments, on the third Thursday in May or the Friday
10 immediately succeeding the third Thursday in May. (NRS 354.596) This bill
11 eliminates the requirement that the budget hearing be held on those specified days
12 and instead requires that the budget hearing be held not sooner than the third
13 Monday in May and not later than the last day in May.



* A B 1 9 R 1 *

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 354.596 is hereby amended to read as follows:
2 354.596 1. The officer charged by law shall prepare, or the
3 governing body shall cause to be prepared, on appropriate forms
4 prescribed by the Department of Taxation for the use of local
5 governments, a tentative budget for the ensuing fiscal year. The
6 tentative budget for the following fiscal year must be submitted to
7 the county auditor and filed for public record and inspection in the
8 office of:
9 (a) The clerk or secretary of the governing body; and
10 (b) The county clerk.
11 2. On or before April 15, a copy of the tentative budget must
12 be submitted:
13 (a) To the Department of Taxation; and
14 (b) In the case of school districts, to the Department of
15 Education.
16 3. At the time of filing the tentative budget, the governing body
17 shall give notice of the time and place of a public hearing on the
18 tentative budget and shall cause a notice of the hearing to be
19 published once in a newspaper of general circulation within the area
20 of the local government not more than 14 nor less than 7 days before
21 the date set for the hearing. The notice of public hearing must state:
22 (a) The time and place of the public hearing.
23 (b) That a tentative budget has been prepared in such detail and
24 on appropriate forms as prescribed by the Department of Taxation.
25 (c) The places where copies of the tentative budget are on file
26 and available for public inspection.
27 4. ~~{Budget hearings}~~ *The public hearing on the tentative*
28 *budget* must be held ~~[-~~
29 ~~—(a) For county budgets, on] by the governing body not sooner~~
30 ~~than~~ the third Monday in May ~~[-~~
31 ~~—(b) For cities, on the third Tuesday in May;~~
32 ~~—(c) For school districts, on the third Wednesday in May; and~~
33 ~~—(d) For all other local governments, on the third Thursday in~~
34 ~~May or the Friday immediately succeeding the third Thursday in~~
35 ~~May,~~
36 ~~→ except that the board of county commissioners may consolidate~~
37 ~~the hearing on all local government budgets administered by the~~
38 ~~board of county commissioners with the county budget hearing.]~~
39 *and not later than the last day in May.*
40 5. The Department of Taxation shall examine the submitted
41 documents for compliance with law and with appropriate
42 regulations and shall submit to the governing body at least 3 days



* A B 1 9 R 1 *

1 before the public hearing a written certificate of compliance or a
2 written notice of lack of compliance. The written notice must
3 indicate the manner in which the submitted documents fail to
4 comply with law or appropriate regulations.

5 6. Whenever the governing body receives from the Department
6 of Taxation a notice of lack of compliance, the governing body shall
7 forthwith proceed to amend the tentative budget to effect
8 compliance with the law and with the appropriate regulation.

9 **Sec. 2.** This act becomes effective upon passage and approval.

③⑩



* A B 1 9 R 1 *

ASSEMBLY BILL NO. 54—COMMITTEE
ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE DEPARTMENT OF TAXATION)

PREFILED DECEMBER 20, 2014

Referred to Committee on Government Affairs

SUMMARY—Revises provisions relating to local governments existing in a severe financial emergency. (BDR 31-308)

FISCAL NOTE: Effect on Local Government: Increases or Newly Provides for Term of Imprisonment in County or City Jail or Detention Facility.
Effect on the State: Yes.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to local financial administration; revising provisions governing the operation of the Committee on Local Government Finance; revising provisions relating to the management of a local government existing in a severe financial emergency; providing a penalty; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law establishes the procedures by which certain local governments existing in a severe financial emergency may receive technical financial and other assistance from the Department of Taxation and the Committee on Local Government Finance. Existing law also requires the Nevada Tax Commission, upon determining that a local government exists in a severe financial emergency, to require by order that: (1) the Department take over the management of the local government until the severe financial emergency ceases to exist; (2) the local government increase or impose new taxes to meet the revenue requirements of the local government; and (3) under certain circumstances, a question be submitted to the electors of the local government as to whether the local government should be disincorporated or dissolved. Existing law further provides for the cessation of the management of a local government by order of the Commission under certain circumstances. (NRS 354.105, 354.655-354.725) **Section 1** of this bill revises provisions providing for the operation of the Committee on Local Government Finance. **Sections 4 and 5** of this bill generally provide for the withholding of certain payments to which a local government may otherwise be entitled for failing



to file certain financial reports or to make certain payments to the Public Employees' Benefits Program. **Section 6** of this bill requires the Department, upon making a determination that certain financial conditions exist in a local government and after giving consideration to the severity of each such condition, to place the local government under a program of monitoring. **Section 7** of this bill establishes the process by which the Committee and the Commission determine that a local government exists in a severe financial emergency and requires the Commission, upon making such a determination, to order the local government to follow a remedial course of action. **Section 8** of this bill revises the duties of the Department upon taking over the management of a local government found to exist in a severe financial emergency, including requiring the Department to: (1) negotiate and approve employment contracts of the local government; (2) open and renegotiate, or assist the local government in renegotiating, existing collective bargaining agreements and employment contracts; and (3) meet and negotiate in good faith with creditors of the local government. **Section 9** of this bill provides for the creation and adoption by the Commission of a remedial plan of action to increase the revenues and reduce the expenditures of the local government. The plan may provide for the imposition of additional taxes by the local government, which taxes, pursuant to **section 15** of this bill, are not subject to certain abatements and other limitations. **Section 9** further requires the Department to prepare and submit to the Legislature a report relating to local governments existing in a severe financial emergency. **Section 11** of this bill authorizes the distribution of money in the Severe Financial Emergency Fund to a local government as a loan for the purpose of discharging the general obligations of the local government. **Section 11** further extends the period within which a local government may repay certain interest-free loans distributed by the Executive Director of the Department to the local government from the Fund. **Section 12** of this bill authorizes the Commission to require a local government that is found to exist in a severe financial emergency to take remedial action in accordance with the recommendations of the Committee. **Section 13** of this bill prohibits the Commission from terminating or modifying the management of a local government by the Department without first obtaining a recommendation from the Committee.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 354.105 is hereby amended to read as follows:
354.105 1. The Committee on Local Government Finance, consisting of 11 members, is hereby created.

2. The following associations shall each appoint three members to serve on the Committee:

- (a) Nevada League of Cities;
- (b) Nevada Association of County Commissioners; and
- (c) Nevada ~~[School Trustees]~~ Association ~~[]~~ of *School Boards*.

3. The Nevada State Board of Accountancy shall appoint two members to serve on the Committee.

4. Each appointment must be for a term of 3 years ~~[]~~ , and *each member appointed may be reappointed to additional terms.*



1 5. ~~[All vacancies]~~ *A vacancy* must be filled as soon as
2 practicable by the appointing authority of the person who vacated
3 the seat.

4 6. If any of the associations listed in subsection 2 cease to
5 exist, the appointments required by subsection 2 must be made by
6 the association's successor in interest or, if there is no successor in
7 interest, one each by the other appointing authorities.

8 7. *The members of the Committee shall elect by majority vote*
9 *a member as Chair and another member as Vice Chair, who shall*
10 *serve for terms of 3 years or until their successors are elected.*

11 8. *The Committee shall meet not less than twice per year and*
12 *may meet at other times upon the call of the Chair or a majority of*
13 *the members of the Committee.*

14 9. *A majority of the members of the Committee constitutes a*
15 *quorum, and a quorum may exercise all the power and authority*
16 *conferred on the Committee.*

17 10. *Members of the Committee serve without compensation,*
18 *except that for each day or portion of a day during which a*
19 *member of the Committee attends a meeting of the Committee or is*
20 *otherwise engaged in the business of the Committee, the member*
21 *is entitled to receive the per diem allowance and travel expenses*
22 *provided for state officers and employees generally.*

23 11. *The Department of Taxation shall provide administrative*
24 *support to the Committee.*

25 **Sec. 2.** NRS 354.655 is hereby amended to read as follows:
26 354.655 As used in NRS 354.655 to 354.725, inclusive, unless
27 the context requires otherwise:

28 1. *"Basic function" means an activity of a local government*
29 *for the purpose of accomplishing a primary service or function of*
30 *the local government, including, without limitation, those services*
31 *and functions relating to general governance, public safety, public*
32 *works, public health, public welfare and judicial services or*
33 *functions for which the local government is responsible.*

34 2. *"Commission" means the Nevada Tax Commission.*

35 3. *"Committee" means the Committee on Local Government*
36 *Finance.*

37 ~~[2.]~~ 4. *"Department" means the Department of Taxation.*

38 ~~[3.]~~ 5. *"Executive Director" means the Executive Director of*
39 *the Department .* ~~[of Taxation.]~~

40 ~~—4.]~~ 6. *"Fiscal watch" means the monitoring of a local*
41 *government pursuant to a notice issued pursuant to subsection 1*
42 *of NRS 354.675.*

43 7. *"Holder" includes, without limitation, any owner or other*
44 *person described in NRS 350.530, a trustee, guarantor, insurer*
45 *and credit enhancer, and a bank that issues a letter of credit.*



8. "Local government" means any local government subject to the provisions of the Local Government Budget and Finance Act.

~~[5. The]~~

9. *"Technical financial assistance" means assistance provided by the Department to a local government, including, without limitation, assistance with developing budgets, reviewing contracts, analyzing cost allocations, debt management, feasibility analyses and revenue forecasting.*

10. The words and terms defined in the Local Government Budget and Finance Act have the meanings ascribed to them in that act.

Sec. 3. NRS 354.657 is hereby amended to read as follows:

354.657 1. The purpose of NRS 354.655 to 354.725, inclusive, is to ~~[provide specific methods for the treatment of delinquent documents, payments, technical financial assistance and]~~ :

(a) *Restore and maintain the financial solvency of any local government in financial distress;*

(b) *Provide basic functions for which a local government in financial distress is responsible; and*

(c) *Provide a tiered program of financial oversight and assistance by the State based on the existing financial conditions of a local government, including, without limitation, placing the local government on fiscal watch, providing technical financial assistance to the local government and assisting the local government if it is found to exist in a state of severe financial emergency.*

2. To accomplish the purpose set forth in subsection 1, the provisions of NRS 354.655 to 354.725, inclusive, must be broadly and liberally construed.

Sec. 4. NRS 354.665 is hereby amended to read as follows:

354.665 1. If a local government does not file a statement, report or other document as required by the provisions of NRS 350.013, **354.5945**, 354.6015, 354.6025, 354.624, 354.6245 or 387.303 within 15 days after the day on which it was due, the Executive Director shall notify the governing body of the local government in writing that the report is delinquent. The notification must be noted in the minutes of the first meeting of the governing body following transmittal of the notification.

2. If the required report is not received by the Department within 45 days after the day on which the report was due, the Executive Director shall notify the governing body that the presence of a representative of the governing body is required at the next practicable scheduled meeting of the Committee to explain the reason that the report has not been filed. The notice must be



transmitted to the governing body ~~at least~~ *not less than* 5 days before the date on which the meeting will be held.

3. If an explanation satisfactory to the Committee is not provided at the meeting as requested in the notice and an arrangement is not made for the submission of the report, the Committee may instruct the Executive Director to request that the State Treasurer withhold from the local government the next distribution from the Local Government Tax Distribution Account, if the local government is otherwise entitled to receive such a distribution, ~~or~~ the local school support tax if the local government is a school district ~~or~~ *or any other property taxes, taxes on the net proceeds of minerals or grants to which the local government may otherwise be entitled as a distribution from the State.* Upon receipt of such a request, the State Treasurer shall withhold the payment and all future payments until the State Treasurer is notified by the Executive Director that the report has been received by the Department ~~or~~, *except that the State Treasurer shall not withhold any payment necessary for the local government to make a timely payment that is due and owing to a holder.*

Sec. 5. NRS 354.671 is hereby amended to read as follows:

354.671 1. Upon receipt of notification by the Board of the Public Employees' Benefits Program pursuant to NRS 287.0434 that a local government is delinquent by more than 90 days on an amount due to the Public Employees' Benefits Program pursuant to paragraph (b) of subsection 4 of NRS 287.023, the Executive Director shall notify the governing body that the presence of a representative of the governing body is required at the next practicable scheduled meeting of the Committee to explain the reason that the payment has not been made. The notice must be transmitted to the governing body at least 5 days before the date on which the meeting will be held.

2. If an explanation satisfactory to the Committee is not provided at the meeting as requested in the notice and an arrangement is not made for the submission of the payment, the Committee may instruct the Executive Director to request that the State Treasurer withhold from the local government an amount equal to the amount of the delinquent payment from the next distribution from the Local Government Tax Distribution Account, if the local government is otherwise entitled to receive such a distribution, ~~or~~ the local school support tax if the local government is a school district ~~or~~ *or any other property taxes, taxes on the net proceeds of minerals or grants to which the local government may otherwise be entitled as a distribution from the State.* Upon receipt of such a request, the State Treasurer shall



1 withhold that amount from the payment or any future payment as
2 necessary until the State Treasurer is notified by the Executive
3 Director that the delinquent payment has been received by the
4 Department ~~[H]~~, *except that the State Treasurer shall not withhold*
5 *any payment necessary for the local government to make a timely*
6 *payment that is due and owing to a holder.* The Department shall
7 transmit the delinquent payment to the Public Employees' Benefits
8 Program upon receipt.

9 **Sec. 6.** NRS 354.675 is hereby amended to read as follows:

10 354.675 1. ~~[A governing body which determines that the~~
11 ~~local government is in need of technical financial assistance may~~
12 ~~adopt a resolution requesting an appearance before the Nevada Tax~~
13 ~~Commission to request technical financial assistance from the~~
14 ~~Department.]~~ *If the Department determines that one or more of the*
15 *conditions identified in paragraphs (a) to (aa), inclusive, of*
16 *subsection 2 of NRS 354.685 exist in a local government, and after*
17 *giving consideration to the severity of each such condition, the*
18 *Department shall provide written notice to the local government,*
19 *the Commission and the Committee that the local government has*
20 *been placed on fiscal watch by the Department. The Department*
21 *shall not remove a local government from fiscal watch until the*
22 *Executive Director determines that such conditions no longer exist*
23 *or the Executive Director submits a recommendation to the*
24 *Committee pursuant to subsection 2 of NRS 354.685.*

25 2. *If a local government is placed on fiscal watch pursuant to*
26 *subsection 1, the governing body of the local government may*
27 *adopt a resolution requesting the Commission to order the*
28 *Department, in consultation with the local government and the*
29 *Committee, to provide appropriate technical financial assistance to*
30 *the local government.*

31 3. Upon receipt of a resolution adopted pursuant to subsection
32 ~~[H]~~ 2, the Nevada Tax Commission shall place the request for
33 technical financial assistance on the agenda for the next practicable
34 scheduled meeting of the Commission and notify the governing
35 body of the local government of the time and place at which one or
36 more representatives of the local government must appear to present
37 the request.

38 ~~[H]~~ 4. After hearing the request for technical financial
39 assistance ~~[H]~~ *and any recommendations of the Committee,* if the
40 Nevada Tax Commission finds that the local government is in need
41 of technical financial assistance, ~~[H]~~ *the Commission* shall order the
42 Department to provide the assistance. The order must include such
43 terms and conditions as the Commission deems appropriate and may
44 include a schedule or rate of payment for the services of the
45 Department.



~~[4-]~~ 5. If the governing body adopts a resolution accepting the terms and conditions established pursuant to subsection ~~[3-]~~ 4, the Department shall provide such technical financial assistance to the local government as the Department deems necessary and appropriate.

~~[5-]~~ 6. The Department may request *from the Committee* any assistance it deems appropriate to carry out the provisions of this section. ~~[from the Committee.]~~

~~—6-]~~ 7. The Department shall continue to provide assistance to the local government pursuant to this section until the Nevada Tax Commission ~~[adopts]~~ *issues* an order requiring the Department to cease providing the assistance. The Nevada Tax Commission may ~~[adopt]~~ *issue* such an order upon its own motion, ~~[or]~~ upon receipt of a *request for such an order from the Department or the Committee, or upon receipt of a* resolution adopted by the governing body requesting such an order.

~~[7-]~~ 8. If no payment for the services of the Department is required by the order or such payments are not sufficient to pay the costs of providing the technical financial assistance required pursuant to this section, the Department may request an allocation by the Interim Finance Committee from the Contingency Account pursuant to NRS 353.266, 353.268 and 353.269 to pay the costs of providing the technical financial assistance required pursuant to this section.

Sec. 7. NRS 354.685 is hereby amended to read as follows:

354.685 1. ~~[H]~~ *The Committee may, upon the recommendation of the Executive Director pursuant to subsection 2 or at the request of a local government pursuant to subsection 3, conduct one or more hearings to determine whether a severe financial emergency exists in a local government.*

2. *The Executive Director may, after giving consideration to the severity of each condition identified in paragraphs (a) to (aa), inclusive, which is found to exist in a local government, recommend that the Committee conduct one or more hearings to determine whether a severe financial emergency exists in a local government if the Department finds that one or more of the following conditions exist in ~~[any]~~ the local government : ~~[, after giving consideration to the severity of the condition, it may determine that one or more hearings should be conducted to determine the extent of the problem and to determine whether a recommendation of severe financial emergency should be made to the Nevada Tax Commission:]~~*

(a) Required financial reports have not been filed or are consistently late.



1 (b) The audit report reflects the unlawful expenditure of money
2 in excess of the amount appropriated in violation of the provisions
3 of NRS 354.626.

4 (c) The audit report shows funds with deficit fund balances.

5 (d) The local government has incurred debt beyond its ability to
6 repay.

7 (e) The local government has not corrected violations of statutes
8 or regulations adopted pursuant thereto as noted in the audit report.

9 (f) The local government has serious internal control problems
10 noted in the audit report which have not been corrected.

11 (g) The local government has a record of being late in its
12 payments for services and supplies.

13 (h) The local government has had insufficient cash to meet
14 required payroll payments in a timely manner.

15 (i) The local government has borrowed money or entered into
16 long-term lease arrangements without following the provisions of
17 NRS or regulations adopted pursuant thereto.

18 (j) The governing body of the local government has failed to
19 correct problems after it has been notified of such problems by the
20 Department.

21 (k) The local government has not separately accounted for its
22 individual funds as required by chapter 354 of NRS.

23 (l) The local government has invested its money in financial
24 instruments in violation of the provisions of chapter 355 of NRS.

25 (m) The local government is in violation of any covenant in
26 connection with any debt issued by the local government.

27 (n) The local government has not made bond and lease
28 payments in accordance with the approved payment schedule.

29 (o) The local government has failed to control its assets such
30 that large defalcations have occurred which have impaired the
31 financial condition of the local government.

32 (p) The local government has recognized sizeable losses as a
33 result of the imprudent investment of money.

34 (q) The local government has allowed its accounting system and
35 recording of transactions to deteriorate to such an extent that it is not
36 possible to measure accurately the results of operations or to
37 ascertain the financial position of the local government without a
38 reconstruction of transactions.

39 (r) The local government has consistently issued checks not
40 covered by adequate deposits.

41 (s) The local government has loaned and borrowed money
42 between funds without following the proper procedures.

43 (t) The local government has expended money in violation of
44 the provisions governing the expenditure of that money.



(u) Money restricted for any specific use has been expended in violation of the terms and provisions relating to the receipt and expenditure of that money.

(v) Money has been withheld in accordance with the provisions of NRS 354.665.

(w) If the local government is a school district, a loan has been made from the State Permanent School Fund to the school district pursuant to NRS 387.526.

(x) An employer in the county that accounts for more than 15 percent of the employment in the county has closed or significantly reduced operations.

(y) The local government has experienced a cumulative decline of 10 percent in population or assessed valuation for the past 2 years.

(z) The ending balance in the general fund of the local government has declined for the past 2 years ~~[-]~~ *or is less than 4 percent of the actual expenditures from the general fund of the local government for the immediately preceding fiscal year.*

(aa) The local government has failed to pay, in a timely manner, contributions to the Public Employees' Retirement System, workers' compensation or payroll taxes or fails to pay, at any time, a payment required pursuant to the Federal Insurance Contributions Act ~~[-]~~.

~~—2.]~~ *, 26 U.S.C. §§ 3101 et seq., or the Federal Unemployment Tax Act, 26 U.S.C. §§ 3301 et seq.*

3. If the governing body of a local government determines by the affirmative vote of a majority of its members that, because the local government is involved in litigation or threatened litigation, a severe financial emergency will exist in the local government, the governing body may submit a request to the Committee to conduct a hearing to determine whether a severe financial emergency exists in the local government.

4. If the ~~[-Department]~~ Committee conducts a hearing pursuant to subsection 2 or 3 and determines that a ~~[-condition listed in subsection 1-]~~ severe financial emergency exists, the Department, on behalf of the Committee, shall:

(a) Notify the local government about the determination;

(b) Request from the local government any information that the Department deems to be appropriate to determine the extent of the condition; and

(c) Require the local government to formulate a plan of corrective action to mitigate the possible financial emergency.

~~[-3.—Within]~~

5. Not later than 45 days after receiving notification pursuant to subsection ~~[-2-]~~ 4, a local government shall submit to the



Committee any information requested by the Department and a plan of corrective action.

~~[4. The]~~

6. If the Committee determines that a severe financial emergency exists pursuant to subsection 4, the Committee shall:

(a) Review ~~[a]~~ *the* plan of corrective action submitted by a local government ~~[.]~~ *pursuant to paragraph (c) of subsection 4;*

(b) Provide observations and recommendations for the local government; and

(c) If the Committee deems necessary, periodically review the status of *and conduct additional hearings to review* the financial operations of the local government.

~~[5. The Department shall report the observations and recommendations of the Committee to the Nevada Tax Commission. —6.]~~

7. In addition to any notice otherwise required, the Department shall give notice of any hearing held pursuant to [subsection 1] this section to the governing body of each local government whose jurisdiction overlaps with , or in the case of a city, whose jurisdiction is contiguous to, the jurisdiction of the local government whose financial condition will be considered at least 10 days before the date on which the hearing will be held.

~~[7.]~~ *8. If the [Department,] Committee, following [the] a hearing [or hearings,] conducted pursuant to this section, determines that a [recommendation of] severe financial emergency [should be made to the Nevada Tax Commission, it] exists in a local government, the Committee shall , [make such a recommendation] as soon as practicable [- Upon receipt of such a recommendation, the Nevada Tax] , provide notice of its findings, including any recommendations of the Committee, to the Commission.*

9. The Commission shall , upon receiving a notice and any recommendations from the Committee pursuant to subsection 8, hold a hearing at which the Department [.] and the Committee must recommend a course of action to mitigate the financial conditions that are the cause of the severe financial emergency which exists in the local government. The Commission shall afford the local government whose financial condition will be considered and each local government whose jurisdiction overlaps with , or in the case of a city, whose jurisdiction is contiguous to, the jurisdiction of the local government whose financial condition will be considered [are afforded] an opportunity to be heard. If, after the hearing, the Nevada Tax Commission determines that a severe financial emergency exists, [it] the Commission shall [require by] issue an order [that] requiring the local government to follow a remedial



1 *course of action and requiring* the Department *to* take over the
2 management of the local government as soon as practicable.

3 ~~[8. As used in this section, "Federal Insurance Contributions~~
4 ~~Act" means subchapter A of chapter 9 of the Internal Revenue Code~~
5 ~~of 1939 and subchapters A and B of chapter 21 of the Internal~~
6 ~~Revenue Code of 1954, as such codes have been and may from time~~
7 ~~to time be amended.]~~

8 **Sec. 8.** NRS 354.695 is hereby amended to read as follows:

9 354.695 1. As soon as practicable after taking over the
10 management of a local government, the Department shall, with the
11 approval of the Committee:

12 (a) Establish and implement a management policy and a
13 financing plan for the local government;

14 (b) Provide for the appointment of a financial manager for the
15 local government who is qualified to manage the fiscal affairs of the
16 local government;

17 (c) Provide for the appointment of any other persons necessary
18 to enable the local government to provide the basic services for
19 which it was created in the most economical and efficient manner
20 possible;

21 (d) Establish an accounting system and separate accounts in a
22 bank or credit union, if necessary, to receive and expend all money
23 and assets of the local government;

24 (e) Impose such hiring restrictions as deemed necessary ; ~~[after~~
25 ~~considering the recommendations of the financial manager;]~~

26 (f) Negotiate and approve all contracts entered into by or on
27 behalf of the local government before execution and enter into such
28 contracts on behalf of the local government as the Department
29 deems necessary;

30 (g) Negotiate and approve *all* collective bargaining contracts
31 *and other employment contracts* to be entered into by the local
32 government *with an employee organization or any employee* ,
33 except *that the Department shall not negotiate or approve* issues
34 submitted to a fact finder whose findings and recommendations are
35 final and binding pursuant to the provisions of the Local
36 Government Employee-Management Relations Act;

37 (h) *If the Committee made a recommendation to the*
38 *Commission that a severe financial emergency exists in the local*
39 *government based upon the existence of one or more conditions*
40 *described in paragraph (c), (d), (g), (h), (n) to (p), inclusive, (r) or*
41 *(aa) of subsection 2 of NRS 354.685:*

42 (1) *Open and renegotiate in good faith, or assist the local*
43 *government in renegotiating, any existing collective bargaining*
44 *agreement or other employment contract relating to compensation*



1 *or monetary benefits during the period of severe financial*
2 *emergency; and*

3 (2) *Assume all rights, duties and powers pursuant to NRS*
4 *288.150 that are otherwise reserved to the local government*
5 *during a period of severe financial emergency;*

6 (i) Approve all expenditures of money from any fund or account
7 and all transfers of money from one fund to another;

8 ~~[(j)]~~ (j) Employ such technicians as are necessary for the
9 improvement of the financial condition of the local government;

10 ~~[(k)]~~ (k) Meet with *any holders and* the creditors of the local
11 government *to negotiate in good faith* and formulate a debt
12 liquidation program ~~[(l)]~~ *that may include, without limitation, the*
13 *adjustment of bonded indebtedness by the exchange of existing*
14 *bonds for new bonds with a later maturity date and a different*
15 *interest rate;*

16 ~~[(l)]~~ (l) If the Department has taken over the management of a
17 local government because the local government is involved in
18 litigation or threatened litigation, carry out the duties ~~[(m)]~~ *[set forth in*
19 *NRS 354.701, if the provisions of that section are applicable;]* *of the*
20 *Department pursuant to subsection 2 of NRS 31.010;*

21 ~~[(m)]~~ (m) Approve the issuance of bonds or other forms of
22 indebtedness by the local government;

23 ~~[(n)]~~ (n) Discharge any of the outstanding debts and
24 obligations of the local government; and

25 ~~[(o)]~~ (o) Take any other actions necessary to ensure that the
26 local government provides the basic ~~[(p)]~~ *[services]* *functions* for which
27 it was created in the most economical and efficient manner possible.

28 2. The Department may provide for reimbursement from the
29 local government for the expenses the Department incurs in
30 managing the local government. If such reimbursement is not
31 possible, the Department may request an allocation by the Interim
32 Finance Committee from the Contingency Account pursuant to NRS
33 353.266, 353.268 and 353.269.

34 3. The governing body of a local government which is being
35 managed by the Department pursuant to this section may make
36 recommendations to the Department or the financial manager
37 concerning the management of the local government.

38 4. Each state agency, board, department, commission,
39 committee or other entity of the State shall provide such technical
40 *financial* assistance concerning the management of the local
41 government as is requested by the Department.

42 5. The Department may delegate any of the powers and duties
43 imposed by this section to the financial manager appointed pursuant
44 to paragraph (b) of subsection 1.



~~[6.] A financial manager acting within the scope of his or her delegation pursuant to this subsection is responsible only to the Department for his or her actions.~~

6. Except as otherwise provided in NRS 354.723 and 450.760, once the Department has taken over the management of a local government pursuant to the provisions of subsection 1, that management may only be terminated pursuant to NRS 354.725.

Sec. 9. NRS 354.705 is hereby amended to read as follows:

354.705 1. As soon as practicable after the Department takes over the management of a local government, the Executive Director shall ~~[.]~~ *prepare a plan of revenue enhancement and expense mitigation, for consideration by the Committee, that will lead to sustainable financial stability for the local government. In preparing the plan, the Executive Director shall:*

(a) Determine the total amount of expenditures necessary to allow the local government to perform the basic functions for which it was created ~~[.]~~ *, with priority given to public safety and the maintenance of roads and highways;*

(b) Determine the amount of revenue reasonably expected to be available to the local government; and

(c) Consider any alternative sources of revenue available to the local government.

2. ~~[If the]~~ *The Executive Director shall submit the plan prepared pursuant to subsection 1 to the Committee. If the Committee determines that the available revenue of the local government is not sufficient to provide for the payment of required debt service and operating expenses [.] pursuant to the [Executive Director may submit his or her findings to] plan, the Committee [who shall review the determinations made by the Executive Director. If the Committee determines that additional revenue is needed, it shall prepare] shall submit a [recommendation] revised plan to the [Nevada Tax] Commission as to which one or more of the following additional taxes or charges should be imposed by the local government:*

(a) The levy of a property tax up to a rate which when combined with all other overlapping rates levied in the State does not exceed \$4.50 on each \$100 of assessed valuation.

(b) An additional tax on transient lodging at a rate not to exceed 1 percent of the gross receipts from the rental of transient lodging within the boundaries of the local government upon all persons in the business of providing lodging. Any such tax must be collected and administered in the same manner as all other taxes on transient lodging are collected by or for the local government.

(c) Additional service charges appropriate to the local government.



(d) If the local government is a county or has boundaries that are conterminous with the boundaries of the county:

(1) An additional tax on the gross receipts from the sale or use of tangible personal property not to exceed one-quarter of 1 percent throughout the county. The ordinance imposing any such tax must:

(I) Include provisions in substance which comply with the requirements of subsections 2 to 5, inclusive, of NRS 377A.030. The ordinance shall be deemed to require the remittance of the tax to the Department and the distribution of the tax to the local government in the same manner as that provided in NRS 377A.050.

(II) Specify the date on which the tax must first be imposed or on which a change in the rate of the tax becomes effective, which must be the first day of the first calendar quarter that begins at least 120 days after the effective date of the ordinance.

(2) An additional governmental services tax of not more than 1 cent on each \$1 of valuation of the vehicle for the privilege of operating upon the public streets, roads and highways of the county on each vehicle based in the county except those vehicles exempt from the governmental services tax imposed pursuant to chapter 371 of NRS or a vehicle subject to NRS 706.011 to 706.861, inclusive, which is engaged in interstate or intercounty operations. As used in this subparagraph, "based" has the meaning ascribed to it in NRS 482.011.

3. Upon receipt of the plan from the Committee, a panel consisting of three members of the Nevada Tax Commission appointed by the Nevada Tax Commission and three members of the Committee appointed by the Committee shall hold a public hearing at a location within the boundaries of the local government in which the severe financial emergency exists after giving public notice of the hearing at least 10 days before the date on which the hearing will be held. In addition to the public notice, the panel shall give notice to the governing body of each local government whose jurisdiction overlaps with , *or in the case of a city, whose jurisdiction is contiguous to*, the jurisdiction of the local government in which the severe financial emergency exists.

4. After the public hearing conducted pursuant to subsection 3, the Nevada Tax Commission may adopt the plan as submitted or adopt a revised plan. *If the Commission adopts a revised plan, the revised plan must be approved by the members of the Committee serving on the panel described in subsection 3.* Any plan adopted pursuant to this section must include the duration for which any new or increased taxes or charges may be collected which must not exceed 5 years.



5. Upon adoption of the plan by the Nevada Tax Commission, the local government in which the severe financial emergency exists shall impose or cause to be imposed the additional taxes and charges included in the plan for the duration stated in the plan or until the severe financial emergency has been determined by the ~~Nevada Tax Commission~~ *Committee* to have ceased to exist. *Any levy of additional property tax applies to all taxpayers, regardless of whether the taxes previously imposed have been partially or fully paid pursuant to NRS 361.483.*

6. The allowed revenue from taxes ad valorem determined pursuant to NRS 354.59811 does not apply to any additional property tax levied pursuant to this section.

7. If a plan fails to satisfy the expenses of the local government to the extent expected, the Committee shall report such failure to:

(a) The county for consideration of absorption of services; or

(b) If the local government is a county, to the next regular session of the Legislature.

8. *For any local government that is found to exist in a severe financial emergency, the Department shall:*

(a) *Prepare a report regarding the financial condition of the local government not less frequently than once every 6 months until the severe financial emergency ceases; and*

(b) *Not later than 10 days after preparing a report pursuant to paragraph (a), submit the report to the Director of the Legislative Counsel Bureau for transmittal to the Legislature, if the Legislature is in session, or to the Legislative Commission, if the Legislature is not in session.*

Sec. 10. NRS 354.715 is hereby amended to read as follows:

354.715 1. If a local government *or any officer or employee of the local government* fails to comply with any request made by the Department pursuant to NRS 354.695, the Department may apply to the district court to compel compliance.

2. *In any proceeding brought pursuant to subsection 1, the Department may seek a declaration by the district court that the failure to comply with the request of the Department was willful. A willful failure to comply by any:*

(a) *Officer of the local government works a forfeiture of his or her office.*

(b) *Employee of the local government is grounds for dismissal from his or her employment.*

3. *Any officer or employee of the local government who willfully fails to comply with any request made by the Department pursuant to NRS 354.695 is guilty of a gross misdemeanor.*



Sec. 11. NRS 354.721 is hereby amended to read as follows:

354.721 1. The Severe Financial Emergency Fund is hereby created in the State Treasury as a revolving fund. The Executive Director shall administer the Fund.

2. The money in the Fund must be invested as other state funds are invested. Any interest and income earned on the money in the Fund must, after deducting any applicable charges, be credited to the Fund.

3. Money in the Severe Financial Emergency Fund may be:

(a) Distributed by the Executive Director as a loan to a local government for the purpose of paying the operating expenses *and general obligations* of the local government until the local government receives revenues if:

(1) The Department takes over the management of a local government pursuant to NRS 354.685 to 354.725, inclusive;

(2) The Executive Director determines that a loan from the Severe Financial Emergency Fund is necessary to pay the operating expenses *and general obligations* of the local government; and

(3) The local government adopts a resolution in which the local government agrees to:

(I) Use the money only for the purpose of paying the operating expenses *and general obligations* of the local government until the local government receives revenues; and

(II) Repay the entire amount of the loan, without any interest, to the Severe Financial Emergency Fund as soon as practicable, but not later than ~~H2J~~ 24 months after the date on which the resolution is adopted.

(b) Used for any other purpose authorized by the Legislature.

4. A loan approved by the Executive Director must be repaid as soon as practicable by the local government, but the duration of the loan must not exceed ~~H2J~~ 24 months after the date on which the loan was made. The Executive Director shall not charge interest on a loan made pursuant to this section.

5. The Executive Director shall report to the Committee on Local Government Finance and to the Nevada Tax Commission as soon as practicable after the date that the loan is approved concerning:

(a) The status of the loan;

(b) The purposes for which the local government will use the money from the loan; and

(c) The resources that the local government will use to repay the loan.

Sec. 12. NRS 354.723 is hereby amended to read as follows:

354.723 1. If the Executive Director determines that a severe financial emergency which exists in a local government under



1 management by the Department is unlikely to cease to exist within 3
2 years, the Executive Director shall determine:

3 (a) The amount any tax or mandatory assessment levied by the
4 local government must be raised to ensure a balanced budget for the
5 local government; and

6 (b) The manner in which the services provided by the local
7 government must be limited to ensure a balanced budget for the
8 local government,

9 ➔ and submit his or her findings to the Committee.

10 2. The Committee shall review the findings submitted by the
11 Executive Director pursuant to subsection 1. If the Committee
12 determines that the severe financial emergency which exists in the
13 local government is unlikely to cease to exist within 3 years and that
14 the findings made by the Executive Director are appropriate,
15 the Committee shall submit its recommendation *and findings* to the
16 Nevada Tax Commission. If the Committee determines that the
17 financial emergency is likely to cease to exist within 3 years, that
18 decision is not subject to review by the Nevada Tax Commission.

19 3. The Nevada Tax Commission shall schedule a public
20 hearing ~~[within]~~ *not later than* 30 days after the Committee submits
21 its recommendation ~~[]~~ *and findings*. The Nevada Tax Commission
22 shall provide public notice of the hearing at least 10 days before the
23 date on which the hearing will be held. The Executive Director shall
24 provide copies of all documents relevant to the recommendation *and*
25 *findings* of the Committee to the governing body of the local
26 government *existing* in *a* severe financial emergency.

27 4. If, after the public hearing, the Nevada Tax Commission
28 ~~[determines that]~~ *adopts* the recommendation *and findings* of the
29 Committee ~~[is appropriate,]~~ *the Commission may:*

30 (a) *Require the submission of* a question ~~[must be submitted]~~ to
31 the electors of the local government at the next primary or general
32 municipal election or primary or general state election, as
33 applicable, asking whether the local government should be
34 reincorporated or dissolved ~~[]~~ *; or*

35 (b) *Require the local government to take any other remedial*
36 *action in accordance with the recommendation and findings of the*
37 *Committee.*

38 5. If the electors of the local government do not approve the
39 reincorporation or dissolution of the local government:

40 (a) The maximum ad valorem tax levied within the local
41 government, if any, must be raised to \$5 on each \$100 of assessed
42 valuation;

43 (b) Any other taxes or mandatory assessments levied in the local
44 government, notwithstanding any limitation on those taxes or
45 assessments provided by statute, must be raised in an amount the



1 Nevada Tax Commission determines is necessary to ensure a
2 balanced budget for the local government; and

3 (c) The services provided by the local government must be
4 limited in a manner the Nevada Tax Commission determines is
5 necessary to ensure a balanced budget for the local government.

6 ~~[5-]~~ 6. If the electors of the local government approve the
7 disincorporation or dissolution of a local government that is:

8 (a) Created by another local government, it must be
9 disincorporated or dissolved:

10 (1) Pursuant to the applicable provisions of law; or

11 (2) If there are no specific provisions of law providing for
12 the disincorporation or dissolution of the local government, by the
13 entity that created the local government. If, at the time of the
14 disincorporation or dissolution of the local government pursuant to
15 this paragraph, there are any outstanding loans or bonded
16 indebtedness of the local government, including, without limitation,
17 loans made to the local government by the county in which the local
18 government is located, the taxes for the payment of the bonds or
19 other indebtedness must continue to be levied and collected in the
20 same manner as if the local government had not been
21 disincorporated or dissolved until all outstanding indebtedness is
22 repaid, but for all other purposes the local government shall be
23 deemed disincorporated or dissolved at the time that the entity
24 which created the local government disincorporates or dissolves the
25 local government. Any other liabilities and any remaining assets
26 shall revert to the entity that created the local government which is
27 being disincorporated or dissolved.

28 (b) Created by a special or local act of the Legislature, it may
29 only be disincorporated or dissolved by the Legislature. The
30 Executive Director shall submit notification of the vote approving
31 the disincorporation or dissolution of the local government to the
32 Director of the Legislative Counsel Bureau for transmittal to the
33 Legislature. At the first opportunity, the Legislature shall consider
34 the question of whether the special or local act will be repealed.

35 (c) Created in any other manner, it must be disincorporated or
36 dissolved:

37 (1) Pursuant to the applicable provisions of law; or

38 (2) If there are no specific provisions of law providing for
39 the disincorporation or dissolution of the local government, by the
40 governing body of that local government. If, at the time of the
41 disincorporation or dissolution of the local government pursuant to
42 this paragraph, there are any outstanding loans or bonded
43 indebtedness of the local government, including, without limitation,
44 loans made to the local government by the county or counties in
45 which the local government is located, the taxes for the payment of



1 the bonds or other indebtedness must continue to be levied and
2 collected in the same manner as if the local government had not
3 been disincorporated or dissolved until all outstanding indebtedness
4 is repaid, but for all other purposes the local government shall be
5 deemed disincorporated or dissolved at the time that the governing
6 body of the local government disincorporates or dissolves the local
7 government. Except as otherwise provided in this subparagraph, any
8 other liabilities and any remaining assets of the local government
9 shall revert to the board of county commissioners of the county in
10 which the local government is located. If the local government is
11 located in more than one county, the governing body of the local
12 government shall apportion the remaining liabilities and assets
13 among the boards of county commissioners of the counties in which
14 the local government is located.

15 ~~[6. Within]~~

16 **7. Not later than** 10 days after the Nevada Tax Commission
17 ~~[makes a determination]~~ **requires the submission of a question to**
18 **the electors to disincorporate or dissolve a local government**
19 pursuant to subsection 4, the Executive Director shall notify:

20 (a) The city clerk, if the local government is a city; or

21 (b) The county clerk in all other cases,

22 ➔ and provide the clerk with the amount any tax or mandatory
23 assessment levied by the local government must be raised and a
24 description of the manner in which the services provided by the
25 local government must be limited to ensure a balanced budget for
26 the local government.

27 ~~[7.]~~ **8.** After the Executive Director notifies the city clerk or
28 the county clerk, as applicable, pursuant to subsection ~~[6.]~~ **7**, the
29 clerk shall cause to be published in a newspaper of general
30 circulation that is printed in the local government a notice of the
31 election once in each calendar week for 2 successive calendar weeks
32 by two weekly insertions a week apart, the first publication to be not
33 more than 30 days nor less than 22 days next preceding the date of
34 the election. If no newspaper is printed in the local government,
35 publication of the notice of election must be made in a newspaper
36 printed in this State and having a general circulation in the local
37 government.

38 ~~[8.]~~ **9.** The notice required pursuant to subsection ~~[7.]~~ **8** must
39 contain the following information:

40 (a) That the Nevada Tax Commission has determined that the
41 severe financial emergency which exists in the local government is
42 unlikely to cease to exist within 3 years;

43 (b) That the question of whether the local government should be
44 disincorporated or dissolved will be submitted to the electors of the



1 local government at the next primary or general municipal election
2 or the next primary or general state election, as applicable; and

3 (c) That if the electors do not approve the disincorporation or
4 dissolution:

5 (1) The maximum ad valorem tax levied within the local
6 government, if any, will be raised to \$5 on each \$100 of assessed
7 valuation;

8 (2) Any taxes or mandatory assessment levied in the local
9 government will be raised to ensure a balanced budget for the local
10 government and the amount by which those taxes or mandatory
11 assessments will be raised; and

12 (3) The services the local government provides will be
13 limited to ensure a balanced budget for the local government and the
14 manner in which those services will be limited.

15 ~~9.1~~ 10. If any provisions providing generally for the
16 disincorporation or dissolution of the local government require that
17 the question of disincorporating or dissolving be published or
18 submitted to a vote of the electors of the local government, the
19 publication required by subsection 3 and the election required by
20 subsection 4 satisfy those requirements. If:

21 (a) There is any other conflict between the provisions of this
22 section and any provisions providing generally for the
23 disincorporation or dissolution of a local government; or

24 (b) The provisions providing generally for the disincorporation
25 or dissolution of a local government provide additional rights to
26 protest the disincorporation or dissolution of a local government not
27 provided by this section,

28 ➔ the provisions of this section control a disincorporation or
29 dissolution pursuant to this section and any person wishing to
30 protest such a disincorporation or dissolution must proceed in
31 accordance with the provisions of this section.

32 ~~10.1~~ 11. As used in this section, "local government" does not
33 include a county, a school district or any agency or department of a
34 county or city which prepares a budget separate from that of the
35 parent political subdivision.

36 **Sec. 13.** NRS 354.725 is hereby amended to read as follows:

37 354.725 1. The Nevada Tax Commission may, on its own
38 motion or at the request of a local government ~~H~~ *or the Committee*,
39 terminate the management of a local government by the Department
40 at any time upon a finding that the severe financial emergency has
41 ceased to exist.

42 2. The governing body of a local government which has
43 complied with all requests made by the Department pursuant to
44 NRS 354.695 may petition the Nevada Tax Commission for
45 termination or modification of the management of the local



1 government by the Department or of any request made by the
2 Department pursuant to NRS 354.695.

3 3. *The Commission shall not terminate or modify the*
4 *management of a local government pursuant to subsection 1 or 2*
5 *without first obtaining a recommendation from the Committee as*
6 *to the termination or modification.*

7 4. The Nevada Tax Commission shall provide notice, a hearing
8 and a written decision on each such petition.

9 ~~[4.]~~ 5. In determining whether a condition of severe financial
10 emergency should be terminated, the Nevada Tax Commission shall
11 give consideration to the following:

12 (a) The local governing body has shown a desire and capability
13 to manage the financial affairs of the local government in
14 accordance with the provisions of NRS.

15 (b) The local government has staff available with sufficient
16 financial expertise that they can adequately control the finances of
17 the local government.

18 (c) All violations of statutes have been corrected.

19 (d) The local government has no funds with deficit fund
20 balances.

21 (e) The local government has increased ~~[their]~~ *its* revenues or
22 made appropriate expenditure reductions so that it is anticipated
23 ~~[they]~~ *that it* can operate for the next fiscal year in a positive cash
24 and fund balance position ~~[.]~~ *without imposing any increased or*
25 *additional tax pursuant to NRS 354.705.*

26 (f) The governing body has expressed a determination through a
27 resolution submitted to the Department of Taxation to manage
28 ~~[their]~~ *the* affairs *of the local government* in accordance with *the*
29 *provisions of* NRS relating to financial matters and utilizing sound
30 accounting and financial management practices.

31 ~~[5.]~~ 6. The Nevada Tax Commission may require the
32 governing body to submit special reports to the Department for a
33 period not to exceed 5 years as a condition of terminating the
34 management of the local government by the Department.

35 ~~[6.]~~ 7. When a petition relating to a specific request is denied,
36 the governing body may not resubmit a petition to terminate or
37 modify that request until 3 months following the date of denial.

38 **Sec. 14.** NRS 31.010 is hereby amended to read as follows:

39 31.010 1. Except as otherwise provided in subsection 2, the
40 plaintiff at the time of issuing the summons, or at any time
41 thereafter, may apply to the court for an order directing the clerk to
42 issue a writ of attachment and thereby cause the property of the
43 defendant to be attached as security for the satisfaction of any
44 judgment that may be recovered, unless the defendant gives security
45 to pay such judgment as provided in this chapter.



2. If the Department of Taxation has taken over the management of a local government *at the request of the local government* pursuant to ~~[the provisions of NRS 354.686,]~~ *subsection 3 of NRS 354.685*, and if a plaintiff is allowed by law to apply to a court for an order directing the clerk to issue a writ of attachment, the ~~[plaintiff must comply with the applicable provisions of NRS 354.701 before applying for such an order.]~~ *action must be stayed until the following conditions have been satisfied:*

(a) The plaintiff must meet with the Department to formulate a program for the liquidation of the debt owed by the local government to the plaintiff; and

(b) The Department must adopt a program for the liquidation of the debt owed by the local government to the plaintiff as described in paragraph (a). The Department shall formulate the program not later than 60 days after meeting with the plaintiff pursuant to paragraph (a). The formulation of the program is a final decision for the purposes of judicial review.

Sec. 15. NRS 361.4726 is hereby amended to read as follows:

361.4726 1. Except as otherwise provided by specific statute, if any legislative act which becomes effective after April 6, 2005, imposes a duty on a taxing entity to levy a new ad valorem tax or to increase the rate of an existing ad valorem tax, the amount of the new tax or increase in the rate of the existing tax is exempt from each partial abatement from taxation provided pursuant to NRS 361.4722, 361.4723 and 361.4724.

2. The amount of any tax imposed pursuant to NRS *354.705* *and* 387.3288 is exempt from each partial abatement from taxation provided pursuant to NRS 361.4722, 361.4723 and 361.4724.

3. For the purposes of this section, "taxing entity" does not include the State.

Sec. 16. NRS 450.090 is hereby amended to read as follows:

450.090 1. In any county whose population is 700,000 or more, the board of county commissioners is, ex officio, the board of hospital trustees, and the county commissioners shall serve as hospital trustees during their terms of office as county commissioners.

2. In any county whose population is less than 700,000, the board of county commissioners may enact an ordinance providing that the board of county commissioners is, ex officio, the board of hospital trustees. If such an ordinance is enacted in a county:

(a) The county commissioners shall serve as hospital trustees during their terms of office as county commissioners; and

(b) If hospital trustees have been elected pursuant to NRS 450.070 and 450.080, the term of office of each hospital trustee who



1 is serving in that capacity on the effective date of the ordinance is
2 terminated as of the effective date of the ordinance.

3 3. A board of county commissioners shall not enact an
4 ordinance pursuant to subsection 2 unless it determines that:

5 (a) The county has fully funded its indigent care account created
6 pursuant to NRS 428.010;

7 (b) The county has fulfilled its duty to reimburse the hospital for
8 indigent care provided to qualified indigent patients; and

9 (c) During the previous calendar year:

10 (1) At least one of the hospital's accounts payable was more
11 than 90 days in arrears;

12 (2) The hospital failed to fulfill its statutory financial
13 obligations, such as the payment of taxes, premiums for industrial
14 insurance or contributions to the Public Employees' Retirement
15 System;

16 (3) One or more of the conditions relating to financial
17 emergencies set forth in subsection ~~HH~~ 2 of NRS 354.685 existed at
18 the hospital; or

19 (4) The hospital received notice from the Federal
20 Government or the State of Nevada that the certification or licensure
21 of the hospital was in imminent jeopardy of being revoked because
22 the hospital had not carried out a previously established plan of
23 action to correct previously noted deficiencies found by the
24 regulatory body.

25 4. Except in counties where the board of county commissioners
26 is the board of hospital trustees, in any county whose population is
27 100,000 or more but less than 700,000, the board of hospital trustees
28 for the public hospital must be composed of the five regularly
29 elected or appointed members, and, in addition, three county
30 commissioners selected by the chair of the board of county
31 commissioners shall serve as voting members of the board of
32 hospital trustees during their terms of office as county
33 commissioners.

34 5. Except in counties where the board of county commissioners
35 is the board of hospital trustees, in any county whose population is
36 less than 100,000, the board of hospital trustees for the public
37 hospital must be composed of the five regularly elected or appointed
38 members, and, in addition, the board of county commissioners may,
39 by resolution, provide that:

40 (a) One county commissioner selected by the chair of the board
41 of county commissioners shall serve as a voting member of the
42 board of hospital trustees during his or her term of office as county
43 commissioner;



(b) A physician who is the chief of the staff of physicians for the public hospital shall serve as a voting member of the board of hospital trustees; or

(c) Both a county commissioner appointed pursuant to the provisions of paragraph (a) and a physician appointed pursuant to the provisions of paragraph (b) shall serve as voting members of the board of hospital trustees.

➔ The term of office of a member appointed pursuant to the provisions of paragraph (b) is 2 years and begins on the date the board of county commissioners appoints the member.

Sec. 17. NRS 450.620 is hereby amended to read as follows:

450.620 1. Except as otherwise provided in subsection 2 and NRS 450.625, if a hospital district is created pursuant to NRS 450.550 to 450.750, inclusive, the board of county commissioners shall provide by ordinance for:

(a) The number of members of the board of trustees;

(b) The term of office of the trustees, which must not exceed 4 years; and

(c) The times and manner of the election of the trustees, which must be nonpartisan.

2. If a hospital district specified in subsection 1 does not include territory within more than one county, the board of county commissioners may enact an ordinance providing that the board of county commissioners is, ex officio, the board of hospital trustees of the district hospital. If such an ordinance is enacted in a county:

(a) The county commissioners shall serve as the hospital trustees of the district hospital during their terms of office as county commissioners; and

(b) If hospital trustees have been elected pursuant to subsection 1, the term of office of each hospital trustee of the district hospital who is serving in that capacity on the effective date of the ordinance is terminated as of the effective date of the ordinance.

3. Except as otherwise provided in NRS 450.710, a board of county commissioners shall not enact an ordinance pursuant to subsection 2 unless it determines that:

(a) The county has fully funded its indigent care account created pursuant to NRS 428.010;

(b) The county has fulfilled its duty to reimburse the hospital for indigent care provided to qualified indigent patients; and

(c) During the previous calendar year:

(1) At least one of the hospital's accounts payable was more than 90 days in arrears;

(2) The hospital failed to fulfill its statutory financial obligations, including the payment of taxes, premiums for industrial



1 insurance or contributions to the Public Employees' Retirement
2 System;

3 (3) One or more of the conditions relating to financial
4 emergencies set forth in subsection ~~11~~ 2 of NRS 354.685 existed at
5 the hospital; or

6 (4) The hospital received notice from the Federal
7 Government or the State of Nevada that the certification or license
8 of the hospital was in imminent jeopardy of being revoked because
9 the hospital had not carried out a previously established plan of
10 action to correct previously noted deficiencies found by the
11 regulatory body.

12 **Sec. 18.** The Committee on Local Government Finance shall,
13 at its next regular meeting after the effective date of this act, elect
14 from among its members a Chair and Vice Chair pursuant to NRS
15 354.105, as amended by section 1 of this act.

16 **Sec. 18.3.** If a court of competent jurisdiction finds that any
17 provision of this act conflicts with and cannot be harmonized with
18 any provisions of the Local Government Securities Law, as set forth
19 in NRS 350.500 to 350.720, inclusive, the provisions of the Local
20 Government Securities Law shall be deemed to control to the extent
21 of the conflicts.

22 **Sec. 18.7.** The provisions of subsection 1 of NRS 218D.380
23 do not apply to any provision of this act which adds or revises a
24 requirement to submit a report to the Legislature.

25 **Sec. 19.** NRS 354.686 and 354.701 are hereby repealed.

26 **Sec. 20.** This act becomes effective upon passage and
27 approval.

TEXT OF REPEALED SECTIONS

354.686 Severe financial emergency: Request by local government involved in litigation or threatened litigation for order that Department of Taxation take over management of local government; issuance of order.

1. If the governing body of a local government determines by the affirmative vote of a majority of its members that, because the local government is involved in litigation or threatened litigation, the local government is or will be in a severe financial emergency, the governing body may submit a request to the Nevada Tax Commission for an order that the Department, as soon as practicable, take over the management of the local government pursuant to the provisions of NRS 354.655 to 354.725, inclusive.



2. If the Nevada Tax Commission receives a request pursuant to subsection 1, the Nevada Tax Commission shall order the Department to take over the management of the local government.

354.701 Severe financial emergency: Stay of action by creditor of local government for attachment, garnishment or execution until adoption of program for liquidation of debt. If the Department takes over the management of a local government because the local government is involved in litigation or threatened litigation and if a creditor of the local government is allowed by law to commence or maintain an action in the nature of an attachment, garnishment or execution in the courts of this State against the local government or its assets, the action must be stayed until the following conditions have been satisfied:

1. The creditor must meet with the Department to formulate a program for the liquidation of the debt owed by the local government to that creditor; and

2. The Department must adopt a program for the liquidation of the debt owed by the local government to the creditor as described in subsection 1. The Department shall formulate the program not later than 60 days after meeting with the creditor pursuant to subsection 1. The formulation of the program is a final decision for the purposes of judicial review.



CLGF Meeting April 30, 2015

Agenda Item 7:

Minutes of Meeting February 6, 2015

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Minutes of the Meeting
COMMITTEE ON LOCAL GOVERNMENT FINANCE
February 6, 2015
9:00 a.m.

The meeting was held at the Public Utilities Commission located at 1150 East William Street, Hearing Room A, Carson City, Nevada, and video-conferenced to the Public Utilities Commission located at 9075 West Diablo Drive, Suite 250, Las Vegas, Nevada.

COMMITTEE MEMBERS PRESENT:

Marvin Leavitt, Chairman
John Sherman, Vice Chairman
Alan Kalt
Andrew Clinger
Beth Kohn-Cole
George Stevens
Jeff Zander
Jim McIntosh
Mark Vincent
Marty Johnson

COMMITTEE MEMBERS ABSENT:

Mary Walker

COUNSEL TO COMMITTEE

Dawn Buoncristiani

DEPT OF TAXATION STAFF PRESENT:

Terry Rubald
Kelly Langley
Heidi Rose
Bill Farrar
Penny Hampton
Susan Lewis
Janie Ware

MEMBERS OF THE PUBLIC PRESENT:

| Name | Representing |
|------------------|--------------------------------|
| Greg Titus | Bank of America |
| Al Kramer | Carson City Treasurer's Office |
| Tom Grady | City of Fallon |
| Darren Adair | City of North Las Vegas |
| Ryann Juden | City of North Las Vegas |
| Sandra Morgan | City of North Las Vegas |
| Jeffrey Share | Clark County |
| Gerry Eick | Incline Village GID |
| Michael Ramirez | Las Vegas Police Department |
| Carole Vilardo | Nevada Taxpayers Association |
| Ron Dreher | PORAN |
| Jeffrey Church | Reno Resident |
| Janet Houts | Storey County Resident |
| Michael Sullivan | Town of Pahrump |

1. Roll Call and Opening Remarks

Chairman Leavitt called the meeting to order at 9:02 a.m. Kelly Langley, Supervisor, Local Government Finance, Department of Taxation, took roll call. Chairman Leavitt stated there was a quorum.

2. Public Comment

Jeffrey Church, resident of the City of Reno, came forward for public comment. He stated he is a concerned citizen and runs a website renopublicsafety.org. He had some handouts which were submitted to the Board. He expressed concern about the City of Reno finances and the debt from both bonds and OPEB's. The latest CAFR is up. The debt is up, the OPEB debt is up and the City of Reno just decided to give the police force a

1.3% pay raise over the previous contract. For the record, he did misspeak at a city council meeting where he said it was \$1,000 a month. It is \$1,000 a year, but it sets the tone for the other agencies. He is asking the Board to look at this. There are two different tax ballot measures, one for police and one for fire at about \$14 million a year. Instead of going to that purpose, it goes into the General Fund. He is asking the Board to look into this. He has some suggestions in his handouts related to the takeover of government agencies as well as NRS 288. Regarding the City of Reno bond presentation, it rated the City's bond ratings in the various A categories. He does not understand this. A newspaper article from 2011 stated the bonds get junk ratings. He is not sure of the total accuracy of the bond presentation with regard to the bond rating being in the A categories.

Janet Houts, a Storey County resident, came forward for public comment. She thanked the Board and the staff of Local Government Finance on the request she made in August of last year. She hopes to get continued support.

Member Vincent stated Member McIntosh just joined the meeting.

Chairman Leavitt welcomed Member McIntosh.

Member Johnson stated that before we go on to the next agenda item, he would like to disclose that he owns bonds that were issued by North Las Vegas. He believes it would preclude him from making an objective decision on any action that we would take today.

Member Kohn-Cole recused herself in connection with discussion for North Las Vegas.

3. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

a) For Possible Action: Discussion and Consideration of City of North Las Vegas Financial Condition

- 1) Report by City on current year financial status, including revenue, expenditures and cash flow analysis;**
- 2) Report by City on FY 2014 CAFR;**
- 3) Report by City on status of litigation having fiscal impact, including Writ of Garnishment by 5th & Centennial, LLC et al;**
- 4) Report by City on plan to alleviate financial difficulties currently experienced by City, including legislative requests if any**

Bill Farrar, Budget Analyst, Local Government Finance, Department of Taxation, stated one of the counties that he works with is Clark County. Included in that would be all of the cities and local municipalities. In regard to the City of North Las Vegas, we have had ongoing communication with them and a lot of communication about the status of their reports. They have been responsive when we have asked them for things. They will let us know they are working on it and will have it to us by a certain date. The biggest problem we have had with them is filing things on a timely basis.

Dr. Qiong Liu, City Manager, City of North Las Vegas, came forward. She stated that Darren Adair, Finance Director was with her today. They appreciate the opportunity to be here today. They have accomplished a lot over the last year, especially since they met with this Committee last time. Because of the limited staff they have, they are really struggling to meet some of the deadlines. They submitted an extension.

Chairman Leavitt stated we asked some time ago about having documents related to cash flow and cash balances. He is aware of the staffing difficulty and in trying to get the audit report, but it is important that we

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have the reports on cash flow and cash balances. Chairman Leavitt asked if they would make a real effort in the future to submit those on a timely basis.

Dr. Qiong Liu responded yes.

Darren Adair, Finance Director, City of North Las Vegas, stated that last year when the public accounting firm, Piercy, Bowler, Taylor and Kern issued their report, there were no adjustments to their financial statements. There was only a material internal control weakness finding that they were understaffed. Shortly after that finding, they lost three of their key financial people. It took about six months to hire new quality people. That was right around the end of the year. They believe that although the timely information is good, it needs to be accurate information. This past week, they presented their audited financial statement, the CAFR, to the City Council. The CAFR is done and will be on the website within the next couple of days. The findings of the audit showed one minor adjustment and the same material weakness that has to do with staffing. Regarding cash flows, the Department has been willing to give us about a 60-day window to close our monthly books and then provide a cash flow statement. This was before Mr. Farrar. The cash flows have generally indicated that the City has the cash flow to meet its obligations. It was the forecasting that was of concern. They have continued to do that, working closely with the Department, letting them know when they were not able to provide the monthly cash flow statements inside the 60-day-window. The last one they submitted was at the end of September. Now that the CAFR is completed, in the next 30 days they will provide the Department cash flows up until the 60-day window.

Chairman Leavitt asked if they could provide a balance and cash in the General Fund at the end of each month, on a quick basis. That would be better than waiting several months to get the information, even if they are not able to do a cash projection over several months.

Darren Adair responded that he would provide this. Once they balanced their budget last year, they did not anticipate any cash flow challenges during the current year. The Department asked about a potential cash flow challenge they might have from the North 5th Street settlement. Their City Attorney has joined them. She can speak to that at the appropriate time. The position of the City, right now, has been the cash flow has not created any challenges for them to make any payments or anticipated debt service payments. All of those funds are reserved for the appropriate payments and they do not anticipate any payments through the remainder of the fiscal year with from the cash flow standpoint. If they had needed to put all of the \$6.3 million in the North 5th Street and Centennial settlement, it would have potentially created a cash flow problem by the end of the fiscal year.

Chairman Leavitt stated, for the purposes of putting it on the record, he would like to ask a few questions regarding the CAFR. He asked if the CAFR showed any violations of statute or regulations as it relates to financial matters.

Darren Adair responded that it does not. One of the things this Committee was interested in in the past pertained to the ending balance in the General Fund. During the year, the City Council lowered the General Fund minimum balance to 6%. It was still above the 4% minimum under the statute. At this time, the CAFR results in an \$8.1 million ending General Fund balance, which is 7.2% if you exclude outgoing transfers, and 6.3% if you include outgoing transfers. They often refer to it with the outgoing transfers because those transfers relate to debt service. The 6.3% is just barely over the minimum level was they were trying to maintain.

Chairman Leavitt asked if they had any funds anywhere in the CAFR that show deficit fund balances at the end of the fiscal year.

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Darren Adair responded that there are none reported specifically in the CAFR. There is a group of their 700 funds that are reported in a group. Those funds pertain to liabilities for benefits. There is one fund that even in the prior years since 2011 had a significant negative balance as high as \$5 million. That fund should normally represent reserves for anticipated payouts. In 2011, they had a number of exit packages for people during the reductions in force that put a big hit on that fund. Overall, the self-insurance funds still remained in the black and in compliance, but that specific fund was underfunded. They are working to restore that fund to at least a zero balance with the goal of someday getting it to a positive reserve. They have made some headway in that at the end of the year, but it still remains with a negative balance of about a million and a half.

Chairman Leavitt asked, if given the fact they have a negative fund balance, do they anticipate having any cash payment requirements out of that fund in the near future that will put them in difficulty

Darren Adair responded that they do not. They use vacancy savings to address unexpected decreases in cash flow. In the prior year and in the current year, they created a Critical Hire Committee whose task is to evaluate every position that is open to determine the criticality of filling it. There are a couple million dollars of vacancy savings which they use to address the potential of these kinds of things and legal settlements. The City has been running on less-than-adequate staff in some areas for a short period of time. At the end of this year, they hope to take some of the vacancy savings and begin the process of hiring some positions which they feel are necessary. However, the resolution and settlement of the legal case has used up much of that vacancy savings and will do so for the next two years.

Chairman Leavitt asked, for the year ending June 30, 2014, what effect in the financial statements they give the 5th Street liability.

Darren Adair responded that because of the timing of the settlement agreement, which was reached in December 2014, and their CAFR was not completed as of December 2014, the full amount of that settlement was properly accounted for as a restriction in the fund balance, and it shows up as a transfer out of the general fund and a transfer in the related insurance or legal liability settlement fund for the full amount less the interest that is associated.

Chairman Leavitt clarified that they transferred cash out of the general fund as of June 30, 2014, in an amount sufficient to fund that entire settlement.

Darren Adair responded that to be technically accurate, the cash had not moved as of June 30th, but there was a transfer representing that movement of cash. The financial statements were as of June 30th, but they were not aware of the settlement until December. The settlement is properly reflected in the financial statements in its entirety.

Member Vincent asked where their staffing situation is today versus when they were at their peak. He asked how much their full-time staffing is down.

Dr. Qiong Liu responded that they are down about 1,000 employees, about 40%.

Member Vincent asked Mr. Adair if in the fund with the deficit balance, it was vested leave.

Darren Adair responded that particular fund would include those benefits.

Member Vincent asked if reductions in force were the only way to continue to balance the budget into the future, you are going to have significant issues as you move forward, not the least of which is the PILT transfer. He asked how much more they could cut and still sustain services if that was their only option. Oftentimes a reduction in force is the only option for a local government. A staff reduction of 40% is a huge number.

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Dr. Qiong Liu responded that fortunately they do not see that as an option. Since last time they met with this Committee, they have not only sustained the staffing that they have but have actually grown in certain areas just to meet operational service needs. If you look at the seven-year forecast that Mr. Adair provided previously, looking at the last five or six years up to 2021, they are really only looking at a 7% cap that to bridge the gap. They have a lot of countermeasures and believe they can achieve that goal without cutting staff.

Darren Adair added that he put together the seven-year forecast the first time back in January 2014. Even when they forecasted the deficit and tried to lay out a plan for growth, the forecast did not include any growth in staffing. That is inherently a weakness -- to make the assumption over seven years that they were going to grow the City by 3% a year over the next seven years or roughly 25% cumulative over the next seven years to try and work out of the situation. Staffing is a challenge. What Dr. Liu is referring to is that they have taken the option to focus on trying to create synergies between departments and functions, looking for efficiencies. There are challenges throughout the City as they address this because they do not have adequate staffing in all of the levels. They are focusing on the strategy that Dr. Liu referred to, of hiring back in the most-critical areas of the City that will generate revenue and/or critical services to the employees or to the citizens where possible.

Member Vincent asked if in addition to having to absorb the 5th and Centennial, in this fiscal year, they also had an increase in debt service requirements. Regarding the 2006 bonds for the building, they had a step up in principal and interest payments in FY 2015.

Darren Adair responded that there was an increase. The impact of the debt service changes during the current year was not overall significant. Where they do become a challenge is in 2017 and on through the balance of that seven-year projection they put together. That is about a \$7 to \$8 million increase. That represents a recurring contractual obligation of the City for some considerable period of time, which has not yet been financially addressed, but it is still about 18 months to two years away.

Member Vincent stated it will have to be addressed at some point.

Darren Adair responded yes, absolutely.

Member Clinger asked for clarification that Mr. Adair provided a seven-year forecast to this Committee last January.

Darren Adair responded yes, it was actually last year, January. It was the first one that was prepared and then they also provided an updated one in September.

Member Clinger asked, based on their current conditions and the lawsuit, what the forecasts look like today.

Darren Adair responded that they updated the seven-year forecast based on the current events, but have not published anything. They tried to roll any new information into the seven-year forecast in order to consider the impact on the ongoing short-term and long-term obligations of the City. The North 5th Street settlement has consumed and will consume what they were hoping to gain from the operational efficiencies in vacancy savings. In any one year, the full amount would be very significant, but spread over three years, it is accomplishable with the vacancy savings. The challenge that Mr. Clinger is referring to, of the increase, and Mr. Vincent was referring to, the increase in debt service, would still need to be resolved. In his opinion, it will not be able to be resolved reasonably while maintaining minimum services for the City through staffing and through staffing reductions.

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Member Clinger asked Mr. Adair if he had an estimate at this point in time of what those deficits look like based on this updated information moving forward. He asked if Mr. Adair knew what the unreserved ending fund balance will be for FY 2015, at this point.

Darren Adair responded that for FY 2015, it is their goal to get back to 8%. When they got the concessions and settled the outstanding litigation with their employee bargaining groups last year, they believed it would balance the budget for two years. The unexpected thing was the settlement, and it basically consumed all of the positive lift they were getting from the internal efficiencies.

Member Clinger stated the ending fund balance is a critical piece of cash flow moving forward. Without an 8.3% ending balance, it makes it difficult to manage cash on a month-to-month basis. You need an 8.3% ending fund balance as your target. Member Clinger asked what the plans were with the 5th Street settlement moving forward, and what has been done so far.

Dr. Qiong Liu answered, regarding what they have done so far, that they have done a lot from the efficiencies standpoint both organizationally and operationally. They are looking at the redundant services or redundant staffing. That really resulted in significant savings, such as certain services that were duplicative services were provided in Public Works as well as Utilities. They combined the two and were able to not only maximize the current staffing capability as well as use the resources to get reimbursement by putting those people on CIP projects. The major difference between Utilities and Public Works is outside funding for projects such as infrastructure, roads, drainage, etc. They are able to use those resources for reimbursement. That action alone resulted in about \$2 million in savings. This is reflected in their report. Additionally, they are looking at the outside funding to offset some of the financial gaps they were facing. They are aggressively pursuing grants and also donations. They were able to secure a SAFER grant to hire 13 police officers. Those 13 police officers are now in the academy and will be in service in six months. By using federal grants, they do not have to pay for the first year, and they have matching funds for the second and third year. They are using planning or construction grants or donations. They are able to provide some much-needed improvements near older, mature areas, and in the outdated parks and amenities. They also have people that need to establish small business practices. By doing this, they are able to increase productivity, increase output and enhance services without additional staffing and without additional expenditures. Lastly, they established a standard of performance measures. By breaking down the walls, barriers or silos among different departments, they really see the synergy and collaboration. That outcome was that they were able to absorb the \$3.5 million settlement for 5th and Centennial in addition to the vacancy savings they were able to accumulate.

Darren Adair added, regarding the 8% ending fund balance, they certainly took seriously the guidance that they received last year on this subject from the Committee. They had some significant discussions with their counsel as they contemplated temporarily going down to 6%. They recognize that 6% is not something they could maintain. Recognizing that finances are cyclical throughout the year, they knew the low point they were always budgeting for was 8%. Due to the concessions in the settlement they had with their collective bargaining group, they knew there was going to be a period of time the City would be below the 8%. They recognize they cannot stay there and are striving to fix it. To address recurring contractual obligations, there are really only two things they can do. This would be a recurring contractual revenue that can be counted on a recurring basis to offset one of those kinds of expenditures, or the reduction in another contractual recurring-type expenditure. They do not have many of these types of expenditures.

Member Clinger stated that their largest contractual obligation as a municipality is their labor agreements.

Darren Adair agreed.

Chairman Leavitt asked where they were on their current contract, when they expire and if they are in negotiations now.

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Sandra Morgan, City Attorney of North Las Vegas, stated they currently have two collective bargaining agreements that expire on June 30, 2015. That is with their firefighters, International Association of Firefighters and with their Police Supervisors Association. The other two collective bargaining agreements are with Teamsters Local 14 and the Police Officers Association. Those two expire June 30, 2016 and were extended for two years as a part of the overarching settlement involving the fiscal emergency resolution litigation that they resolved in May of last year. They did receive two requests to bargain for the two contracts that expire this year, but official negotiations have not yet begun. They are currently working on getting those bargaining units the requested financial information they requested. They are very optimistic that those two organizations understand where the City is financially. Hopefully, they can get some new contracts for the next year.

Chairman Leavitt asked about transfers from the enterprise funds into the general fund. He asked if in the current year and in anticipation of next year, if they are going to keep the transfers at the same level.

Darren Adair responded that at one time, the City was transferring about \$40 million a year from the enterprise fund into the general fund. When the statute came into place putting a cap on this, the City was at about \$32 million. In the last year, they have gone through these and identified the qualifying expenditures and transfers which could be classified as funds being transferred for franchises, general overhead, or property-related taxes. The result of that, reflecting in the year-end CAFR, is a reduction of the \$32 million that was presented from the previous year down to \$24 million. This \$24 million represents what they have yet to reduce before 2021 in order to come into compliance. The solution for this is the term the Mayor used in this State of the City Address: "Grownomics." The City's only real source to address a reoccurring-type transfer of this size would be to increase the revenues associated with growing the city. The City has focused very heavily on three primary areas: The residential area up in the north part of town, the Park Highlands area, the 2,500 acre master planned community, the commercial area between the northern part of the City's current build and the speedway off of I-15 and 215 and the Apex area. These areas represent the long-term solution for reducing the City's reliance on the General Fund's reliance on PILT. In the short term, their primary focus is going to be their contractual obligations under the debt instruments. If they do have some excess, they plan to apply that towards PILT. They plan, based upon the success of this growth in the outer areas, to lay out a plan out before this Committee for reducing PILT. They will come back and report later about this.

Chairman Leavitt outlined the future challenges. They must get past the negotiations so they know where they stand with expenditures. There is a big debt service increase coming. There is the eventual diminishment of the transfers coming in from the enterprise funds. Based on current conditions, they are able to operate right now on their current revenue. The three areas he just mentioned are right now without a solution. Chairman Leavitt asked if they anticipate seeking relief from the Legislature regarding the 2021 deadline and the transfer situation.

Darren Adair responded that they are first going to focus their effort on growing the City. They would like to show a positive trend towards reducing the PILT. Their plan is to come back to this Committee and the Legislature at some later date and show a pattern of growth and a reduction in the PILT. If necessary, at that time, they would ask for a reasonable extension based on a realistic plan.

Chairman Leavitt stated that he appreciates the efforts being made by the City North Las Vegas.

Ryann Juden, Executive Government Affairs Liaison, City of North Las Vegas, stated that going to the Legislature for PILT relief at this time is not necessary. They do have plans for numerous Legislative sessions. This session they are going to the Legislature to look for opportunities to restore some local governance power to the City so they will be able to be a little more nimble as they work through some of their issues. One of their primary goals this session is to find opportunities to use state bonding ability to help them put the waterline out at Apex. They currently have meetings with multiple developers. They are not asking for the

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state to cut them a check to build any infrastructure out there. They are simply asking for help with their bond rating. The full faith and credit of North Las Vegas is really the full faith and credit of the State of Nevada. Their legislative strategy right now is not looking specifically at the PILT. As the Mayor has stated, they can strategically look to grow themselves out of many of the problems that have been reoccurring in North Las Vegas.

Member Clinger commended the City of North Las Vegas on the work they have done so far. He understands the difficulty that they face.

Chairman Leavitt stated he wanted to discuss the agreements and settlements related to the lawsuit on the 5th Street condemnation situation. He asked what they have done, what the agreement says, what is paid so far and what is left to pay.

Sandra Morgan stated that on or about December 18, 2014, the City Council approved a signed settlement term sheet with the land owners involved in the 5th and Centennial litigation. In that specific case, the plaintiffs did file a claim for precondemnation damages and inverse condemnation, but the Nevada Supreme Court found that the inverse condemnation claim was not ripe. The actual judgment was for precondemnation damages only. The actual judgment that was ordered and affirmed by the Nevada Supreme Court was around \$4.2 or \$3 million. However, they had the issue of pre-and-post-judgment interest that, based on interpretation, could have ranged anywhere from an additional \$2 to \$3 million. The ultimate settlement was for \$6.3 million dollars. A payment of \$1.5 million dollars was made to the landowners on October 10, 2014. That payment was made after a stay was denied by the Nevada Supreme Court, and that prompted them to actually engage in mediation. The mediation initially was unsuccessful, but they were ultimately able to resolve this about two months later. An additional \$1 million was made in December 2014. There are two remaining payments to be made to the landowners to fulfill the stipulated judgment, and that is a payment of \$1.9 million on July 1, 2015 and a payment of \$1.9 million on July 1, 2016. The settlement did not address simple payments. It addressed the City receiving the necessary right-of-way on North 5th Street in order to extend all the way to 215. Part of that agreement includes the landowners agreeing to dedicate 75 feet of right-of-way in front for North 5th Street. They would work together, assuming the landowners submit a development plan to the City of North Las Vegas.

Chairman Leavitt asked what source of fund they are going to use to make the July 2015 and July 2016 payments.

Darren Adair responded that those funds will be set aside, as part of the settlement agreement, in an interest-bearing account, locked or restricted, until those dates. The source of those funds was the vacancy savings the City has recognized through December 31st of this year.

Chairman Leavitt asked if that was vacancy savings in the general fund or in numerous funds.

Darren Adair clarified it was vacancy savings in the general fund.

Chairman Leavitt confirmed that it was clear that we need the cash flow statements. At least, give us a cash number.

Darren Adair responded that they are committed to doing that. They will get caught up and provide them to the Department within the next 30 days. They watch the cyclical cash requirements of all their funds very closely. Mr. Adair also wanted to add, regarding the morale of staffing, that the City has a group of people that are tremendously committed. In some cases, they are working for less than what the market would offer them and putting in hours that are substantially more than would otherwise be expected of them.

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Darren Adair stated he is grateful for this body and the time you take to allow them to come before you, present this information and get your guidance. They also appreciate the time outside these Committee meetings that many of you have spent mentoring them and answering questions.

Chairman Leavitt stated we appreciate the staff being in attendance to offer support and the work they have done under very difficult conditions.

Dr. Qiong Liu stated she concurred with Mr. Adair's closing statement. They appreciate this opportunity.

3. FINANCIAL CONDITION REPORTS BY THE DEPARTMENT; CONSIDERATION AND POSSIBLE ADOPTION OF RECOMMENDATIONS AND ORDERS

b) For Possible Action: Discussion and Consideration of City of Reno Financial Condition

- 1) Report by City on current year financial status, including revenue, expenditures and cash flow analysis;**
- 2) Report by City on overall debt status, debt service schedule;**
- 3) Report on FY 2014 CAFR**

As the City Manager of the City of Reno, Member Clinger recused himself from the discussion. Member Kohn-Cole also recused herself from the discussion.

Robert Chisel, Director of Finance and Administration for the City of Reno, came forward to present the City of Reno's financial condition. He stated in the packet is the current year financial statements through December, a report of overall debt and the 2014 CAFR. The City of Reno, like many governments, experienced great difficulties during the Great Recession. Current revenues are at about 2005 revenue levels, while their expenditures are at 2014 rates. They have 500 less employees than they did in 2008, while the needs and demands of the City services have increased. However, due to the hard work of the City staff and the City Council, they have made tremendous progress in their financial condition. The Council has continued to focus on fiscal issues and strategies from lean budgets to approving budget-guiding principles. Some items to note for FY 2014, as you go through the CAFR, is their financial position has stabilized. The General Fund and the Sanitary Sewer Fund are the largest funds for the City, collectively representing 55% of the City's total expenditures. The General Fund ended 2014 with a balance of \$12.2 million. This has resulted in the ending fund balance at 8% of expenditures for 2014 up from 3.4% in 2011. Revenue growth in the General Fund was primarily fuelled by an 8% increase in consolidated tax and an increase in franchise fee collections. Those helped to offset the 26% decrease in federal grants that the City was receiving for both the Reno Fire Department and the Reno Police Department. The Sanitary Sewer Fund had a 7% increase in operating revenues with most of that growth from the sewer rate increase they implemented in October of that fiscal year, and a January commercial billing increase of that fiscal year. The Sanitary Sewer Fund experienced a decrease in operating expenses primarily due to the rebalancing of the Truckee Meadows Regional Water Reclamation Facility (TMRWRF) with the City of Sparks. Total debt has also decreased from \$648 million in 2009 to \$544 million at the end of FY 2014. That is a \$100 million decrease during that period of time. The City has also established a Stabilization Special Revenue Fund per NRS 354 and an OPEB Trust Fund. The City is continuing to focus on unfunded liabilities such as OPEB and Heart-Lung, and is paying attention to the growing capital needs of the City. For OPEB, the City has made progress to negotiate contracts to reduce the future OPEB benefit, and staff is working on a plan for a process to begin funding the liabilities instead of relying on the continued pay-as-you-go method. For capital needs, the City has formed a strategic team to refine, prioritize and identify needs and develop a plan for funding those needs. The City is focusing on financial stability with an eye on preparing for the future. They still face many challenges and difficulties. There are still many challenges and difficulties that they face. They still have a fairly large debt portfolio. They have a \$226 million unfunded OPEB liability and a \$40 million unfunded Heart-Lung liability. They are resource constrained, particularly with staffing. Their staff is doing a tremendous job with 500 less co-workers,

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and their capital needs continue to grow. They are in a far better place than just three years ago when they first appeared before the CLGF.

Vice Chairman Sherman stated he appreciates what the City has accomplished so far. In the packet it shows a budgeted debt service payment of about \$2.6 million, but about \$1.7 million dollars in property taxes. This is clearly something that is not sustainable. He asked what the City's plans are to resolve the mismatch between property tax revenue and the debt service requirements of the redevelopment agencies.

Mr. Chisel responded that there is a settlement agreement for the RDA that guarantees a minimum funding level for an increment through 2018 at \$2.8 million. That is 16 making up that difference. The increment is not at the level they need it to be currently, but as they see progress and development in the downtown core, whether it is new construction or sales of existing buildings, that increment increases. They hope to continue to increase that increment. The RDA is an area of concern. Right now, they are good through 2019 in cash flow analysis for the bonds. They will have to watch it as they go forward.

Chairman Leavitt asked where they stand with property tax in comparison to where you were before the recession.

Mr. Chisel responded that property tax was down. Their property tax for the general fund is about \$43 million. They have not recovered, and 3% cap on property tax increases or 8% for commercial, it is going to be difficult as they go forward.

Chairman Leavitt asked if they are currently growing in assessed valuation. He asked how they compare the next fiscal year to the current fiscal year.

Mr. Chisel stated they have seen growth in assessed valuation. In 2014, it was \$2 billion and \$2.2 billion in 2015. There is still the abatement.

Chairman Leavitt stated the problem is the property tax cannot grow at the same level as assessed valuation anymore. He is not sure what, if anything, the Legislature is going to do about that, but it is a serious situation. The property tax has been forced down to such a low level, it is going to be almost impossible to get back to where we were.

Kelly Langley stated she made an error and pointed to the wrong number. For the City of Reno, the assessed valuation has gone from \$6 billion to just under \$6.4 billion. It does reflect growth.

Mr. Chisel stated most of it is being abated.

Member Vincent stated this is not a unique problem in local governments. It affects the school districts, it affects the state and it affects a lot of special districts. He wishes the Legislature would look at that formulaic structure as it relates to the cap. In Clark County, there are 3% caps for both commercial and residential because of the mathematics of the formula. It will take us another ten years to get back to the abated peak from 2008.

Member Kalt added that one of the other challenges to gronomics is the tax abatements that are provided for the development of bringing projects and those businesses would not be paying the same level of property tax as existing businesses.

Chairman Leavitt stated we have a situation related to business property where assessed valuation and taxes are based on revenue and expenditures of the organization. In a bad year, it drives it way down.

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Vice Chairman Sherman stated that growth comes with cost. More people and businesses increase the demand for services. One must be careful how you grow, the structure of your growth and the impending cost.

Member Kalt asked if they had an opportunity to put money into a special revenue fund for civilization operations in the OPEB Trust.

Mr. Chisel responded unfortunately, not yet. They will be presenting some plans to the City Council as they prepare for next year's budget cycle.

Jeffrey Church came forward for public comment. He stated he runs a website, renopublicsafety.org. He spoke earlier in general terms. There is no money being put into the trust funds, and they did give a 1.3% pay raise to the cops in spite of the financial situation. At the August meeting, he put all of the information on record regarding the two ballot measures. Chairman Leavitt responded that it would be covered at the next meeting. He stated, "The Committee takes notice of this information. Rest assured we will be looking at this one." Mr. Church believes this is referring to the two ballot measures. For the record, Mr. Church read Fire Ballot Measure R3. "Show the City of Reno we authorize to levy an ad valorem property tax at a rate to be determined each year by the City Council not to exceed 7.15 cents per hundred dollars of assessed value for the period commencing Fiscal Year 1998 to and including Fiscal Year 2027 for the purpose of improving fire protection in the City by hiring additional firefighting personnel and providing facilities and equipment therefore in the cost of operation and maintenance therefore." Mr. Church stated that Item 7 refers to Code 100, special revenue funds that have to be accounted for individually. If this is not a special revenue fund, he would like to know what is. There are two different funds that are going into the general fund that are supposed to be for purposes of staffing for police and fire, which have fallen below the mandated levels. At the last meeting, he also submitted the Nevada Attorney General Opinion dated April 15th, 2011. It refers to the Clark County police issue but is identical to the Reno police. It indicates the officers funded under the act must be at least the same number of officers that were funded and supported prior to the Act. He believes that is a misappropriation of taxpayer money. If this is correct, then the City is looking at a very substantial loss of \$14 million to the General Fund. He is asking the Committee to take notice, take action and request a legal opinion.

Chairman Leavitt asked Mr. Chisel if he received an audit report recently. The auditors have the responsibility to comment on your legal compliance and financial compliance. Chairman Leavitt asked if there were any violations of statute.

Mr. Chisel responded that there were no violations of statute. He also stated that the overrides for police and fire have been and are going to the police department or fire department as required in the bond or as required in the voter-approved override.

- c) Report by Incline Village General Improvement District (IVGID) regarding potential conversion of Community Services & Beach Enterprise Fund to Special Revenue Funds

Kelly Langley stated Incline Village GID is seeking our approval to convert their Community Service Enterprise Fund and Beach Enterprise Fund to a special revenue fund classification. This would become effective July 1, 2015 and would be reflected in the proposed budget for FY 2015-2016. In the exhibit packet is an accounting example of how the funds would be converted using the audited balances from June 30, 2014. She had a discussion with the external auditor to ensure they are satisfied and approve of this proposed transaction. They have provided confirmation based on their understanding of the facts and circumstances. They believe the activities of the Community Service Fund and the Beach Fund, while appropriately accounted for as enterprise funds in the past, could qualify for use as a special revenue fund, capital project and debt service fund, accounting in accordance to GASB 34 as well as GASB 54. Due to the additional oversight this Committee has had recently on enterprise funds and the transfer of funds out of enterprise funds, Ms. Langley

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requested the Director of Finance and Accounting, Gerald Eick, come forward and explain the potential conversion from the enterprise fund to the special revenue fund.

Gerald Eick, Director of Finance and Accounting, Risk Management and Information Technology, Incline Village General Improvement District, thanked the Department staff for their assistance, insight and guidance as he developed the report that was submitted. The Incline Village General Improvement District sees this as the opportunity to adopt a more appropriate generally-accepted accounting principle relative to their current situation. Their Community Services and Beach Funds would be more appropriately accounted for as special revenue. He identified in the report several matters on financial impact. He strongly emphasized that they do not intend for any net position of either fund to go anywhere else but from one to one. In other words, the Community Services Fund, as it presently is stated as an enterprise, would remain intact as a special revenue fund. The same would be the case for the Beach Fund. The funds will be moved from enterprises where they use full accrual accounting to governmental fund types where it is modified accrual. He has included, for the Committee's review, a template to demonstrate they can take every number from an audit report, provide an audit trail, something that is both reviewable by the public as well as their auditors, getting from the enterprise type of accounting to the governmental-type accounting, and then conversion from that fund level to the government-wide. This is a way of proving that no net position will be moved or lost in this conversion. The second item of responsibility is to address the outstanding bond issues. There are two bond issues that are shared by the Community Services and Beach Funds relative to activities in the past. There should be no consequence to these bond issues. Both were issued by the District as a whole. In those documents, there is no specific statement of a particular debt service fund or any reserve requirement. There is a commitment for the revenue by maintaining these funds and activities intact. The District believes the repayment will remain in place. These bonds will remain the obligation of both the District and those particular funds. This Committee, since 2012, has had the issue of central services cost allocations. It is something that their District does have as a way to allocate costs relative to accounting and human resources to all funds of the District. Their enterprise funds have received allocations and made payments for those services under Subsection C of NRS 354.613. The District will continue to have an enterprise fund in its utility. Therefore, this central services allocation plan will remain intact, and the amounts that were previously identified for community services and the methodology used will also remain intact. There should be nothing in these formula changes that suddenly becomes an added burden to their remaining enterprise fund. He has shown their charges and facility fees are in their report. They adopt the standby charge under NRS 318.201. They identify components of those fees specifically for venues, and not only just for venues in general, but capital debt service and operating. This will enhance the ability of their constituency to understand their financial statements.

Vice Chairman Sherman stated there are constraints on how much a local government can transfer from an enterprise fund to a general purpose government fund. He asked if they were concerned about taking some activities out of their enterprise fund that would fall under these statutes.

Gerald Eick responded that their focus was really on the definition of special revenue. They also recognize that this Committee's concern could be about the cost allocation plan or the transfers.

Vice Chairman Sherman stated he appreciates the concern for the appropriate fund classification of these activities. He is not aware of the role of this Committee in approving or disapproving a fund classification of any particular activity in the local government. This is the prerogative of the local government.

Gerald Eick stated they could not find anything specific regarding asking permission of this Committee, but it appears this Committee has oversight. They would like comments or advice.

Chairman Leavitt asked if they are making transfers right now over and above the allocated transfers based on their plan.

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Gerald Eick responded that they are not and none are contemplated after this change.

Member Kohn-Cole commented that she noticed the fund balance will be about 50% of the expenditures because it is \$6 million and annual expenditures are \$12 million. She asked if there was an intent to decrease. Now they have accumulated quite a bit of fund balance.

Gerald Eick stated they got to this point because their political body of trustees has been deferring a number of capital items. They have had them charge fees to accumulate resources for future investments and capital items. They anticipate all of those resources in that fund will remain and be used to meet those capital requirements and not be transferred to other funds. Whether their political body chooses to reduce fees is hard to say. In October of last year, they made their last bond payment on one item that is a component in determining the fees. In current discussions, there is some indication they would consider dropping their fees slightly since they have less debt service. This is despite the fact that they had us defer a \$3 million purchase until they paid off the bond.

Member Kalt stated he appreciated Mr. Eick's proactive approach and the material he put together. He agrees this is not the Committee's prerogative, but promoting transparency is important. It is going to be easier for those reading the financial statement to understand this as a special revenue fund versus the enterprise fund. They are clearly in compliance with GASB 34 and 54.

Chairman Leavitt stated the agenda is such that we will not be taking any motion on it. He asked if they had any other reasons for doing this other than good accounting.

Gerald Eick responded that he simply feels it is good accounting. He is excited about the opportunity to demonstrate to their constituency what is going on at a functional level.

Terry Rubald introduced the new Director of the Department of Taxation, Deonne Contine.

Chairman Leavitt welcomed Ms. Contine.

Deonne Contine stated this is her third month. She was the Chief Deputy for Chris Nielsen and has been with the Department for the last few years. Prior to that, starting in 2008, she served as a Senior Deputy Attorney General representing the Department.

4. CONSIDERATION AND APPROVAL OF REPORTS REQUIRED BY NRS 354.613(6)(b)

- a) For Possible Action: Report by Department on transfers from Enterprise Funds by Counties and Cities during FY2014 pursuant to NRS 354.613(6);**
- b) For Possible Action: Consideration and approval of report to the Director of the Legislative Counsel Bureau for transmittal to the Legislature pursuant to NRS 354.613(6)b**

Kelly Langley stated NRS 354.6136 requires the Department to provide the CLGF a copy of each report submitted. The Department has not received any reports during this past year, and therefore, the attached letter satisfies that requirement. She prepared the attached letter for signature because NRS 354.613 requires the CLGF to report on or before January 15th of each odd-numbered year its finding to the Legislative Counsel Bureau (LCB). This letter, should you sign it, will satisfy that requirement as well.

Terry Rubald clarified that the CLGF does needs to review and approve the report.

Vice Chairman Sherman moved to approve the report with a second from Member Kalt. The motion carried.

5. CONSIDERATION AND APPROVAL OF TRUST FUND INVESTMENT PLAN BY LOCAL GOVERNMENT PURSUANT TO NAC 287.788(2)

Clark County OPEB Trust

Terry Rubald stated the Clark County Treasurer should be in attendance to explain this. The actual NAC is in the exhibit packet on Page 142. It is a list of requirements for the investment plan that will be presented today. It appears to her that most of these requirements have been met.

Member Stevens recused himself. He stated he was one of the trustees of fund.

Rick Phillips, Investment Advisor, FTN Financial Main Street Advisors, came forward. He stated he was the Investment Advisor for the Clark County OPEB Trust. In setting up the investment plan, the primary goal was to have most of the assets into the Retirement Benefit Investment Fund (RBIF) trust that is run by the PERS group. The plan is set to dollar cost those funds in over time so not all of the money goes into the stock market at once. That is the general part of the plan. They will help invest the short-term moneys as those moneys will dollar cost average in. He believes it is about \$45 million that will go in this fiscal year, and the first transfer took place in January. He believes it was \$4.5 million dollars. That goal is to put enough in each month just to dollar cost average that in because as soon as the RBIF people receive that money, they invest it in the equity market, primarily. It is about a 70% allocation to the equity market. It was felt it would not be wise to put that in all at once so it will be dollar cost averaged over time. The other approximately \$40 million is invested in short-term nature just to have the liquidity to go into the trust fund over time with the RBIF allocation.

Chairman Leavitt stated with a goal of 7.5%, they are not going to do that on interest earned on investments anyway.

Rick Phillips stated they wish we could in the fixed-income market, but that is definitely not the case.

Vice Chairman Sherman stated it has been about seven or eight years since this Committee created the NAC related to OPEB Trust and the Legislature passed the companion statute. This request is not lining up with his understanding of the intent of the Administrative Code. As he understands the trust document investment plan, the OPEB Trust will only invest in equity securities and only through the retirement benefit investment fund.

Rick Phillips stated this is correct.

Vice Chairman Sherman asked if, to the extent which the trust has operated in cash, the trust will avail itself to investments otherwise allowed in Chapter 355, 355.170, specifically, the fixed income ten-year-or-less maturities.

Rick Phillips stated this is correct.

Vice Chairman Sherman stated when this was being crafted, it is his recollection that the intent of Administrative Code was if an OPEB Trust was created and has \$100 million or less in assets, the only thing it could invest in would be the RBIF or with securities that are allowed in NAC 255.170. They would not need an investment plan approved by this Committee. If the trust had in excess of \$100 million in assets and wanted on its own to invest in equities securities, they would have to come up with an investment plan that this Committee would have to review. This Clark County OPEB Trust Fund is the first trust fund coming to this Committee with this issue when there are other OPEB Trusts out there that are doing the same thing. Vice Chairman Sherman asked the Committee if they wanted to revisit this issue for clarification.

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Chairman Leavitt thought this might be appropriate. We could approve this one today and then revisit this to see if there are others. We could either change the regulation, clarify it or inform them.

Vice Chairman Sherman stated if the Committee takes the position that it is required under our current interpretation of NAC to give Clark County OPEB Trust an okay, then we are going to have other OPEB Trusts that are not in compliance.

Dawn Buoncristiani, Deputy Attorney General, State of Nevada, stated it is not a decision for her to make because these are the Committee's statutes and regulations to interpret. There are certain times when you may exceed your authority. If this is a jurisdiction question, she can look into it and get back to the Committee. If it is a matter of how you are interpreting the statutes, then that would be for the Committee to decide.

Vice Chairman Sherman stated that when looking at NRS 287.017(g), one might think the Committee's approval is needed to do this, but that is absent the context of other elements or sections of the code.

Dawn Buoncristiani stated she can give legal advice if this is a matter of interpretation that all sections should read in harmony so that one does not leave another one null and void. If you are wondering about setting precedent, the rule in Nevada Supreme Court case law is that you are not bound by a precedent. If you decide you want to do something, you can say it is not setting precedent.

Vice Chairman Sherman stated this may be the way to go and then visit this again.

Chairman Leavitt clarified that if we approve them today, it would not necessarily mean the others that do not have our approval yet are out of compliance.

Dawn Buoncristiani stated that should be made really clear.

Vice Chairman Sherman moved to approve the Clark County OPEB Trust Fund request for approval of their plan. As part of this motion, we recognize that this approval does not set precedent regarding other OPEB Trusts, and there may be another motion later on future business. There was a second from Member Clinger.

Member Kohn-Cole stated she understands the concept for the investments and trying to put them in over time, but they are not in compliance with investing the funds in accordance with NRS 287.017. We are making a motion that they can do it, and she is not comfortable with that.

Vice Chairman Sherman stated NRS 287.017 authorizes OPEB Trusts to invest in RBIF.

Member Kohn-Cole stated it says if it is under \$100 million that is where they have to put the money.

Vice Chairman Sherman stated they could put it in two places, the RBIF, or they could invest it on their own.

Member Kohn-Cole stated under normal criteria.

Vice Chairman Sherman stated under the maturities, ten years or less fixed income. They can already do that under NRS 355.170.

Member Kohn-Cole stated she was very supporting of setting up OPEB Trusts, but is concerned we are making a motion that is not in compliance with the NAC.

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Vice Chairman Sherman responded that when reading the NACs, he could see where there might be at least two interpretations. The key thing is that we have assurance. He read their trust documents that this trust is not going to independently, outside of RBIF, invest in equity securities. That would cause him a great deal of concern. Local governments already have the ability to do fixed income, ten-year or less maturities, under NRS 355.170. He does not want to stand in the way of them doing this. They met the threshold, in his mind, that their investment plan is in accordance with the other trusts that have been created around the state.

Member Kohn-Cole stated that is is not necessarily in compliance with NAC.

Vice Chairman Sherman responded that this is why we want to say this does not set precedent. At a future date, we will look at this particular issue in NAC.

Member Kohn-Cole stated she is not comfortable with this.

The motion carried.

6. BRIEFING TO AND FROM THE COMMITTEE ON LOCAL GOVERNMENT FINANCE AND LOCAL GOVERNMENT FINANCE STAFF

- (a) Report by Department on 2015 Local Government Summary Fiscal Report as prepared for LCB**
- (b) Report by Department on Churchill County School District 3rd Year of Decline in General Fund Ending Balance, pursuant to NRS 387.3045;**
- (c) Report by Department of completed mergers:**
 - 1) Douglas Paramedic District and East Fork Fire District;**
 - 2) TMWA acquisition of Washoe County Division of Water Resources and South Truckee Meadows GID;**
- (d) Gold Hill and Virginia City conversion completed to become County Special Revenue Funds**
- (e) Report on audit filing status**

Kelly Langley stated the staff has put together a statewide summary report for the counties, cities, and school districts. Years earlier, it was done by LCB on legislative years. It provides the governmental activities resources as well as the expenditures for the counties, cities and school districts. It also provided the fund by function resources. You can see 2011-2012 actual and 2012-2013 actual. 2014 is the expected, and 2015 is the budget. This is just informational.

Chairman Leavitt stated we are generally starting to see some improvement. We are seeing revenue growth consistently throughout the state. The main concern is the property tax has not come back and will not come back for a long time under the existing law.

Kelly Langley commented that the report also shows the visual graphs. It is a large volume, but if anyone wants one, we would be happy to provide a paper copy. For the Legislature, Applied Analytics is putting together a very large report, so all of this information has also been provided to them. This eliminated a lot of information having to be provided by the individual counties, cities and school districts.

Member Kohn-Cole thanked the staff, and stated this is exceptional.

Member Kalt stated he really appreciates the assessed value information.

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Kelly Langley moved on to Item 6(b) regarding Churchill County School District. At the last Committee meeting, we mentioned that we knew Churchill County School District was in the third year of decline, and we were just awaiting the notice. We have received the formal notice.

Chairman Leavitt commented it is interesting they have a decline in school population.

Member Kalt stated in their community, a charter school has grown significantly, and they are going to expand again. They are going from the public school system to a charter school so the school district enrollment is going down. Another trend in their community is with Naval Air Station Fallon. They are not seeing as many of the families being deployed. The service person may come, but the spouse and children may not.

Vice Chairman Sherman asked if the school district has managed it so they are able to reduce their costs.

Heidi Rose, Budget Analyst, Department of Taxation, responded that it appears they have reduced their costs.

Chairman Leavitt asked if there was cause for concern.

Heidi Rose responded that she does not see a problem at this time. Their ending fund balance is still at an acceptable level, above 4%.

Kelly Langley went on to Item 6(c) regarding completed mergers. This is for information only. The Douglas Paramedic District and the East Fork Fire merge has been completed. Truckee Meadows Water Authority's (TMWA) acquisition of Washoe County Division of Water Resources and South Truckee Meadows GID is complete.

Kelly Langley stated information on Item 6(d), Gold Hill and Virginia City, will be provided at a different meeting.

Regarding Item 6(e), the report on audit filing status, Kelly Langley stated we are awaiting annual audits for the following entities: North Las Vegas, Elko County, Elko County School District, City of Elko, Carlin and Lander County School District. The delay has been related to the Kafoury merger, and due to the shortage of staff and the reassignment of caseloads, the Department is working with all of these entities. We are expecting to have audits delivered by the end of February.

Chairman Leavitt asked if they requested approval for not filing on time.

Kelly Langley stated they requested and have been granted extensions. The primary reason for this was the merger. It was not the local government.

Member Zander stated he is the Superintendent of the Elko County School District. They did provide draft financials for the auditors in a timely manner. Unfortunately, he hired the partner in charge of their audit for the past 22 years to become the CFO for the school district. There is a letter he is going to forward to from Bob Hagen of Kafoury Armstrong explaining the situation. He has guaranteed that Lander County's audit document will be through peer review by February 15th and will be presented to the Board of Trustees on February 24th.

Kelly Langley continued that Lyon County School District is outstanding. They have a new account system which created some delays. It was reviewed by their commission last week, but we have not received an update. Winnemucca Convention and Visitor's Authority did receive an extension, and we should be receiving that this month. The Town of Tonopah has some issues regarding the More Cops tax issue between Tonopah and the County. Our staff had a meeting with the town manager last week. She believes they are going to be able to proceed from there and receive it by the end of the month.

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Chairman Leavitt asked if any of these entities are ones we have had perennial problems with that have a new excuse every year.

Kelly Langley stated that she did not believe so.

7. DISCUSSION AND CONSIDERATION OF REGULATORY MATTERS

- (a) For Possible Action: Report by Department on legislative bill drafts**
- (b) For Possible Action: Discussion and Consideration of regulatory or other guidance to Department regarding appropriate use of special revenue funds and enterprise funds**
- (c) For Possible Action: Update on Subcommittee on Definition of a Local Government**

Terry Rubald stated AB 54, which has to do with the procedures on severe financial emergency, is scheduled to be heard by the Assembly Government Affairs Committee on Monday, February 16th at 9:00 a.m. This bill is brought forward by the Department. She would like input from the CLGF as she reviews some of the sections within the bill. Section 1 is intended to address organizational issues of the Committee. It updates the reference to the appropriate appointing authority for the school boards, and it allows for re-appointment of the members, provides for election of a chair and vice-chair, the number of meetings to be held annually, definition of a quorum and compensation for per diem allowance and travel expenses. The Department serves as staff to a number of boards and commissions, and this is the only volunteer board that does not receive a per diem and travel allowance to attend a meeting. We would like to correct that inequity. The remaining portion of the bill addresses existing processes involved in assisting financially-distressed local governments and clarifies certain responsibilities and duties of the Department and others during a period of severe financial emergency. Section 2 is the section with all of the different definitions. One is the definition for basic functions. That term is used later in Sections 3 and 9, which amends NRS 354.705 about what the duties of the Department are under severe financial emergency. One of those duties is to determine the total amount of expenditures necessary to allow a local government to perform basic functions for which it was created, with priority given to public safety and the maintenance of roads and highways. Local governments may do a lot of things for their constituency, but if the Department takes over, the priority is to continue to deliver basic functions, and if necessary, would have to look at cutting non-basic functions. It is so important then to have a definition for basic functions. There is also a definition in the section for fiscal watch. It is basically monitoring the conditions of the local government. The term fiscal watch is used later on in Section 6, and it is intended to update the concept of technical financial assistance. It allows the Department to categorize governments that may meet one or more of the conditions of severe financial emergency, but the degree or the depth of the financial problem is not as serious as severe financial emergency. If the Department has placed a local government under fiscal watch, then the local government would be allowed to request technical financial assistance by passing a resolution requesting such assistance from the Nevada Tax Commission (NTC), which is the head of the Department. This section also has a definition for technical financial assistance as services provided by the Department to a local government, including helping them develop budgets, reviewing contracts, analyzing cost allocation, and so on. Unfortunately, the way this was drafted also has the Department conducting audits, but the original draft was intended to allow the Department to arrange for audits and not conduct them. That will be a friendly amendment that the Department would want to make to that definition. Another friendly amendment the Department is considering is removing the definition of local government in Section 2, Subparagraph 7. It seems that it would cause a problem to define a local government differently than what is already in NRS 354.474. We have also received a request from a bond guarantee company to include a definition of holder, which would be defined as including trustees, guarantors, insurers and other credit enhancers, including without limitation letter of credit banks. The purpose of adding the definition of holder would be to clarify the scope to which notice would be given and presumably ensures that all critical parties are part of the proposed solution for municipality in distress. In prior meetings, the issue came up about withholding funds from distributions made by the state to local governments when those local governments fail to file reports and statements or are otherwise noncompliant. NRS 354.665 provides that a

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CTX distribution may be withheld until the report is received. The discussion was that some entities might not have a CTX distribution. They might receive something from property tax or net proceeds. This amendment provides for withholding for those tax types as well. Similarly, Section 5 provides for withholding of CTX if there is a failure to keep up with the payment that is due to the public employees' benefits program. It would allow withholding from property taxes or net proceeds tax there also.

Vice Chairman Sherman asked if the withholding of property tax is an allocation by the Department for centrally assessed.

Terry Rubald responded yes.

Vice Chairman Sherman asked if the state could direct a county treasurer not to allocate locally collected property tax.

Terry Rubald responded that this is a very big hammer.

Vice Chairman Sherman stated that CTX is a big hammer, too. In a normal government, CTX and property tax could be in alignment and in some places CTX could be more.

Terry Rubald stated her thoughts had not gone this far. She stated a request for a friendly amendment was received from a bond insurer to limit any withholding such that debt service would not be impaired. This is probably doable. The concept would be that any withholding would not impair the service of debt. Section 7 provides that CLGF, upon recommendation of the Department Director, determines whether a condition of severe financial emergency exists after conducting one or more hearings. Then there are two additional conditions in the list of conditions triggering severe financial emergency. They include whether the ending fund balance of the general fund is less than 4%. The second one is if the FUTA tax is paid and up-to-date. The balance of Section 7 clarifies the procedures and due process that is necessary prior to declaring severe financial emergency. The Committee would take more of a role in making the recommendations to the NTC. That section also introduces the notion that contiguous local governments to a city being considered for severe financial emergency should be notified and be given an opportunity to be heard because they might be impacted by whatever is decided for that particular city. Section 8 amends the powers and responsibilities of the Department after severe financial emergency is declared. The Department, under this, would assume all rights and obligations of the local government under any collective bargaining contract. This presumably would give the Department the ability to negotiate all collective bargaining agreements, including existing ones, if that option is available in those contracts. This section also permits the extension of bond payments and changes in interest rates by exchanging existing bonds for new bonds. If the local government is involved in litigation and the plaintiff has asked the court for a Writ of Attachment, the Department could ask for a stay of that action during the pendency of the severe financial emergency. Later on, in Section 14, you will see that it specifies a Writ of Attachment must be stayed until the plaintiff has met with the Department to formulate a program for the liquidation of the debt owed. Then the Department has to formulate that plan within 60 days after meeting with the plaintiff. We received another friendly amendment to this section that would provide that when the Department meets with creditors to formulate a debt liquidation program that it includes holders, as that term was defined, and to negotiate with the holders in good faith. Section 8 also provides that the Department could suspend a collective bargaining agreement, if CLGF approves, until the Department's management of the local government ends. Finally, the section clarifies if a financial manager is appointed, that person is responsible to the Department rather than to the local government. That was to clarify that the Department is still responsible for the management.

Member Sherman stated there was a question when we were dealing with White Pine County and the Department's and the Committee's role in collective bargaining agreements. It appears Section 8-1(g) is trying

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to clarify that. If the local government is in that condition, the Department steps into the shoes of the local government. He has a question of the meaning in Subsection 2 that on approval of the Committee, the Department could suspend collective bargaining agreements. Does that mean that the existing collective bargaining agreements can be voided, and the Department is required to renegotiate those? Or does it mean that all of the procedures and requirements in Chapter 288, collective bargaining laws, no longer apply in this situation? The latter case would have some challenges because that is basically taking over and saying we are going to negotiate in total all of the elements that are required to right a failing government. But in this one case, we are going to have 100% percent of the authority to deal with one particular group.

Terry Rubald responded that since this legislation does not include any reference to bankruptcy, and we know that the bankruptcy courts are the only ones that can really break contracts, she suspects the second alternative is not what is intended.

Vice Chairman Sherman commented that he is not sure what suspend means. What do you put in its place if you suspend something? If you have a collective bargaining agreement that requires a 2% COLA in the ensuing fiscal year, can you say that no longer applies? Or can you say that you are not only going to suspend the whole agreement, but you are actually going to roll back paying benefits by a certain amount? It leaves a lot of unknowns.

Terry Rubald agreed and stated it should be the subject of some friendly amendments.

Chairman Leavitt stated the contracts involve a lot of things other than financial consideration such as health and safety, working conditions, etc.

Member Kohn-Cole stated she thinks it is identifying the bargaining units, and that is not fair. History will show that the unions, when there have been financial difficulties, have stepped up and opened contracts and negotiated concessions. Unless they have the right to suspend all existing contracts across the board, the Department should not have the right to unilaterally suspend a contract. She is also concerned about the non-fiscal issues within a contract.

Member Clinger commented that 85% of any municipality is salary and benefits. He does not know the legal side of this, but if the Department is taking over a financially distressed local government, there has to be some tool to deal with the pay and benefits issue

Vice Chairman Sherman stated that regarding collective bargaining agreements, there is a provision that you can have financial emergency re-openers. He believes whether or not you put them in your contracts is open. He is also discounting the fact that a new city council or county commissioner who does not like the collective bargaining agreement might suddenly design a fiscal emergency to get out of those. There has to be some ability to negotiate in a fair manner with the associations to help rightsize the local government because it is not in anyone's benefit for it to fail. He is stuck on the issue of contracts. He believes we need further discussion with Legislative Counsel on this point.

Member Vincent stated he wonders if the Department declaring a severe financial emergency and taking over the operation of the government would trigger a mandatory reopening so that it is a forced negotiation. Unless you can force them to come to the table, and it is very difficult to do that, there may have to be some other caveats with respect to the mandatory re-opener in terms of speed and the process. The reality is for local governments, the only option to cut costs is to cut personnel. When the City of North Las Vegas cuts 45% of the personnel, it becomes a public safety issue. At some point, you just cannot afford to cut.

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Member Zander stated that rather than talk about the entire collective bargaining process, maybe we should focus on some sort of authority regarding reduction of force that might contradict what is actually delineated within those contracts.

Member Vincent stated we are probably going to have the same issue with this. In some cases, we saw collective bargaining contracts with some local governments where they had written into the contract that they could not reduce force because of other concessions. It is like all of the other non-wage and non-money provisions in the contract. They are still part of the contract.

Member Kohn-Cole stated she believes there is a statute requirement that includes a definition for a severe financial emergency in the contract when they would have re-openers on multi-year contracts. That already exists. So if they are in that financial position, that contract will expire at the end of the year.

Vice Chairman Sherman asked if that was a mandatory part of the collective bargaining agreement.

Member Kohn-Cole stated she believes there is a requirement for multi-year contracts, but she will have to double check.

Chairman Leavitt stated that since we are not going to write new language today, the best recommendation might be to have the Department visit with the Legislative Counsel to discuss possible legal issues and find some medium ground. He asked Terry Rubald to move forward.

Terry Rubald went on to Section 9. This requires the CLGF to oversee a plan of revenue enhancement and expense mitigation proposed by the Department. The plan prioritizes basic functions to be performed as opposed to all functions. If additional revenue is needed, the plan must also be adopted by the NTC. If the NTC revises the plan, then the revisions must also be approved by the members of the panel from the CLGF that participates in that process. Subsection 5 permits the levy of additional property tax at the next quarterly payment due date even if the taxes previously imposed are either partially or fully paid. That was a problem we did consider when we were in White Pine County. Although we did not actually impose a tax, something we were worried about was when could it be imposed. Would we have to wait until the next fiscal year when we really need the money right now? That is what this is intended to address.

Vice Chairman Sherman stated that in a situation with an entity in severe financial condition where it is determined that increased revenue is a component of the recovery plan, levying additional property tax as allowed by this would have a marginal or nonexistent impact.

Terry Rubald asked Vice Chairman Sherman if he was referring to the abatement.

Vice Chairman Sherman responded yes. We may want to consider having this particular tax increase, which is limited in time, not be subject to the abatement laws.

Terry Rubald stated that this is what Section 15 does. It exempts any increase to property tax imposed as a result of severe financial emergency from abatement. Section 10 has a penalty if the local government official willfully fails to comply with requests of the Department, including removal from office and possible conviction of gross misdemeanor, and a finding of willful failure to comply would be declared by a district court. Section 11 provides for a two-year period rather than a one-year period to repay any amounts loaned from the severe financial emergency fund. The other amendments in that section are just a style change. We did receive a friendly amendment to amend NRS 354.721 Subparagraph 3(a). Right now, it says money in the severe financial emergency fund may be distributed by the Executive Director as a loan to a local government for the purpose of paying the operating expenses of the local government. The amendment would include not only 21

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operating expenses, but also debt service of the local government. It does not seem to be a bad amendment, but a two-year loan. She is not sure that it is going to help debt service, but it might.

Chairman Leavitt stated if we wanted to do that in debt service, it ought to be general obligations. We do not want to be paying redevelopment loans or revenue bonds on a service debt that is a general obligation of a municipality.

Vice Chairman Sherman stated in the event that the local government has to be dissolved, and they have debt obligations, we could have a provision whereby the geographical area of the local government that goes out of business can have some special levy to pay that debt. When you have a subunit within a county, the obligations may be taken over by the county.

Terry Rubald stated Section 12 amends NRS 354.723, which are the procedures that occur when a finding is made that severe financial emergency is unlikely to cease within the three years. It provides a process for transmitting the Committee's findings to the NTC and what the NTC does with it. This section makes the CLGF the driver in those circumstances.

Vice Chairman Sherman asked about Section 7, regarding the conditions of severe financial emergency and the ability to make a judgment as to the severity of those conditions.

Terry Rubald responded this is why the CLGF is being inserted. In the original language, the Department Director makes that judgment. It is amended that the CLGF would ascertain the severity of the conditions before going into severe financial emergency. Ms. Rubald thanked everyone for their comments. She added that there is a bill, AB 19, sponsored by the League of Cities, that would allow the budget timeframe to be on or before the current budget dates in May. We are a little concerned about this because we are already under a time crunch at the Department for reviewing the budgets. She will make comments at the Legislature.

Terry Rubald moved on to Item 7(b). She stated this is in conjunction with the report this morning from Incline Village, which was a good presentation regarding the proposed changes from going from an enterprise fund to a special revenue fund. This led her to want to poll the Committee to see if there is any interest in providing general guidance to all local governments about the criteria to be considered when trying to determine whether an enterprise fund or a special revenue fund should or should not be used. She included in the packet the current definitions of an enterprise fund and special revenue fund as well as NRS 354.612 and 613 about resolutions for establishing enterprise funds, etc. She has also included excerpts from GASB 54, which also describes special revenue funds. She has also given examples of what other governments have published. For example, the Minnesota State Auditor describes the circumstances that control whether an enterprise fund accounting is required. There is also an example starting from Washington State that describes special revenue funds and enterprise funds. Terry Rubald asked if the Committee believes the Department should issue a guidance letter that would be similar to these examples or whether the CLGF should engage in further regulatory work or just leave it alone.

Member Kohn-Cole suggested that it be left alone. She looks at a lot of different CAFRs and finds on these special revenue funds that the fund balance is reflected as restricted when most of the revenue that is generated in those funds comes from unrestricted resources. Even though the local government assigned like franchise fees to a road fund, that does not make those funds restricted. That is how the local government obviously is managing. They need to use those funds for roads. But if you look at all of those CAFRs, they show that those funds are restricted. And when you look at all of this, those funds are not restricted. They are assigned or maybe committed. She does not think they go to the highest level of law. She thinks the finance department puts the budget together, presents it to the council where it is approved, and they are using those franchise fees. She believes it is a sign, and it is across the board for most of the local governments.

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Vice Chairman Sherman asked if in Member Kohn-Cole's audit work she would point out this discrepancy between assignment of funds going into a special revenue fund which does not meet the definition.

Member Kohn-Cole responded that as a finding, they just accept it. She is working for the unions. Most of her audits are more of special districts, so she really does not have that issue. But in her view, it is just wrong. It is complicated, and you may not want to address it.

Member Kalt added that from the standpoint of a staff CPA, the level of due diligence and the resolutions, the statutes, all the guidance required by their independent auditors is to true up their compliance with GASB 54 to the letter. To the intent of whether it is restricted, committed or assigned, he personally takes offense that local governments are not doing their due diligence. They are not providing that documentation to their auditors or their auditors are not doing the job. He does not believe it is a pervasive problem in local government financial statements.

Chairman Leavitt stated that on another matter, he wonders, as we approach this 2021 deadline as relates to enterprise funds, if this is going to be a conversion from an enterprise fund to something else so it will not come under the provisions of that statute.

Terry Rubald replied that she wondered if the Department should issue some sort of guidance letter to local governments.

Member Clinger stated he would be in favor of issuing some guidance.

Chairman Leavitt stated if there is a statute in place, and the local government comes up with a way to get around it, which occasionally we have seen, and then the Legislature gets upset and people like Ms. Vilardo get upset, and then they come back with legislation that is more onerous than the last one. He believes we should stop this before it occurs. He sees two alternatives, the Department could draft something, or we could get a subcommittee to work on this.

Terry Rubald stated that we could do a little bit of both. She could draw up a draft and have feedback from a subcommittee.

Chairman Leavitt stated this sounded good, and asked for volunteers.

Member Kohn-Cole, Member Kalt and Vice Chairman Sherman volunteered.

Chairman Leavitt stated Member Kohn-Cole could be the chairman of this subcommittee.

7. DISCUSSION AND CONSIDERATION OF REGULATORY MATTERS

- (a) For Possible Action: Report by Department on legislative bill drafts**
- (b) For Possible Action: Discussion and Consideration of regulatory or other guidance to Department regarding appropriate use of special revenue funds and enterprise funds**
- (c) For Possible Action: Update on Subcommittee on Definition of a Local Government**

Chairman Leavitt asked about the Subcommittee on the Definition of a Local Government.

Terry Rubald responded apologized that there was nothing to report. There has not been enough time to collect all the information that the Chairman has asked us to provide.

Chairman Leavitt stated we would defer that one.

8. REVIEW AND APPROVAL OF MINUTES
For Possible Action: CLGF Meeting – August 28, 2014

Vice Chairman Sherman moved to approve the minutes of August 28, 2014, with a second from Member Kalt. Member Clinger, Member Johnson and Member Zander abstained from the vote because they were not present at the last meeting. The motion carried.

9. For Possible Action: Schedule Date and Review Agenda Topics for the Next Meeting

Vice Chairman Sherman stated he has two items relating to OPEB. We need to look at NAC 287 to resolve the issue as to when the Committee is required to approve investments plan of an OPEB Trust. He has some thoughts he believes could be readily done assuming the whole Committee agrees it is only in the extreme case that the OPEB Trust will itself invest in equities securities that need an extra layer of oversight. He would like to have that done so we are clear on that. And two, GASB has issued two exposure drafts which he thinks are going to be put in the standards that replace GASB 43 and 45 that now govern OPEB Trusts and post-retirement health benefits. This is going to change the landscape of how local governments deal with post-employment benefits. He believes the implementation schedule is 2016, and there might need to be some statute changes in terms of accounting guidelines and budgeting regarding the creation of OPEB Trust. It might be beneficial to get ahead of that. It might be a many-year process to get that done.

Chairman Leavitt suggested we put this on the agenda for the next meeting.

Terry Rubald asked if Chairman Leavitt would like the local governments that were heard today to come back to the next meeting.

Chairman Leavitt stated the City of North Las Vegas definitely needs to come back. If we end up having problems with any of the financial reports, not getting them in, we need those people to come back.

Regarding the date of the next meeting, Chairman Leavitt stated he will be here on May 1st for an economic forum meeting. The date of Thursday, April 30th was chosen.

Vice Chairman Sherman stated that date would be good in terms of a legislative update, too.

10. Public Comment (See Note 2)

In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.

There was no public comment.

11. For Possible Action: ADJOURNMENT

The meeting was adjourned at 12:09 p.m.

Public Comment Letters

TO: CLGF April Meeting

FROM: Jeff Church, RenoPublicSafety.org

SUBJ: Reno Redevelopment Agency Issues (RRA)

Per the article at the end of this letter, it appears that insolvency for the Reno Redevelopment Agency (RRA) is likely by 2019. The CLGF should ensure this fiscal emergency is dealt with promptly. Please place the RRA on fiscal watch.

Secondly please address the issue of Reno taxpayer monies & personnel being used to support the RRA.

QUESTION: May City of Reno tax monies be used to provide staff and operating expenses to the RRA, a separate local govt political entity?

Requested Action: Address the listed question place the RRA under a fiscal watch (NRS 354).

Is the Reno Redevelopment Agency (RRA) a separate government under NRS meeting the criteria of a "local government" NRS 332.015. etc? Per the RGJ article: "The agency and its finances are completely separate from the city of Reno and the funds the city uses to provide general services such as police, fire and parks."

The article states the RRA has no staff or employees.

It would appear that the RRA is receiving free services paid for with funds outside of the RRA revenues, i.e. downtown property tax monies. It appears that the employee costs for the City of Reno employees to actually serve the RRA are generally City general fund monies, not RRA monies. In some cases employees perhaps may be funded under other grant or special funding. I live in Reno outside of downtown. May my Reno tax monies be used to provide staff and operating expenses to the RRA?

Edited (underline added) Article from Reno Gazette Journal, 2-18-15 regarding the RRA:

The Reno Redevelopment Agency, which was created in 1983, is a separate political entity that is governed by the Reno City Council. The redevelopment district spans most of downtown and is charged with promoting economic development and reducing blight.

But the agency's revenue, which comes from property taxes generated in the district, was decimated by the recession. Today, the agency is mostly gutted. It employs no one and has only enough revenue to make the payments on the \$26 million it carries in debt for such projects as the downtown river walk.

The biggest problem for the agency is the fact that the majority of its revenue comes from a property tax settlement agreement it reached with Washoe County in 2012. That revenue from that settlement goes away in 2018, which means the agency will not be able to cover its debt payments starting in 2019.

"Right now we are good through 2019, roughly," Clinger said. "It's a little too early to start talking about bankruptcy."

The agency and its finances are completely separate from the city of Reno and the funds the city uses to provide general services such as police, fire and parks."

*Notes from Jeff Church: Per Mr. Clinger's comments, if insolvency is inevitable, how soon is not too early to address this?

If the article is correct and the RRA "finances are completely separate from the city of Reno and the funds the city uses to provide general services such as police, fire and parks." Why do City of Reno taxpayer funds go to support them? Is this legal?

Sincerely,

Jeff Church
www.RenoPublicSafety.org
RenoPublicSafety@cox.net
800-554-9519