

Budget Overview

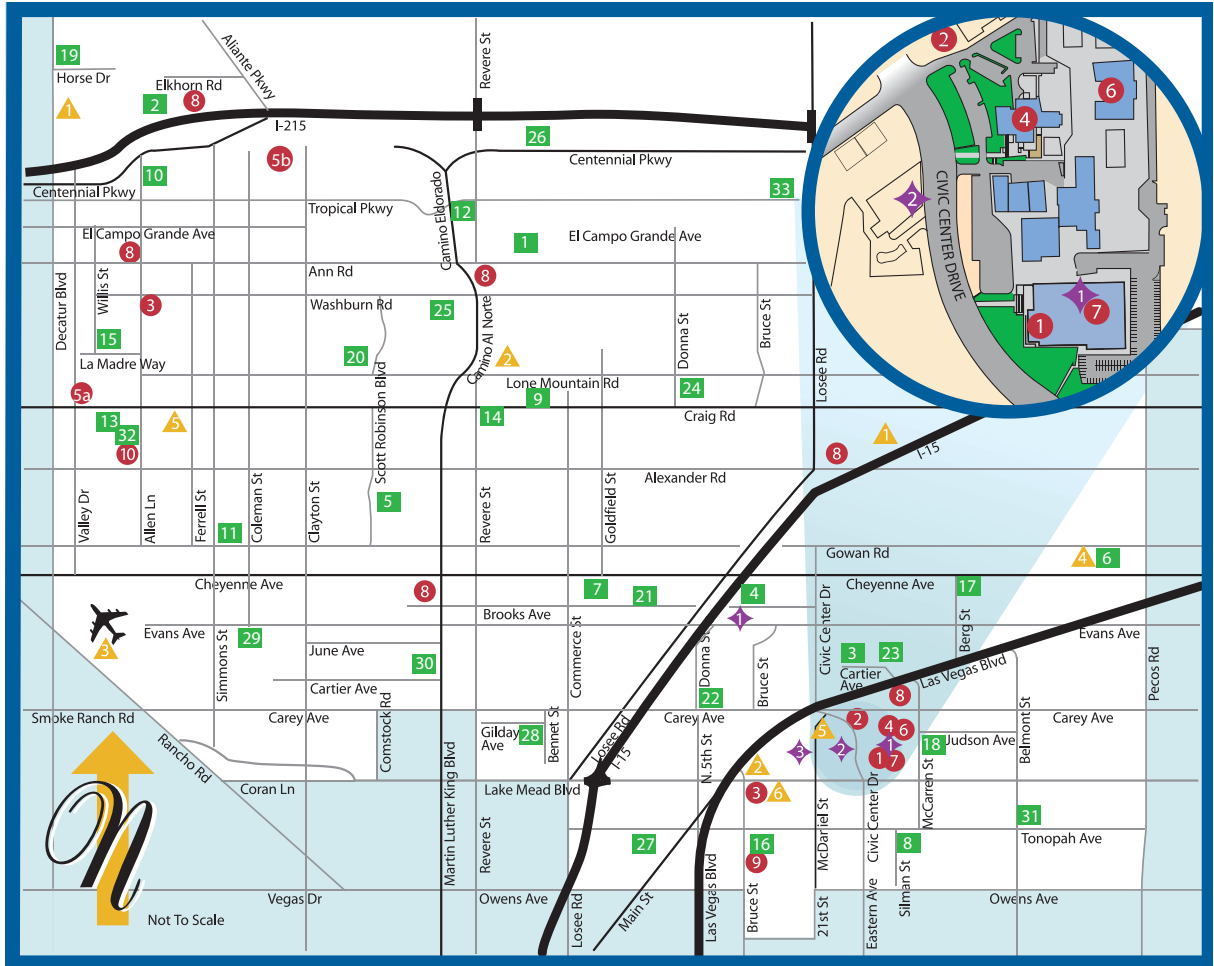
In This Section

This section includes two topics that help the reader gain an overall understanding of the City of North Las Vegas. First is background information about the city including economic and demographic data. Next is the discussion about the budget process and the financial management policies of the city.

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City of North Las Vegas Facility and Services Map



City Facilities and Services

- 1. City Hall
- 2. Justice Facility
- 3. Police Stations
- 4. Library Main Branch
- 5a. Library Northwest Branch
- 5b. Aliante Library
- 6. Detention Center
- 7. Business License
- 8. Fire Stations
- 9. Neighborhood Recreation Center
- 10. Silver Mesa Recreation Center

Utilities

- 1. Water, City of North Las Vegas
- 2. Southwest Gas
- 3. Nevada Power

City Parks and Pools

- 1. Antonello School Park
- 2. Aviary Park
- 3. Boris Terrace Park
- 4. Brooks Tot Lot
- 5. Cheyenne Ridge Park
- 6. Cheyenne Sports Complex
- 7. City View Park
- 8. College Park
- 9. Craig Ranch Golf Course
- 10. Deer Springs Park
- 11. Desert Horizons Park
- 12. Eldorado Park
- 13. Flores Park
- 14. Gold Crest Park
- 15. Goynes Park
- 16. Hartke Park/Pool/Rec Center
- 17. Hebert Memorial Park
- 18. Joe Kneip Park
- 19. McCool Regional Park
- 20. Monte Vista Park
- 21. Municipal Golf Course

- 22. Pettiti Park/Pool
- 23. Rotary Tot Lot
- 24. Richard Tam Park
- 25. Sandstone Ridge
- 26. Seastrand Park
- 27. Tonopah Park
- 28. Valley View Park
- 29. Windsor Park
- 30. Walker Pool/Park
- 31. Tom Williams School Park
- 32. Silver Mesa Aquatic Center
- 33. Upper Las Vegas Wash

Other

- 1. Department of Motor Vehicles
- 2. Post Offices
- 3. North Las Vegas Airport
- 4. Community College of Southern Nevada
- 5. North Las Vegas Chamber of Commerce
- 6. Lake Mead Hospital



ABOUT THE CITY

The City of North Las Vegas is located near the center of the Las Vegas Valley in Clark County, Nevada and encompasses approximately 82 square miles. It is situated on the northern city limits of the City of Las Vegas, the county seat and is the fourth most populated incorporated city in Nevada. The City provides its citizens with police and fire protection, wastewater and water systems, parks, a golf course, streets, a municipal court, and other general governmental services. The economy of the North Las Vegas area is based on commerce, tourism, industry, and government.

City Government

The City of North Las Vegas was incorporated on May 1, 1946. The City operates under the provisions of an act cited as Chapter 573, Statutes of Nevada, 1971, as amended. It maintains a Council-Manager form of government. The Mayor

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

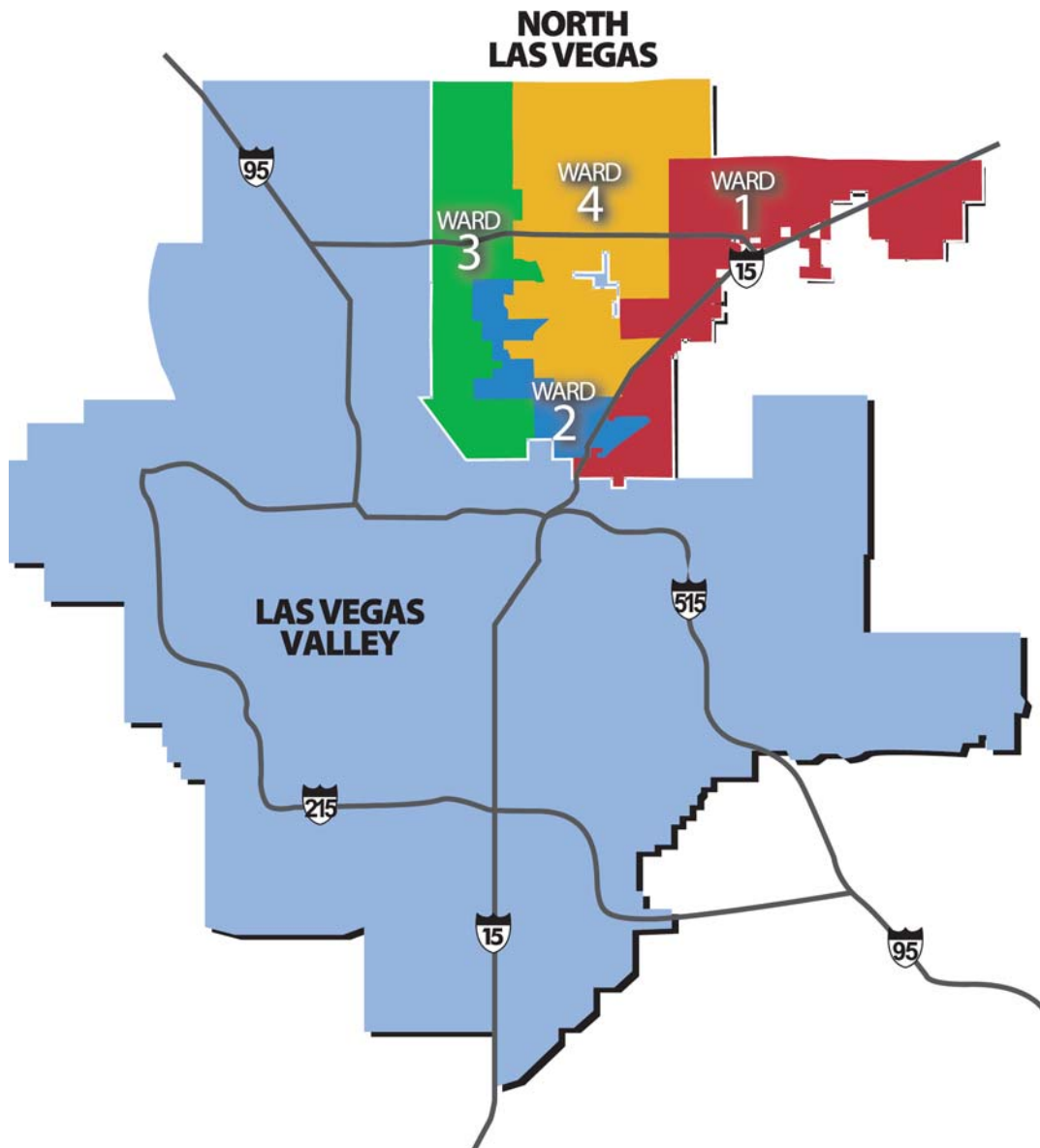
The five-member City Council is the policy-making body of the City. By a majority vote, the Council may enact and enforce ordinances and orders and pass resolutions necessary for the operation of municipal government and management of City affairs. Council members also actively serve in leadership positions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



CITY OF NORTH LAS VEGAS

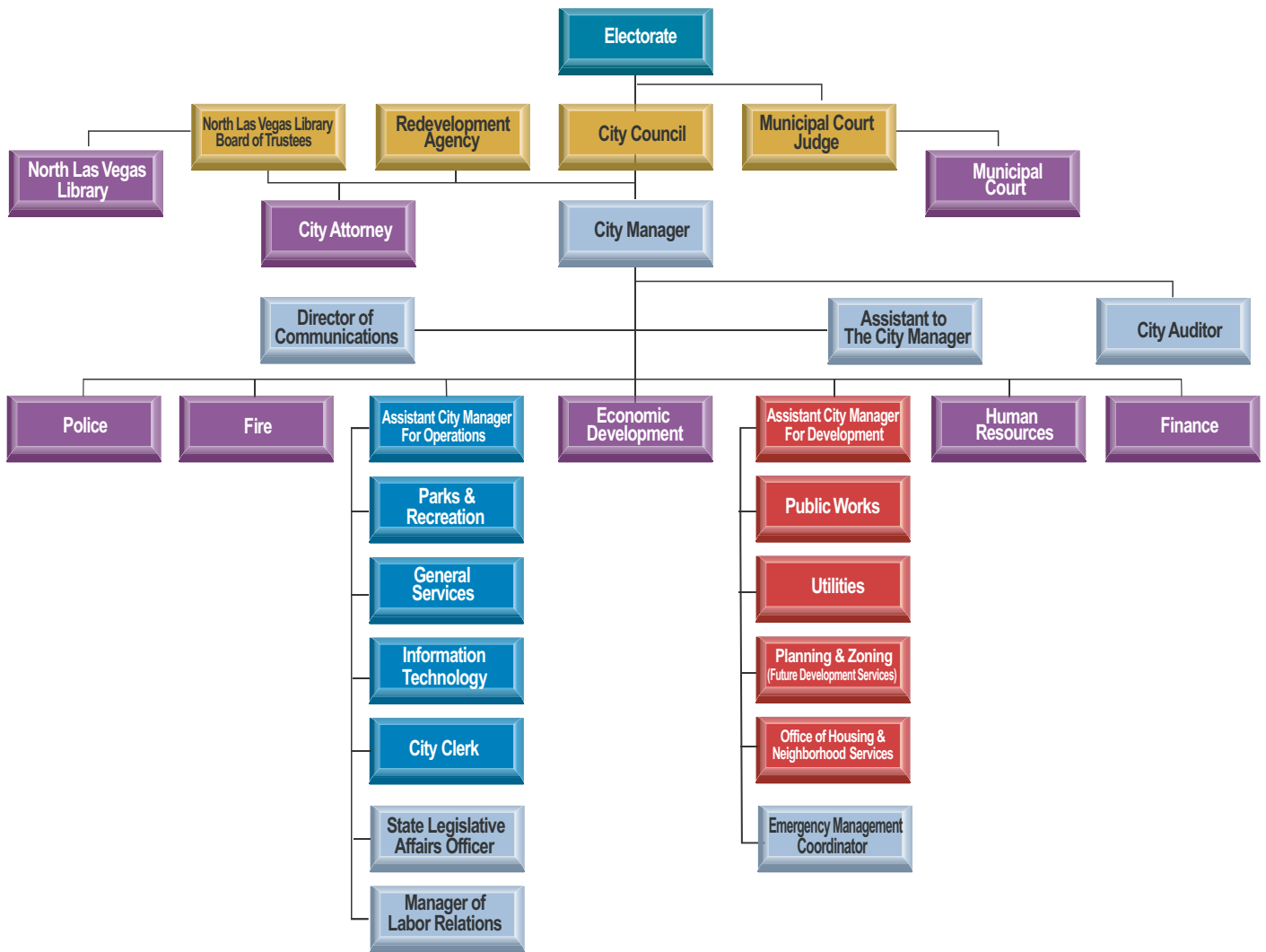
The current Mayor and members of the City Council and their terms of office are as follows:

Name	Ward Represented	Term Expires
Michael L. Montandon, Mayor	At Large	June 2009
William E. Robinson, Mayor Pro Tem	Ward 2	June 2007
Stephanie S. Smith	Ward 3	June 2009
Shari L. Buck	Ward 4	June 2007
Robert L. Eliason	Ward 1	June 2009



City Management

The City Manager and City Attorney are appointed by and report to the City Council. The City Manager's administration consists of an Assistant City Manager responsible for administrative operations, an Assistant City Manager responsible for development operations, an Assistant to the City Manager, a Director of Communications, the City Auditor, and sixteen departments including: Public Works, Utilities, Parks and Recreation, Economic Development, Fire, Police, Planning & Zoning, Information Technology, Finance, City Clerk, Human Resources, General Services, Municipal Court, City Attorney, Office of Housing and Neighborhood Services, and the Library District. North Las Vegas is the only city in Southern Nevada with a municipally-managed Library District. The 2006-07 budget authorizes 2,016 full-time equivalent employees.



Significant Changes of 2005-06

- Mike Majewski was appointed Director for the City's newly-created Economic Development Department in July 2005. This department will focus on business attraction, retention, and development; redevelopment; special projects; and international investment.
- North Las Vegas' violent crime rate dropped ten percent and the property crime dropped three percent from 2003 to 2005, while the City's population increased about 29%. This significant change supports the Police Department's community-based partnership approach to policing. This reduction in crime is a testament to the dedication of the North Las Vegas' police force and the community to improve their quality of life.
- The City of North Las Vegas' bond rating was upgraded by both Standard & Poor's Rating Service and Moody's Investors Service. Standard & Poor's upgraded the City of North Las Vegas' general obligation bond rating from A to A+. Moody's upgraded the City's general obligation bond rating from an A2 to an A1.
- Using an \$85,000 grant from the Department of Homeland Security, the City of North Las Vegas recently produced and distributed a "Hometown Emergency Planner" wheel to all North Las Vegas residents. The Planner was produced in English and Spanish. The information on the planner wheel instructs residents how to prepare and how to act in case of an emergency from everything from floods to bio-chemical threats. This planner wheel has received local and nationwide media attention and other municipalities nationwide have requested the planner wheel.
- The City of North Las Vegas received the Certificate of Achievement for Excellence in Financial Reporting for the 24th consecutive year. This award, presented by the Government Financial Officers Association of the United States and Canada (GFOA), is the highest form of recognition in the area of governmental accounting and financial reporting. Its attainment represents a significant accomplishment by a government and its management.
- The Finance Department received the Distinguished Budget Presentation Award from the GFOA for the second year in a row with a special designation as an Outstanding Communications Device.
- In September 2005, eight North Las Vegas police officers teamed with other police jurisdictions in Southern Nevada and the State to provide law enforcement support in Mississippi after Hurricane Katrina. Also, a North Las Vegas Police Department employee assisted the Las Vegas Metropolitan Police Department on a similar mission in Louisiana.
- The City of North Las Vegas was one of eight cities and counties in 2005 to receive the Certificate of Achievement Award for the International City/County Management Association (ICMA) for its reporting data to the public through budgets, newsletters, and information provided to elected officials. To receive this award, each community reported data for 15 local government services, from police and fire protection services to road maintenance and park services.
- The City's 5th Annual Northern Exposure 10K Race and Family Run/Walk received the 2005 Program Excellence Award. This award is one of the highest forms of recognition given by the Nevada Recreation and Park Society in the area of recreation programming and sports events.
- In October 2005, the North Las Vegas Fire Department received a boost in its insurance rating, receiving a rating of two, an improvement over the prior year's rating. The rating system classifies communities based on a scale of one through 10, with one being the best and 10 being the worst.



The rating was received from ISO, the country's leading source of statistical, underwriting and information used by the property and casualty insurance industry for calculating premiums for residential, commercial and industrial properties.

- The City's Utilities Department was one of seven drinking water utilities nationwide to win the 2005 Gold Awards for Competitive Achievement. This award was presented by the Association of Metropolitan Water Agencies, an organization of the largest publicly owned drinking water systems in the United States. The awards are given to utilities that apply competitive business strategies to meet the expectations of drinking water consumers and municipal leaders.
- Steven Chapin was appointed Information Technology Director in November 2005.
- The 11-acre Desert Horizons Park was opened with T-ball and soccer fields, bocce court, horseshoe pits, covered playground, tennis and basketball courts as well as open space for outdoor concerts or movie showings. Desert Horizons Park is now being expanded to 13 acres.
- Two new Assistant City Managers began working for the City of North Las Vegas in December 2005. Samuel H. Chambers was appointed as the Assistant City Manager for Operations, and Maryann I. Ustick was appointed as Assistant City Manager for Development.
- The North Las Vegas Library District began construction on a new library branch in Aliante, scheduled for completion by spring 2006. This project will provide a 15,900 square foot, single story building located on a City-owned three acre parcel.
- The \$8.5 million "A" Channel - 3 Bridges Project is expected to be completed in late spring 2006. This project involves demolition of existing undersized drainage culverts in the Las Vegas Wash "A" Channel at Cheyenne Avenue, Las Vegas Boulevard, and Carey Avenue and replacing the culverts with new steel girder bridge crossings spanning over the Las Vegas Wash. Construction also includes utility relocations, pavement replacement, maintenance access ramps, and traffic control devices.
- The City adopted the North 5th Street Corridor Transit Supportive Concept Plan.
- City Council approved a fleet program management and performance review for the improvement of fleet operations and management processes.
- The City Council approved a development agreement between the City and November 2005 Land Investors LLC, and DRHI, Inc. for the development of approximately 2,675 acres of land.
- Fitch Ratings assigned a "AA" rating to the City of North Las Vegas General Obligation Building Bonds.



Economic and Demographic Information

To a considerable degree, the City is an integral part of the Clark County economy. Residents of North Las Vegas are employed, shop and recreate in the City as well as in Las Vegas, Henderson, Boulder City and unincorporated areas of Clark County. Conversely, people who are employed, shop and recreate in North Las Vegas may live in the surrounding areas. According to the U.S. Census Bureau, North Las Vegas is the 3rd Fastest Growing Large City in America.

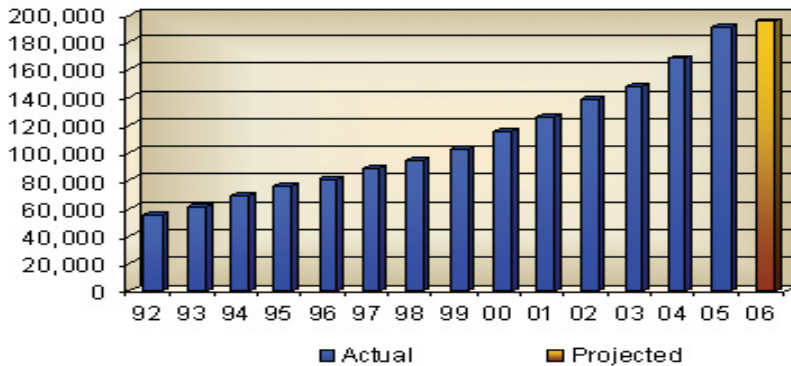
America's Top 10 Fastest Growing Large Cities (100,000 population or more)

Rank	City, State	Population July 1, 2003	Population July 1, 2004	% Increase 2003 to 2004
1.	Port St. Lucie, FL	105,707	118,396	12.0%
2.	El Grove City, CA	91,095	100,760	10.6%
3.	North Las Vegas, NV	144,544	158,748	9.8%
4.	Gilbert, AZ	145,686	156,917	7.7%
5.	Cape Coral, FL	118,979	127,985	7.6%
6.	Moreno Valley, CA	157,254	166,290	5.7%
7.	Chandler, AZ	211,952	223,991	5.7%
8.	Maramar, FL	96,390	101,486	5.3%
9.	Rancho Cucamonga, CA	151,741	159,346	5.0%
10.	Roseville, CA	98,729	103,609	4.9%

Source: U.S. Census Bureau, June 30, 2005

Population: Growth Trend

Since 1995, the North Las Vegas population has grown by 152.3%. The average annual growth rate is 9.7%. The City's population for June 30, 2006 is projected at 194,464 a 2.3% increase from 2005.



Year	Population	% Increase
1992	54,598	6.9%
1993	61,015	11.8%
1994	68,474	12.2%
1995	75,375	10.1%
1996	80,066	6.2%
1997	88,559	10.6%
1998	94,480	6.7%
1999	101,841	7.8%
2000	115,488	13.4%
2001	125,196	8.4%
2002	137,691	10.0%
2003	147,877	7.4%
2004	168,081	13.7%
2005	190,150	13.1%
2006	194,464	2.3%

Population: Projections

The City of North Las Vegas is anticipated to have a build out population of 499,355 in the year 2030.

Year	2005	2010	2015	2020	2025	2030 (Build Out*)
Population	190,150	276,494	338,307	396,862	443,349	499,335

Source: City of North Las Vegas Demographer

*Build out number includes land not yet released by the Bureau of Land Management



Source: U.S. Census Bureau, City of North Las Vegas Demographer

Master Planned Communities

North Las Vegas currently has two major master-planned communities. These communities have set the standard for future developments.

In November 2005, the Bureau of Land Management auctioned off 2,675 acres in North Las Vegas, of which approximately 2,375 acres will be developed into a master-planned community. At full build-out, this area could be home to between 30,000 and 40,000 people.



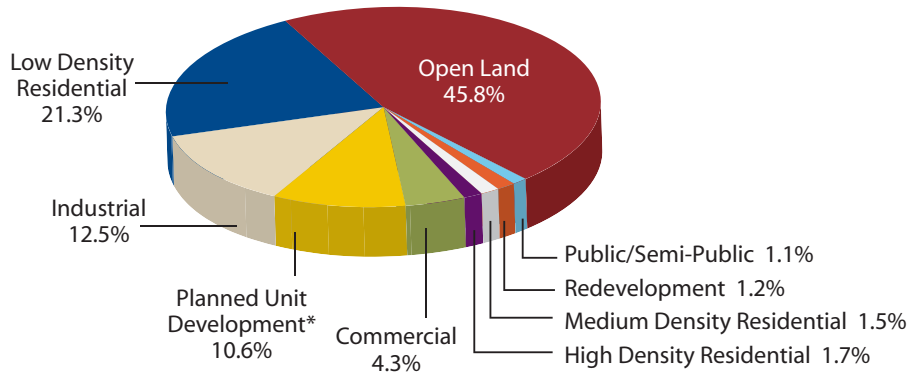
Master Planned Community	Existing Units Jan. 1, 2006	Proposed Units*	Projected Population*	% Complete**	Total Acres
Aliante	3,000	6,500	20,000	46%	1,905
El Dorado	4,500	5,500	18,000	82%	1,080

* approximates at buildout, **under construction

Current Land Use

North Las Vegas is approximately 45% built out, with the majority (45.8%) of land still remaining undeveloped. Of the land that is developed, the greatest percent (28.2%) is low density residential.

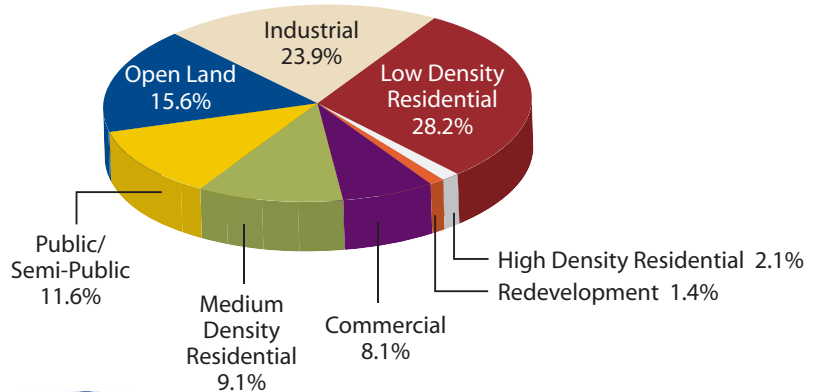
Source: City of North Las Vegas Planning & Zoning Department, percentages calculated from the current zoning map.



Future Land Use

This chart shows the land use at buildout (in approximately the year 2030) when the greatest percentage of acreage will be low density residential. Industrial will have the second highest acreage, due in part to the proximity of acreage within the Nellis Air Force Base flight patterns. Land in this area is limited to non-residential uses.

Source: City of North Las Vegas Planning & Zoning Department, percentages calculated from the 1999 Land Use Master Plan.



Economic Indicators

The economy in metropolitan Las Vegas continues to outperform the state and national economies. Gaming continues to be the largest component of Southern Nevada's economic base and a catalyst for construction and growth in other economic sectors. The following economic indicators for the City of North Las Vegas and the metropolitan Las Vegas area are based on statistics available from the University of Nevada Las Vegas, Center for Business and Economic Research for calendar 2005. Other sources include the City's Planning, Development Services, and Business License Divisions.

Employment

The unemployment rate is a critical indicator of relative strength in the local economy. The Las Vegas Metropolitan Statistical Area's (MSA) unemployment rate as of December 2005 was 3.5% compared with 3.8% in December 2004. The Las Vegas MSA unemployment rate is still relatively low compared with 3.8% for Nevada, 5.1% for California, and 4.9% for the nation.

Housing Prices

Clark County's median housing prices showed a sizeable increase from last year, but slightly less than the year before. The median price of a new home in Las Vegas was \$345,130, an 18.9% increase over 2004, while existing home prices climbed 14% from the previous year to \$285,000.

Retail

Clark County's taxable sales reached \$17.7 billion in the first half of fiscal 2006, an increase of 11% over the same period last year. Sales taxes are a component of six revenue sources deposited in the "local government tax distribution fund" and then distributed by the County by statutory formula.

Taxable Sales ^{1/}

Fiscal Year Ended June 30	Clark County Total	Percent Change	State Total	Percent Change
2000	21,402,237,371	7.44%	29,988,388,607	6.46%
2001	22,782,626,462	6.45	31,715,361,399	5.76
2002	22,983,726,632	0.88	31,986,722,618	0.86
2003	24,650,382,575	7.25	33,908,130,387	6.00
2004	28,286,186,597	14.7	38,505,761,784	13.6
2005	32,430,309,476	14.7	43,960,513,744	14.2
July to December 2004	16,004,032,418	--	21,815,590,189	--
July to December 2005	17,661,484,031	10.4	24,290,801,078	11.3

Source: State of Nevada - Department of Taxation 1/ - Subject to revision



Tourism

Despite economic issues related to Hurricane Katrina, tourism in Clark County this past year rose from 37.4 million in 2004 to 38.6 million in 2005, a 3.2 % increase. Tourism numbers are expected to increase 1.9 % in 2006, bringing next year's estimate to 39.3 million visitors.

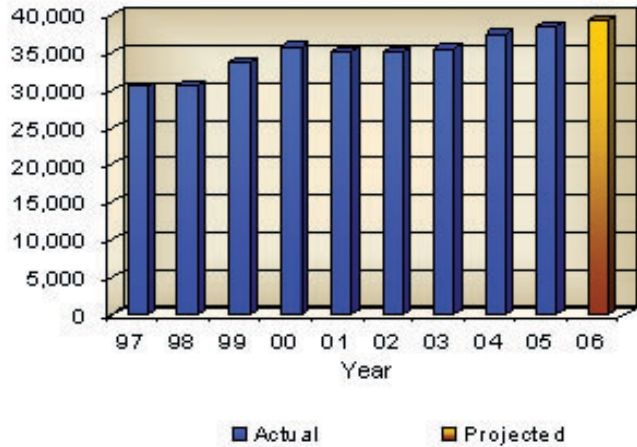
Gaming Revenue

Total Clark County gaming revenue for 2005 was \$9.7 billion, an 11.4% increase over 2004 and the largest increase since 1999. Gaming revenue is expected to increase in the next two years, bringing in approximately \$10.2 billion in 2006 and \$10.8 billion in 2007.

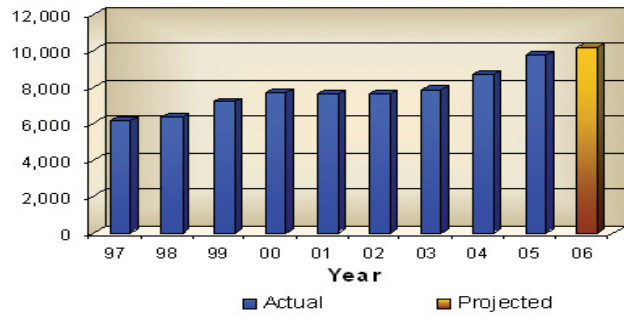
Construction Trends

Total building permit valuation (residential and non-residential) is an indicator of overall construction activity. Construction activity maintained a relatively strong pace in calendar 2005, with 11,392 building permits issued with a total permit valuation over \$1.3 billion, the highest number issued and highest valuation in City history.

Las Vegas Visitor Volume
(in thousands)
Calendar Years 1997-2006



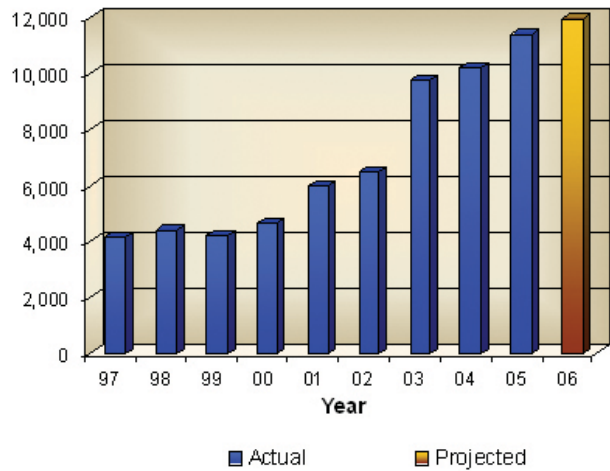
Clark County Gross Gaming Revenues
(in millions)
Calendar Years 1997-2006



New residential construction is an indicator of trends in both the construction industry and in the overall local economy. In 2005, North Las Vegas issued over 6,500 single-family permits valued at \$930.2 million, a 19.5 % increase in valuation from 2004. In addition, 1,400 new multi-family residential units were permitted at a valuation of over \$108.2 million.

The total value of permits for commercial construction (including retail, office and industrial buildings) is a key economic indicator of present and future economic conditions. New commercial and industrial permits were valued at \$225.1 million, a 92.9 % increase from 2004. The overall construction activity will increase in 2006, with both residential and commercial seeing a jump.

**Number of Building Permits
Calendar Years 1997-2006**



Building Permits

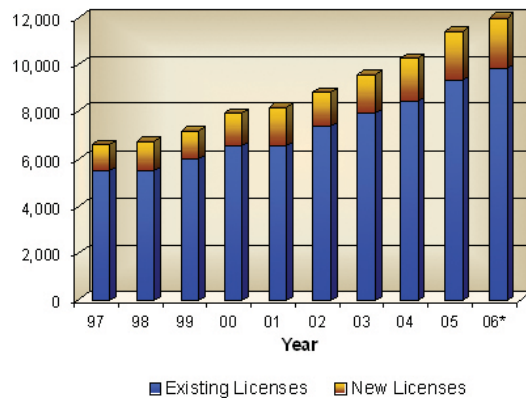
Year	Total Building Permits	% Difference	Commercial / Industrial Permits	% Difference
1994	4,387	--	166	--
1995	4,095	-6.7%	208	25.3%
1996	4,233	3.4%	277	33.2%
1997	4,122	-2.6%	278	0.4%
1998	4,391	6.5%	322	15.8%
1999	4,175	-4.9%	309	-4.0%
2000	4,626	10.8%	298	-3.6%
2001	5,961	28.9%	319	7.0%
2002	6,489	8.9%	257	-19.4%
2003	9,759	50.4%	381	48.2%
2004	10,185	4.4%	470	23.4%
2005	11,392	11.9%	616	31.1%

Source: City of North Las Vegas Planning & Zoning Department

Business Licenses

The number of new business licenses issued is an indicator of general business activity. New business licenses issued increased by 12.8% in calendar 2005.

**Number of Business Licenses
Calendar Years 1997-2006**



* Calendar Year 2006 projected



Zip Code Profiles

The City of North Las Vegas currently has twelve zip codes - 89030, 89031, 89032, 89081, 89084*, 89085*, 89086*, 89087*, 89101**, 89115**, 89124**, and 89130**.

Category	89030	89031	89032	Citywide
Occupied Housing Units	14,141	20,391	9,107	43,639
Number of Housing Units	15,179	20,877	9,474	45,530
Population	54,339	61,804	28,753	144,896
Age:				
18-24	13%	9%	8%	10%
25-34	17%	24%	24%	21%
35-44	21%	22%	19%	21%
45-54	20%	17%	20%	19%
55-64	12%	16%	15%	14%
65+	17%	12%	14%	14%
Education of Adults:				
Some high school	27%	6%	12%	15%
High school degree	34%	25%	25%	28%
Some college	25%	37%	38%	33%
College degree	9%	17%	12%	13%
Some graduate	2%	4%	4%	3%
Graduate degree	3%	11%	9%	9%
Children (under 18):				
Yes	43%	40%	39%	41%
No	57%	60%	61%	59%
Gender:				
Male				51%
Female				49%
Type of Dwelling:				
Single-family	55%	92%	71%	74%
Apartment	36%	5%	23%	20%
Condo/Townhouse	5%	3%	6%	4%
Mobile Home	4%	0%	0%	2%
Household Income:				
Under \$15,000	25%	2%	4%	11%
\$15,000-19,999	8%	2%	5%	5%
\$20,000-24,999	20%	3%	9%	11%
\$25,000-34,999	16%	11%	15%	14%
\$35,000-49,999	15%	22%	22%	19%
\$50,000-74,999	13%	32%	31%	25%
\$75,000-99,999	1%	18%	10%	10%
\$100,000+	2%	10%	4%	6%
Median	\$24,292	\$57,721	\$46,517	\$42,961
Length of Residence:				
Less than 1 year	5%	11%	5%	8%
1-5 years	17%	30%	20%	23%
6-10 years	21%	19%	18%	20%
11-20 years	15%	20%	32%	21%
More than 20 years	42%	20%	25%	29%

Sources: 2005 Las Vegas Perspective and U.S. Census Bureau, Census 2000

* Profile information not yet available.

** Zip code only partially in North Las Vegas, profile information for this portion of the zip code is not available.



Major Employers in the City of North Las Vegas (100+ Employees)

Company	Description	Employees
Community College of So Nevada	Education	2,807
Mission Industries	Commercial Laundry	2,060
City of North Las Vegas *	Municipal Government	2,016
Aggregate Industries	Paving and Construction	1,700
Pratte Building Systems	Contractor	1,340
ATC Vancom of Nevada	Public Transportation	1,250
MarMaxx Distribution Center	Distribution Center	1,200
Texas Station Gambling Hall & Casino	Hotel & Casino	1,119
Pete King Nevada Corp.	Contractor	980
Las Vegas Paving	Contractor	800
The Cannery Casino-Hotel	Hotel & Casino	720
Cashman Equipment Company	Heavy Equipment	676
Bechtel Nevada Corp.	Contractor	658
Fiesta Rancho Casino Hotel	Casino	633
New-Com Inc.	Utility Equipment Supplier	614
Nevada Power Company	Electric Utility	554
North Vista Hospital	Medical Services	544
WalMart	Retail Sales	480
Sunterra Corp.	Corporate Headquarters	450
US Food Service	Distribution	450
Jerry's Nugget	Casino	420
Capital Cabinet Corporation	Cabinet Manufacturer	400
Deluca Liquor & Wine & Coors of Las Vegas	Distributor	350
Mahoney's Silver Nugget	Casino	300
Medic West Ambulance	Ambulance Service	274
Excel	Retail Return Center	271
Sysco Corp.	Food Distributor	260
CPI Card Group	Manufacturer	250
Scenic Airlines	Air/Tour Service	239
A C Houston Inc	Manufacturer	230
Majestic Plumbing	Contractor	230
Smith's Food & Drug	Grocery/Drug Retailer	220
Pan Western Corp.	Transportation	215
Potlatch Corp.	Paper Manufacturer	215
Sharp Plumbing	Contractor	200
CDW Corp.	Distribution Center	175
Poker Palace	Casino	173
Cintas Corp.	Commercial Laundry	170
North Las Vegas Care Center	Nursing Home	140
Jensen Pre-Cast	Concrete	124
Cole Industries	Manufacturer	124
Cheyenne Residential and Nursing Center	Nursing Home	122
Cheyenne Care Center	Nursing Home	103

Source: City of North Las Vegas Community Development Department
 *City of North Las Vegas reflects Adopted Budget 2006-07



ABOUT THE BUDGET AND THE BUDGET PROCESS

The fiscal 2007 Budget is presented as a policy document, an operations guide, a financial plan, and a communications device. This document will be submitted to the Government Finance Officers Association (GFOA) for review and consideration of the Distinguished Budget Award. GFOA presented the City of North Las Vegas with the Distinguished Budget Award for its fiscal 2006 Budget, its second consecutive award from GFOA. In addition, the City's fiscal 2006 Budget also received a special recognition award from GFOA entitled "Outstanding as a Communications Device."

What?

The budget includes the financial planning and legal authority to obligate public funds. Additionally, the budget provides significant policy direction by the City Council to the staff and the community. As a result, the City Council, staff, and the public are involved in establishing the budget for the City of North Las Vegas.

The budget provides four functions:

1. A Policy Document

The budget functions as a policy document in that the decisions made within the budget will "reflect the general principles or plans that guide the actions taken for the future." As a policy document, the budget makes specific attempts to link desired goals and policy direction to the actual day-to-day activities of the City staff.

2. An Operational Tool

The budget of the City reflects its operation. Activities of each City function and organization have been planned, formalized, and described in the following sections. This process will help to maintain an understanding of the various operations of the City and how they relate to each other, and to the attainment of the policy issues and goals of the City Council. In this effort, the budget addresses areas which may not be traditional budget document topics. These include current and future debt management,

staffing levels, long-range planning, capital spending plans, and the tax base and its relationship to the provision of services.

3. A Link With the General Public

The budget provides a unique opportunity to allow and encourage public review of City operations. The budget describes the activities of the City, the reason or cause for those activities, future implications, and the direct relationship to the citizenry.

4. A Legally Required Financial Planning Tool

Traditionally a financial planning tool, the budget is also a state law requirement of all cities as stated in Nevada Revised Statutes (NRS) 354.598. The budget must be adopted as a balanced budget and must be in place prior to the expenditure of any City funds. The budget is the legal authority to expend public monies and controls those expenditures by limiting the amount of the appropriation at either the fund or department level. The revenues of the City are estimated, along with available cash reserves, to indicate funds available. The staff requests for appropriations comprise the disbursement side of the budget.



How Does the Budget Compare to the Annual Report?

The City prepares an annual financial report in conformance with generally accepted accounting principles (GAAP). The budget is prepared using the same basis of accounting. The Governmental Fund types are budgeted on a modified accrual basis and can be directly compared to the operating statements in the City annual report. The Proprietary Fund types are budgeted on a full accrual basis and depicted in the annual report using a full accrual basis.

Why?

The budget is a requirement of state law, and as adopted, constitutes the legal authority for expenditures. The City's budget is adopted at the fund level so expenditures may not legally exceed appropriations at that level. The City's budget is generally amended once a year. All appropriations, except operating grants and capital projects, lapse at year-end. Unexpended resources must be reappropriated in the subsequent period.

In addition, the budget process affords both an interesting and challenging opportunity to reassess plans, overall goals and the means for accomplishing them.

It is through this effort that the budget is the single most important policy document produced each year. Much effort is expended to ensure the budget plan will achieve the goals and objectives of the City Council.

How?

The Budget Process

Determining Policies and Goals - The Budget process for the City of North Las Vegas is, in some respects, an ongoing, year-round activity. The formal budget planning begins in the fall

with discussions between the City Manager, the departments, and the City Council about the status of ongoing programs and new goals, and objectives for the future.

Reporting and Monitoring

The budget and its policies are implemented through the individual departments and the accounting controls of the Finance Department. The budget is monitored by a reporting system consisting of monthly reports available to the department directors and divisional managers. Financial reports are prepared by the Finance Department comparing actual expenditures and revenues with the budget. In these reports, financial data is presented at the same level of detail as the final budget.

Financial reports are submitted to the City Council on a quarterly basis. The budget is formally augmented by Council action at year-end.

Staff Planning and Preparation

Budget preparation begins in October, with the projection of City reserves, revenues, expenditures, and financial capacity. It is with this "groundwork" that departmental budget requests are made and subsequently reviewed. One of the key foundations to the City's budget is the City Work Plan. This schedule appears on the following pages.

Components of the Budget

There are three components of the budget: the base budget, capital improvements, and supplemental requests.

1. Base Budget Approach

The base budget consists of budget proposals sufficient to maintain the operation of programs that have been authorized in earlier budgets. Fiscal 2007 budget allocation targets were established at fiscal 2006 levels.



2. Capital Improvements

The budget includes capital projects previously authorized by City Council as part of the five-year Capital Improvement Plan (CIP). The budget CIP authorizes a series of projects scheduled for construction in fiscal 2007.

The Council approves specific projects up to the funding approved in the budget. If more funds become available, or third party funding can be arranged, a budget amendment is considered.

The City's capital program is funded primarily by interlocal funds of other governmental agencies, the issuance of general obligation bonds, and federal and state loan and grant programs.

3. Supplemental Requests:

Departments may request funding above the base budget amount in order to maintain current levels of service, to provide for the expansion of existing programs, or to enable the implementation of new services or programs. These are considered to be supplemental requests. All supplemental funding requests must be adequately described and include a concise justification that reflects consideration of reasonable alternatives, particularly, if the request involves addition of permanent personnel.

Tentative Budget

In March, the budget is ready for the City Manager's review. The tentative budget is prepared and available for City Council and citizen review by April 15th of each year in accordance with NRS 354.596. The Council holds a workshop on the tentative budget to examine the budget in detail. The City Council then conducts a preliminary budget hearing before acting formally on the budget.

A public hearing is scheduled for the City Council meeting on the third Tuesday in May, with the final budget being adopted by June 1st.

Final Budget

The final budget is issued as a formal published document in the same format as the tentative budget, but is modified by the City Council. The actual appropriations, implementing, and amending the budget are contained in the budget adopted by the City Council.

Amending the Budget

The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total of a fund must be approved by the City Council.

The status of the budget is comprehensively reviewed in June to identify any needed adjustments. All requests for amendments are filed with the Finance Director.

**Budget Basis and Financial Structure
City's Organizational Units**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in these funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Departments are responsible for carrying out a major governmental activity, such as Police or Public Works services. A department is comprised of one or more unique divisions to further define a service delivery, such as the Highways and Street Division of the Department of Public Works.



**Budget Calendar
FY 2006-07**

2005

October 3 to November 3	Prepare fiscal 2006-07 Budget Manual
October 11-13	Capital Improvement Plan (CIP) reviews with City Manager, Assistant City Manager and Department Directors
November 7	Load Brass with final audited fiscal 2005 actual numbers and fiscal 2006 year-to-date actuals through October
November 7	Brass training sessions as needed
November 8	Budget kick off / distribution of Budget Manual
November 8	Council CIP Workshop
November 16	Council's adoption of fiscal 2006 - 2011 CIP
December 5	Deadline for departments in Group A to submit proposed budgets to Finance
December 16	Deadline for departments in Group B to submit proposed budgets to Finance
December 16 to January 26	Finance department reviews budget submittals, reconciles to CIP

2006

January 30 - February 2	Group A departments meet with City Manager and Finance to review proposed budgets
February 6 - 9	Group B departments meet with City Manager and Finance to review proposed budgets
February 15	Receive preliminary revenue projections from Nevada Department of Taxation
March 15	Receive final revenue projections from Nevada Department of Taxation
March 15 to April 14	Prepare Tentative Budget in State-required format
March 16 - 24	Revise budgeted revenues as necessary based on final projections
March 22	Brief City Council on Tentative Budget
April 15	Submit Tentative Budget to Nevada Department of Taxation
April 15 to May 30	Prepare adopted budget in State-required and Government Finance Officers Association (GFOA) format
May 16	Public hearing on proposed budget and formal adoption of fiscal 2006-07 budget
May 31	Deadline for submitting purchase requisitions to be encumbered against fiscal 2005-2006
June 1	Submit Adopted Budget to Nevada Department of Taxation
June 21	City Council augment/amend fiscal year ending June 30, 2006 budget
August 16	Deadline to submit budget document to GFOA



Budgeting by Function

Presentation of the operating budget is also structured by functions, which delineate budget expenditures in terms of broad goals and objectives.

Major functions include:

- (1) General Government
- (2) Judicial
- (3) Public Safety
- (4) Public Works
- (5) Culture & Recreation
- (6) Community Support
- (7) Debt Service

Functions are prescribed by the Governmental Accounting Standards Board (GASB). Functions may transcend specific fund or departmental boundaries in that a function encompasses all associated activities, regardless of fund or department, directed toward the attainment of a general goal or objective.

Financial Structure

Governmental Fund Types

General Fund - The general fund is the general operating fund of the City. All general tax revenues and other receipts that are not required either legally or by generally accepted accounting principles (GAAP) to be accounted for in other funds are accounted for in the general fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. The City has many special revenue funds though the largest are the Public Safety Tax Fund and the Street Maintenance, Parks and Fire Station Fund.

Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest, and related costs. The City's budget includes two debt service funds.

Capital Projects Funds - Capital projects funds are used to account for financial resources used for the acquisition or construction of major capital facilities. The City has a number of capital projects which are summarized and reported by function.

Proprietary Fund Types

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's enterprise funds consist of the Water Fund, Wastewater Fund and the Golf Course Fund.

Internal Service Funds - Internal service funds are for the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost reimbursement basis. There are two internal service funds, the Motor Equipment Fund and the Self Insurance Reserve Fund.

Fiduciary Fund Types

Trust Funds - Trust funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Measurement Focus

Governmental fund types are accounted for on a "spending" or "financial flow" measurement focus.

This means that only current assets and current liabilities are generally included on the balance sheets. Accordingly, the reported undesignated fund balances (net current assets) are considered a measure of available, spendable, or appropriable resources. Governmental fund type operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Proprietary and fiduciary fund types are accounted for on an "income determination" measurement focus. Accordingly, all assets and liabilities are included on their balance sheets



and the reported fund equity (total reported assets less total reported liabilities) provides an indication of the economic net worth of the fund. Operating statements for proprietary fund types (on an income determination measurement focus) report increases (revenues) and decreases (expenses) in total economic net worth.

Basis of Accounting and Measurement Focus

The City of North Las Vegas develops the revenue and expenditure/expense estimates contained in the annual budget in accordance with GAAP. Proprietary fund budgets are prepared in conformance with GAAP, except that capital outlay and principal expenses are budgeted and subsequently reclassified at year-end. Depreciation expense is not budgeted. Because the revenue and expenditure/expense estimates are based on GAAP, it is important for the reader to have an understanding of accounting principles as they relate to these estimates. The following is a brief overview of the measurement focus and basis of accounting.

All governmental fund types are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets.

Primary revenues, including property taxes, special assessments, intergovernmental revenues and charges for services, are treated as susceptible to accrual under the modified accrual basis. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on general long-term debt which is recognized when due; (2) accumulated sick pay and accumulated vacation pay, which are not recorded as expenditures

until paid; and (3) certain inventories of supplies which are considered expenditures when purchased.

All Proprietary Funds use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Fiduciary Funds are accounted for on the modified accrual basis.

Relationship between Budget and Accounting

During the year, the accounting system is maintained on the same basis as the adopted budget. This enables departmental budgets to be easily monitored monthly via accounting system reports. Accounting adjustments are made at fiscal year end to conform to GAAP. The major differences between this adopted budget and GAAP for governmental fund types are: (a) encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP); (b) certain revenues and expenditures, (e.g. compensated absences) not recognized for budgetary purposes are accrued (GAAP).

Enterprise Fund differences include:

(a) encumbrances are recorded as the equivalent of expenditures (budget) as opposed to a reservation of fund balance (GAAP); (b) certain items, e.g., principal expense and capital outlay are recorded as expenditures for budgetary purposes as opposed to adjustments of the appropriate balance sheet accounts (GAAP); (c) depreciation is recorded as an expense (GAAP) at year-end.

The Finance Department developed the following financial policies to help City Council and management view their approach to financial management from an overall, long-range vantage point.



FINANCIAL POLICIES

Unlike private entities, there are no "bottom line" profit figures that assess the financial performance of the City, nor are there any authoritative standards by which City officials can judge themselves. Instead, City Council and management work together to set goals and objectives that measure the performance and effectiveness of municipal programs and services.

Financial policies can be used to establish similar goals and targets for the City's financial operations, so that the City Council and City officials can monitor how well the City is performing. Formal financial policies provide for a consistent approach to fiscal strategies and set forth guidelines to measure financial performance and future budgetary programs.

The following pages contain policy frameworks in the following areas:

- (1) General Financial Goals
- (2) Operating Management
- (3) Revenues
- (4) Budget and Expenditures
- (5) Capital Management
- (6) Debt Management
- (7) Reserves
- (8) Financial Reporting

General Financial Goals

- To ensure delivery of an adequate level of municipal services by assuring reliance on ongoing resources and by maintaining an adequate financial base.
- To ensure that the City is in a position to respond to changes in the economy or new service requirements without an undue amount of financial stress.
- To maintain a good credit rating in the financial community and assure taxpayers that the City is well managed financially and maintained in sound fiscal condition.

- To adhere to the highest accounting and management policies as set by the Government Finance Officers' Association, the Governmental Accounting Standards Board, and other professional standards for financial reporting and budgeting.

Operating Management Policies

Long-Term Financial Health - All departments will participate in the responsibility of meeting policy goals and ensuring long-term financial health. Future service plans and program initiatives will be developed to reflect current policy directives, projected resources, and future service requirements.

Forecasts - Balanced revenue and expenditure forecasts will be prepared to examine the City's ability to absorb operating costs due to changes in the economy, service demands, and capital improvements. The forecast will be updated quarterly, focus on a three-year horizon, but include a five-year outlook.

Alternatives to Current Service Delivery -Alternative means of service delivery will be evaluated to ensure that quality services are provided to our citizens at the most competitive and economical cost. Departments, in cooperation with the City Manager, will identify all activities that could be provided by another source and review options/alternatives to current service delivery. The review of service delivery alternatives and the need for the service will be performed annually or on an "opportunity" basis.



Cash and Investments - Cash and investment programs will be maintained in accordance with the City Charter and the adopted investment policy will ensure that proper controls and safeguards are maintained. City funds will be managed in a prudent and diligent manner with an emphasis on safety of principal, liquidity, and financial return on principal in that order.

Revenue Policies

Dedication of Revenues - Revenues will not be dedicated for specific purposes unless required by law or generally accepted accounting practices (GAAP). All non-restricted revenues will be deposited in the General Fund and appropriated by the budget process.

Financial Stability - Current revenues will fund current expenditures and a diversified and stable revenue system will be developed to protect programs from short-term fluctuations in any single revenue source.

Utility and Golf User Fees - Enterprise (Water, Wastewater, and Golf Course) user fees and charges will be examined on a cyclical basis to ensure that they recover all direct and indirect costs of service and be approved by the City Council. Any unfavorable balances in cost recovery will be highlighted in budget documents. Rate adjustments for enterprise operations will be based on two to three-year fund plans.

Non-Enterprise Charges for Services - All non-enterprise user fees and charges will be examined on a cyclical basis to determine the direct and indirect cost of service recovery rate. The acceptable recovery rate and any associated changes to user fees and charges will be approved by the City Council.

Grants - Grant funding will be considered to leverage City funds. Inconsistent and/or fluctuating grants should not be used to fund ongoing programs. Programs financed with grant monies will be budgeted in separate cost centers and the service program will be adjusted to reflect the level of available funding. In the event of reduced grant funding, City resources will be substituted only after all program priorities and alternatives are considered during the budget process.

Credit and Collections - The City will follow an aggressive and consistent policy of collecting revenues to the limit of our ability. The collection policy goal will be for all adjusted uncollectible accounts to be no more than .5 of 1% of the total City revenue being adjusted for bad debts annually.

Operating Budget and Expenditure Policies

Budget Augmentations - The budget process is intended to weigh all competing requests for City resources, within expected fiscal constraints. Requests for new, ongoing programs made outside the budget process will be discouraged.

Appropriations requested after the original budget is adopted will be approved only after consideration of the elasticity of revenues. Such appropriations will be approved by the City Manager.

Budget Development - Budget development will use strategic multi-year fiscal planning, conservative revenue forecasts, and modified zero-base expenditure analysis that requires every program to be justified annually in terms of meeting intended objectives. The process will include a diligent review of programs by staff, management and City Council.

Addition of personnel will only be requested to meet program initiatives and policy directives. After service needs have been thoroughly examined and it is determined that additional staffing will result in increased revenue or enhanced operating efficiencies or service levels to the extent feasible, personnel cost reductions will be achieved through attrition.

Current Funding Basis - Current operating expenditures will be paid from current revenues and fund balances carried forward from the prior year, after reserve requirements are met. The City will avoid budgetary and accounting practices that balance the current budget at the expense of future budgets.

Maintenance and Replacement Funding - A multi-year maintenance and replacement schedule will be developed and updated based on the City's projections of its future



replacement and maintenance needs. The operating budget will provide for adequate maintenance and future replacement of the City's capital, plant and equipment.

Capital Management Policies

Capital Improvement Plan Development - A five-year Capital Improvement Plan (CIP) will be developed and updated annually, including anticipated funding sources. Capital improvement projects are defined as infrastructure or equipment purchases or construction that results in a capitalized asset costing more than \$25,000 and having a useful (depreciable life) of two years or more.

The CIP will include, in addition to current operating maintenance expenditures, adequate funding to support repair and replacement of deteriorating infrastructure and avoidance of a significant unfunded liability.

Proposed capital projects will be reviewed and prioritized by a cross-departmental team regarding accurate cost (design, capital, and operating) and overall consistency with the City's goals and objectives. Financing sources will then be identified for the highest-ranking projects.

Future operating, maintenance, and replacement costs associated with new capital improvements will be forecasted, matched to available revenue sources, and included in the Operating Budget. Capital project contract awards will include a fiscal impact statement disclosing the expected operating impact of the project and when such cost is expected to occur.

Pay-as-you-go Capital Improvement Plan financing should account for a minimum of 25% of all capital improvement projects for each five-year planning period. Pay-as-you-go financing is defined as all sources of revenue other than City debt issuance, i.e., fund balance contributions, developer contributions, grants, endowments, etc.

Debt Management Policies

Improved Bond Ratings - The City will seek to maintain and, if possible, improve our current bond rating in order to minimize borrowing costs and preserve access to credit.

Debt Capacity - An analysis showing how the new issue combined with current debt impacts the City's debt capacity and conformance with City debt policies will accompany every future bond issue proposal.

General Obligation Debt - General Obligation Debt, which is supported by property tax revenues and grows in proportion to the City's assessed valuation and/or property tax rate increases, will be utilized as authorized by voters. Other types of debt may also be utilized when they are supported by dedicated revenue sources (e.g., fees and user charges).

General Obligation Debt issuances will be managed on an annual basis to match funds to Capital Improvement Plan cash flow requirements while being sensitive to the property tax burden on citizens.

Local Improvement District (LID) Bonds - It is intended that LID bonds will be primarily issued for neighborhoods desiring improvements to their property such as roads, water lines, sewer lines, streetlights, and drainage. LID bonds will be utilized only when it is expected that they will be issued for their full term.

Interest on Bond Proceeds - Bond interest earnings will be limited to funding changes to the bond financed Capital Improvement Plan, as approved by City Council, or be applied to debt service payment on the bonds issued for construction.

Debt Coverage Ratios - Utility rates will be set, as a minimum, to ensure the ratio of revenue to debt service meets bond ordinance requirements. The City goal will be to maintain a minimum ratio of utility revenue to debt service of 2.0 or greater, to ensure debt coverage in times of revenue fluctuations attributable to weather or other causes, and to ensure a balanced pay-as-you-go Capital Improvement Plan.

Reserve Policies

Undesignated and Designated Fund Balance - All fund designations and reserves will be evaluated annually for long-term adequacy and use requirements in conjunction with development of the City's five-year forecast.



General Fund Undesignated Fund Balance - General Fund Reserves of 18.0% of annual General Fund operating expenditures will be maintained for unforeseen emergencies or catastrophic impacts to the City. Reserve funds in excess of 18.0 % may be used for non-recurring emergency capital expenditures or dedicated to the Capital Improvement Plan. The following criteria must be met to qualify any portion of the General Fund surplus for these purposes:

- There are surplus balances remaining after all reserves and fund allocations are made.
- An analysis has occurred assuring that the City has an adequate level of short and long-term resources to support the proposed use of surplus balances.
- The funds are specifically appropriated by the City Council.

Utility Reserves - Water and Wastewater Replacement Reserve will be maintained to ensure adequate funding for infrastructure deterioration repair. A minimum requirement of 2% of all tangible assets of the system will be maintained per bond ordinance requirements.

Water and Wastewater Unrestricted Fund Balance goal will be 25% of annual expenditure requirements for unforeseen emergencies or catastrophic impacts to the City's water and wastewater enterprise operations.

Self-Insurance Reserves - Self-Insurance Reserves will be maintained at a level, which, together with purchased insurance policies, will adequately indemnify the City's property, liability, workers compensation risk, and compensated absences liability. A qualified actuarial firm shall be retained on an annual basis in order to recommend appropriate funding levels, which will be approved by Council.

Financial Reporting Policies

Accounting and Reporting Methods - The City's accounting and financial reporting systems will be maintained in conformance with all state and federal laws, generally accepted accounting principles (GAAP) and standards of the Governmental Accounting Standards Board (GASB) and the Government Finance Officers Association (GFOA).

Comprehensive Annual Financial Report (CAFR) - The City's CAFR will be submitted to the GFOA Certification of Achievement for Excellence in Financial Reporting Program. The financial report should be in conformity with GAAP, demonstrate compliance with finance related legal and contractual provisions, disclose thoroughness and detail sufficiency, and minimize ambiguities and potentials for misleading inference. The audit opinion will be included with the City's CAFR.

Distinguished Budget Awards Program - The City's Budget will be submitted to the GFOA Distinguished Budget Presentation Program for Fiscal 2007. The City received the GFOA Distinguished Budget Award for its Fiscal Year 2006 submission, its second consecutive award. The budget should satisfy criteria as a financial and programmatic policy document, a comprehensive financial plan, an operations guide for all organizational units and a communications device for all significant budgetary issues, trends, and resource choices. For the first time, The City's 2006 Budget received GFOA special recognition in the category "Outstanding as a Communications Device."

Internal Controls - Financial systems will maintain internal controls to monitor revenues, expenditures, and program performance on an ongoing basis.

Fiscal Monitoring - Monthly financial reports will present actual expenditures vs. budget on a monthly and cumulative basis. Major revenue sources will be monitored on a monthly basis, noting the status of each revenue source as compared to budget.

A quarterly report will be presented to city management - indicating the status of actual revenues and expenditures as compared to the budget on a quarterly and cumulative basis, and will note any actions necessary to maintain the City's financial position.



Debt Management

Long Term Debt Obligations

As the demand for public sector investment and infrastructure continues to grow, the issuance of debt will become an increasingly important component of the City's capital programs. While the issuance of debt is frequently an appropriate method of financing capital projects, it entails careful monitoring of such issuances to ensure that an erosion of the City's credit quality does not result. The City of North Las Vegas' bond rating has been increased by Standard & Poor's Rating Service and Moody's Investors Service from an A to A+ and an A2 to an A1, respectively.

Various types of securities are used to issue debt. Features of a security include its purpose, length of financing, and the source of funds for repayment. Two general types of security are pledged to repay local government debt and these categories define the types of bonds that are issued. (i.e. general obligation or revenue). The City utilizes both types of securities to generate capital for financing construction and/or improvement of major fixed assets, such as the improvement of streets and roads and/or key city facilities.

General obligation bonds are supported by the full faith and credit of the issuing jurisdiction. A local government, for example, pledges unconditionally to pay the interest and principal on the debt as it comes due. This implies that all unrestricted public revenues will be used to meet the debt service, including whatever level of property tax within the jurisdiction is necessary to retire the debt.

Revenue bonds are debt instruments that are retired by specified dedicated revenues often generated by an activity or a project funded out of the debt proceeds. Revenue bonds are designed to be self-supporting through user fees or other special earmarked receipts; the general taxing powers of the jurisdiction are not pledged for retirement of the debt. The debt created through the issuance of revenue bonds is to be repaid by the earnings from the operations of a revenue-producing enterprise or from special taxes.

General Obligation Bonds - Medium Term Financing and Long Term Debt

The maximum term of a medium-term bond is ten years, whereas the minimum term of a long-term bond is more than ten years. The City utilizes both medium- and long-term lengths of financing for its capital projects. As indicated above, general obligation bonds constitute direct and general obligations of the City and the full faith and credit of the City is pledged for the repayment of principal and interest payments, subject to Nevada constitutional and statutory limitations regarding the City's operating ad valorem levy. The ad valorem tax levy available to repay these bonds is limited to the City's maximum operating levy of \$0.2014. The ad valorem tax rate available to pay the bonds is further limited by the limitation on the combined overlapping tax rate of \$3.64 per \$100 of assessed valuation.

The repayment of principal and interest payments on the City's medium-term bonds and long-term bonds is payable from the General Fund operating revenues, or any other legally available funds. There is no direct impact on the ad valorem tax rate.

Bonds Secured by Pledged Revenues

Nevada State statutes allows for up to 15% of the Consolidated Tax Distribution (CTX) revenues to be pledged as security for the payment of principal and interest on bonds. As such, the City has two outstanding general obligation bond issues that are additionally secured with revenues derived from the City's portion of the Consolidated Tax Revenue.

The following tables illustrates the City's outstanding general obligation bonded indebtedness as of June 30, 2007.



General Obligation/Revenue Bonds Secured by Consolidated Tax Revenue (CTX)

State statutes allow for up to 15% of the CTX to be pledged as security for debt. The Consolidated Tax Bonds are general obligation bonds additionally secured with revenues derived from the City's portion of the Consolidated Tax Revenue.

General Obligation Bond Indebtedness-Medium Term Bonds

Medium term bonds constitute direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest, subject to Nevada constitutional and statutory limitations regarding the City's operating ad valorem levy. The ad valorem tax levy available to pay the medium term bonds is limited to

the City's maximum operating levy of \$1.1687. The maximum term of a medium term bond is ten years.

The ad valorem tax rate available to pay the bonds is further limited by the limitation on the combined overlapping tax rate of \$3.64 per \$100 of assessed valuation. The bonds are a debt of the City and the City shall pledge all legally available funds of the City for their payment.

The principal and interest on medium term bonds is payable from the general fund operating revenues or any legally available funds. There is no direct impact on the ad valorem tax rate. The following table sets forth the City's outstanding medium term bonded indebtedness as of June 30, 2007.



Artist rendering of Fire Station 57 slated to open in the fall of 2006.



Medium Term Debt

Projected as of June 30, 2007

	Issued	Original Amount	Amount Outstanding	Retirement Date	Funding Source
Street Bonds	03/01/98	4,000,000	480,000	03/01/08	Street, Fire and Parks Tax Override Fund
Housing Relocation Bonds	12/01/98	4,000,000	475,000	05/01/08	CDBG Block Grant/General Fund Resources
Recreation Bonds	04/01/00	5,000,000	1,780,000	03/01/10	Street, Fire and Parks Tax Override Fund
Craig Rd Improvements (Notes Payable)	02/01/02	203,248	91,910	06/01/11	General Fund Resources
Library District Bonds	06/01/04	5,000,000	4,305,000	06/01/14	Library District Revenues
Building Projects Bonds	03/23/06	55,000,000	50,300,000	03/01/16	Streets, Parks & Fire & Public Safety Tax Override Funds; Special AV Transportation
Total		73,203,248	57,161,910		

General Obligation Indebtedness Secured by Consolidated Tax Revenue (CTX)

As of June 30, 2007

	Issued	Original Amount	Amount Outstanding	Retirement Date	Funding Source
Judicial/Public Safety Design Bonds	5/1/02	2,500,000	2,100,000	05/01/22	General Fund CTX
Judicial/Public Safety Facilities Bonds	3/1/03	32,500,000	28,855,000	03/01/23	General Fund CTX
City Hall Facility Bonds	5/17/06	105,000,000	105,000,000	06/01/36	General Fund CTX
Total		\$140,000,000	\$135,955,000		

General Obligation/Revenue Bonds Secured by Water and Wastewater Revenue

The Water and Wastewater Bonds are general obligation bonds additionally secured with pledged revenue from the City's Water and Wastewater Utility Funds. Pledged revenue consists of revenue received by the City from the sale and distribution of water, connection charges, or otherwise derived from the works or property of the City after payment of reasonable and necessary costs of the operation and maintenance expenses of the City's water and wastewater system. The following table sets forth the City's outstanding Water and Wastewater revenue supported bonded indebtedness as of June 30, 2007.

General Obligation Debt Supported by Water and Wastewater Revenue

Projected As of June 30, 2007

Funding Source	Issued	Original Amount	Amount Outstanding	Retirement Date
Water/Wastewater Improvmt & Refunding	06/04/97	17,890,000	6,440,000	8/15/14
Water/Wastewater Improvement Bonds	07/09/98	15,000,000	700,000	05/15/08
Water/Wastewater Bonds	07/01/99	15,000,000	1,970,000	08/01/09
Water/Wastewater Refunding Bonds	09/08/03	704,000	576,000	10/01/12
Water Refunding Bonds	11/25/03	8,685,000	5,435,000	11/01/15
Water/Wastewater Refunding Bonds	05/17/05	14,365,000	14,365,000	12/01/17
Water/Wastewater Refunding Bonds	07/14/05	10,030,000	10,030,000	08/01/19
Wastewater Facility Construction Bonds	12/31/06	140,000,000	140,000,000	12/31/36
Total		221,674,000	179,516,000	



**General Obligation Bond
Indebtedness - Ad Valorem Bonds**

Ad valorem bonds constitute direct and general obligations of the City, and the full faith and credit of the City is pledged for the payment of principal and interest, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes.

The City does not currently have authorization from its electorate to issue general obligation bonds. However, the City reserves the privilege of issuing bonds or other securities at any time legal requirements are satisfied. The following table sets forth the City's outstanding general obligation bonded indebtedness supported by ad valorem taxes as of June 30, 2007.

General Obligation Debt Supported by Ad Valorem Taxes

As of June 30, 2007

	Issued	Original Amount	Amount Outstanding	Retirement Date
Street Improvement Bonds	12/01/95	3,000,000	1,635,000	06/01/15
Street Improvement Refunding Bonds	05/01/02	4,915,000	3,430,000	05/01/14
Jail Refunding Bonds	01/01/04	7,465,000	4,425,000	04/01/11
Total		15,380,000	9,490,000	

Debt Capacity

Section 7.010 of the City Charter limits the aggregate principal amount of the City's general obligation debt to 20% of the City's total reported assessed valuation. Based upon the fiscal year

2007 estimated assessed valuation the City is limited to general obligation indebtedness in the aggregate amount of \$1,286,003,042. The following table illustrates the City's general obligation statutory debt limitation.

Statutory Debt Limitation As of June 30, 2007

Estimated Assessed valuation 1/	\$6,972,362,883
City Charter Limit	20%
Statutory Debt Limitation	\$1,394,472,577
Outstanding General Obligation Indebtedness (As of June 30, 2006)	
Supported by Ad Valorem Taxes	\$ 9,490,000
Supported by Consolidated Tax Revenues	135,955,000
Supported by Water & Wastewater Revenues	179,516,000
Supported by General Fund and other legally available revenues 2/	53,035,000
Total Outstanding Indebtedness	\$377,996,000
Additional Statutory Debt Limitation	\$1,016,476,577

1/ Includes Redevelopment Agency.

2/ Excludes Library District



Historical Statutory Debt Limitation As of June 30, 2007

Fiscal Year Ended June 30	Assessed Valuation ^{1/}	Debt Limit	Outstanding General Obligation Debt ^{2/}	Additional Statutory Debt Capacity
2002	2,094,280,786	418,856,157	85,405,000	333,451,157
2003	2,430,813,229	486,162,646	111,995,000	374,167,646
2004	2,786,327,439	557,265,488	105,584,000	451,681,488
2005	3,369,487,416	673,897,483	102,494,000	576,403,483
2006	4,863,589,059	972,717,812	128,375,000	844,342,812
2007	6,430,017,011	1,286,003,402	377,996,000	908,007,402

1/ Includes the assessed value of the North Las Vegas Redevelopment Agency. This value is included for purposes of calculating the debt limit but is not subject to State or local taxation for retirement of general obligation bond debt.

2/ Excludes Library District

**Debt Service Requirements
Fiscal 2007**

Debt Service Funds	Principal	Interest	Total
Debt Secured by Ad Valorem Taxes	1,645,000	407,995	2,052,995
Debt Secured by Consolidated Tax Revenue	1,350,000	7,352,039	8,702,039
Debt Supported by General Fund and Other Legally Available Revenues	<u>6,170,070</u>	<u>2,386,900</u>	<u>8,556,970</u>
Subtotal	9,165,070	10,146,934	19,312,004
Debt Supported by the Library District	490,000	197,500	687,500
Debt Supported by Special Assessment Installments	358,800	101,423	460,223
Debt Supported by Water Utility Revenues	2,722,850	1,858,492	4,581,342
Debt Supported by Wastewater Utility Revenues	271,150	78,460	349,610
Total Annual Debt Service Fund Requirements	13,007,870	12,382,809	25,390,679



Outstanding Indebtedness Projected as of June 30, 2007

Category of Bonds	2003	2004	2005	2006	2007
General Obligation Water and Wastewater Revenue Bonds	53,355,000	49,514,000	45,529,000	42,510,000	179,516,000
General Obligation Consolidated Tax Revenue Bonds	35,000,000	34,900,000	33,620,000	137,305,000	135,955,000
General Obligation Ad Valorem Bonds	15,475,000	16,075,000	12,730,000	11,135,000	9,490,000
General Obligation Medium-Term Bonds	8,165,000	5,095,000	5,570,000	63,822,011	57,161,910
Special Improvement Assessment District Bonds	3,210,000	3,290,800	2,956,100	2,612,000	2,253,200
Total	115,205,000	108,874,800	100,405,100	257,384,011	384,376,110

Debt Ratio Comparisons as of June 30, 2005

Municipality	Total General Obligation Debt	2005 Official Population Estimates ^{1/}	Fiscal Year 2006 Assessed Valuation	General Obligation Debt Per Capita	General Obligation Debt as a % of Assessed Valuation
Henderson	395,476,193	241,134	9,934,624,235	1,640.07	3.98%
Las Vegas	330,118,285	569,838	16,477,557,041	579.32	2.00%
North Las Vegas	97,449,000	180,219	4,749,825,535	540.73	2.05%
Reno	109,744,000	206,735	5,596,976,284	530.84	1.96%
Sparks	72,272,239	85,618	1,952,351,129	844.12	3.70%
Average:				827.02	2.74%

^{1/} The Nevada State Demographer



CITY OF NORTH LAS VEGAS

The following table summarizes the City's existing and proposed debt service expenses over the next five years.

Summary of Debt Service Requirements

Fiscal 2006 to Fiscal 2010

	2006 Amended	2007 Budget	2008 Projected	2009 Projected	2010 Projected
General Obligation Bonds					
1995 Street	247,760	250,700	253,100	249,900	251,300
2002 Street Refunding	601,945	603,200	602,600	600,600	607,100
2004 Jail Refunding	1,199,550	1,199,200	1,198,200	1,196,550	1,193,850
Total	2,049,255	2,053,100	2,053,900	2,047,050	2,052,250
General Obligation Revenue Bonds					
1996 Water & Wastewater	300,390				
1997 Water & Wastewater Improvement & Refunding	1,164,669	1,163,100	1,158,700	693,000	1,300,400
1998 Water & Wastewater Improvement	734,550	733,100	736,750		
1999 Water & Wastewater	703,330	705,500	706,000	704,800	706,900
2003A Water & Wastewater Refunding	28,153	28,000	27,800	27,700	28,500
2003B Water Refunding	1,749,425	1,205,550	1,202,700	1,212,200	604,200
2005A Water & Wastewater Refunding	746,182	718,250	718,250	1,883,400	1,882,150
2005B Water & Wastewater Refunding	220,270	377,600	377,600	377,600	377,600
2002 Judicial/Public Safety Facility Design	206,658	201,700	197,400	198,700	199,600
2003 Judicial/Public Safety Facilities	2,566,581	2,577,300	2,566,100	2,582,350	2,594,300
2006 City Hall Facility		5,923,100	5,775,000	6,075,000	6,398,500
Total	8,420,208	13,633,200	13,486,300	13,754,750	14,092,150
General Obligation Medium-Term Bonds					
1998 Street	500,050	501,200	501,200		
1998 Housing Relocation	498,910	495,000	495,450		
2000 Recreation	647,845	652,600	650,850	657,900	657,500
2006 Building Projects		6,882,000	6,829,050	6,810,750	6,808,350
2003 Craig Rd Improvements Notes Payable	26,230	26,300	26,300	26,300	26,300
Total	1,673,035	8,557,100	8,502,850	7,494,950	7,492,150
Special Improvement Assessment District Bonds					
2002 Assessment District No. 58 (Craig Rd I)	300,444	301,900	297,500	302,450	301,500
2003 Assessment District No. 59 (Craig Rd II)	158,214	158,300	158,300	158,300	158,250
Total	458,658	460,200	455,850	460,750	459,750
Total Debt Service - City	12,601,156	24,703,600	24,498,899	23,757,499	24,096,300
Library District General Obligation Medium Term Bonds					
2004 Library District	686,750	687,500	688,600	683,850	685,250





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