PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 10, 2009

NEW ISSUE
BOOK-ENTRY ONLY

RATINGS: S&P - "Applied For"
See 'RATINGS'

In the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds (other than the interest on any 2009B Bonds for any period during which it is held by a "substantial user" of the facilities financed or refinanced with the 2009B Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date of the delivery of the Bonds (the "Tax Code")), is excluded from gross income pursuant to Section 103 of the Tax Code, and interest on the 2009A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; however interest on the 2009B Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See "INTRODUCTION -Tax Status" and "TAX MATTERS." The City has designated the 2009A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Tax Code. See "2009A BONDS FINANCIAL INSTITUTION INTEREST DEDUCTION."

$1,790,000*
City of Elko, Nevada
General Obligation (Limited Tax)
Airport Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2009A (Bank Qualified - NON AMT)

$1,910,000*
City of Elko, Nevada
General Obligation (Limited Tax)
Airport Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2009B (AMT)

Dated: Date of Delivery

Due: October 1, as shown below

The Bonds are being issued as fully registered bonds in denominations of $5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS--Book-Entry Only System." The Bonds bear interest at the rates set forth below, payable on April 1, 2010, and semiannually thereafter on April 1 and October 1 of each year, to and including the maturity dates shown herein (unless the Bonds are redeemed earlier), to the registered owners of the Bonds (initially Cede & Co.). The principal of the Bonds will be payable upon presentation and surrender at the office of U.S. Bank N.A., Phoenix, Arizona or any successor as the paying agent for the Bonds. See "THE BONDS."

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

The Bonds are subject to redemption prior to maturity at the option of the City as described in "THE BONDS - Prior Redemption." The Bonds also may be subject to mandatory sinking fund redemption at the option of the winning bidder.

The Bonds constitute direct and general obligations of the City. The full faith and credit of the City is pledged for the payment of the principal and interest subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See "SECURITY FOR THE BONDS - General Obligation Bonds." The Bonds are additionally secured by a pledge of certain revenues of the Airport System (as defined herein). (See "SECURITY FOR THE BONDS.")

The Bonds are offered, when, as and if issued, subject to the approval of validity and enforceability by Swendseid & Stern, a member in Sherman & Howard L.L.C., Reno, Nevada, Bond Counsel. Certain matters relating to the Bonds are subject to the approval for the City by Robert B. Goicoechea, Esq., City Attorney. It is anticipated that the Bonds will be available for delivery on or about December 1, 2009.

This cover page contains information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

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* Subject to change

MATURITY SCHEDULES
(CUSIP © 6-digit issuer number:__________)

$1,790,000*
City of Elko, Nevada
General Obligation (Limited Tax)
Airport Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2009A (Bank Qualified - NON AMT)

Year Maturing October 1	Principal Amount *	Interest Rate	Price or Yield	CUSIP © Issue #	Year Maturing October 1	Principal Amount *	Interest Rate	Price or Yield	CUSIP © Issue #
2010	$ 75,000				2019	$ 105,000			
2011	80,000				2020	110,000			
2012	80,000				2021	115,000			
2013	85,000				2022	120,000			
2014	85,000				2023	130,000			
2015	90,000				2024	130,000			
2016	95,000				2025	140,000			
2017	100,000				2026	145,000			
2018	105,000								

$1,910,000*
City of Elko, Nevada
General Obligation (Limited Tax)
Airport Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2009B (AMT)

Year Maturing October 1	Principal Amount *	Interest Rate	Price or Yield	CUSIP © Issue #	Year Maturing October 1	Principal Amount *	Interest Rate	Price or Yield	CUSIP © Issue #
2010	75,000				2019	$ 115,000			
2011	80,000				2020	115,000			
2012	80,000				2021	125,000			
2013	85,000				2022	135,000			
2014	90,000				2023	140,000			
2015	95,000				2024	145,000			
2016	95,000				2025	155,000			
2017	105,000				2026	165,000			
2018	110,000								

* Subject to change

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

This Official Statement, which includes the cover page, the inside cover page and the appendices, does not constitute an offer to sell or the solicitation of an offer to buy any of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale. No dealer, salesperson, or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement in connection with the offering of the Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City of Elko (the "City"). The City maintains an internet website; however, except as specifically referenced herein, the information presented in the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

The information set forth in this Official Statement has been obtained from the City and from the sources referenced throughout this Official Statement, which the City believes to be reliable. No representation is made by the City, however, as to the accuracy or completeness of information provided from sources other than the City. This Official Statement contains, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation or warranty is made as to the correctness of such estimates and opinions, or that they will be realized.

The information, estimates, and expressions of opinion contained in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the City or in the information, estimates, or opinions set forth herein, since the date of this Official Statement.

This Official Statement has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose. The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASERS (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASERS MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE BONDS, THE INITIAL PURCHASERS MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

$1,790,000*
City of Elko, Nevada
General Obligation (Limited Tax)
Airport Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2009A (Bank Qualified - NON AMT)

$1,910,000*
City of Elko, Nevada
General Obligation (Limited Tax)
Airport Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2009B (AMT)

Selling: Wednesday, November 18, 2006
9:00 a.m. Local Time
In the Office of Swendseid & Stern, a member of Sherman & Howard L.L.C
50 West Liberty Street, Suite 1000
Reno, Nevada 89501

CITY COUNCIL

Michael J. Franzoia, Mayor
Christopher J. Johnson
James A. Conner
Jay Elquist
John Patrick Rice

CITY OFFICIALS

Curtis Calder, City Manager
Delmo Andreozzi, Assistant City Manager
Shanell Owen, City Clerk
Dawn Stout, Administrative Services Director
Robert Goicoechea, City Attorney
Trent Moyers, Airport Director

FINANCIAL ADVISOR

NSB Public Finance
Las Vegas, Nevada
Telephone: (702) 796-7080

BOND COUNSEL

Swendseid & Stern
a member in Sherman & Howard L.L.C.
Reno, Nevada
Telephone (775) 323-1980

REGISTRAR/ PAYING AGENT/ESCROW BANK

U.S. Bank N.A.
Phoenix, Arizona
Telephone: (602) 257-5437

* Subject to change

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TABLES

Note: Tables marked with an (*) include Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended. See Appendix D - Form of Continuing Disclosure Undertaking.

OFFICIAL STATEMENT

$1,790,000*
City of Elko, Nevada
General Obligation (Limited Tax)
Airport Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2009A (Bank Qualified - NON AMT)

$1,910,000*
City of Elko, Nevada
General Obligation (Limited Tax)
Airport Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2009B (AMT)

INTRODUCTION

General

The purpose of this Official Statement is to set forth information concerning the City of Elko, Nevada (the "City" and the "State" respectively) in connection with the sale of its $1,790,000* City of Elko, Nevada General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009A (Bank Qualified - NON AMT) (the "2009A Bonds") and its $1,910,000* City of Elko, Nevada General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009B (AMT) (the "2009B Bonds" and together with the 2009A Bonds the "Bonds").

The City

The City of Elko is located in, and is the county seat of Elko County (the "County"), Nevada. The City is a charter city, incorporated on March 14, 1917, and encompasses an area of approximately 12.5 square miles at an elevation of 5,067 feet above sea level. The City estimates its 2008 population to be 18,424.

The Bonds

The Bonds will be dated the date of delivery, will mature October 1, in each of the years and in such amounts as set forth on the inside cover page of this Official Statement. Interest on the Bonds is payable on April 1 and October 1, commencing April 1, 2010. Principal on the Bonds will be payable at maturity at the office of the Paying Agent (defined herein) or such other office as designated by the Paying Agent upon presentation and surrender thereof (see "THE BONDS - General").

Authority for Issuance

The Bonds are being issued pursuant to an ordinance adopted by the Board of Supervisors (the "Board") of the City, expected to be adopted on November 10, 2009 (the "Bond Ordinance"), and Chapter 350, Nevada Revised Statutes ("NRS"), the Local Government Securities Law (the "Bond Act") and NRS Chapter 496 (the "Airport Act").

* Subject to change

Purpose

The proceeds of the Bonds will be used to refund the following City bonds: $2,490,000 aggregate principal amount of the General Obligation (Limited Tax) Airport Improvement Bonds (Additionally Secured by Pledged Revenues), Series 1999A (Non-Amt Bonds) (the "1999A Bonds") and $1,175,000 aggregate principal amount of the General Obligation (Limited Tax) Airport Improvement Bonds (Additionally Secured by Pledged Revenues), Series 1999B (Amt Bonds) (the "1999B Bonds") and to pay the costs of issuing the Bonds.

The 1999A Bonds and the 1999B Bonds being refunded are referred to herein as the "Refunded Bonds." The refunding of the Refunded Bonds is sometimes referred to as the "Refunding."

Prior Redemption

The Bonds are issued solely as fully registered certificates in the denomination of $5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS - Book-Entry Only System." The Bonds mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the Bonds is described in "THE BONDS - Payment Provisions." Certain Bonds are subject to redemption prior to maturity at the option of the City as described in "THE BONDS - Prior Redemption." At the option of the winning bidder, the Bonds also may be subject to mandatory sinking fund redemption. See the Official Notice of Bond Sale attached hereto as Appendix F.

Security

General Obligation. The Bonds constitute direct and general obligations of the City. The full faith and credit of the City is pledged for the payment of the principal and interest due thereon, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes and certain other limitations on the amount of ad valorem taxes the City may levy. See "SECURITY FOR THE BONDS - General Obligation Bonds" and "PROPERTY TAX INFORMATION - Property Tax Limitations."

Pledged Revenues Additionally Secure the Bonds. The Bonds also are secured by an irrevocable pledge of and lien (not necessarily an exclusive lien) on the revenues received by the City in connection with the ownership and operation of the Elko Regional Airport (the "Airport") ("Airport Pledged Revenues"). The Bonds also are additionally secured by and are payable from certain proceeds from the gross income received by each licensee for transient lodging rentals ("Room Tax Pledged Revenues"). The Room Tax Pledged Revenues, up to two percent (2%), will first be paid to the Airport as collected. At the end of each fiscal year, pursuant to Section 2.150 of the City Charter, Title 4, Chapter 6 of the City of Elko Municipal Code (the "City Code"), any amounts in excess of the debt service requirements shall be paid to the Elko Convention and Visitors Authority. The Airport Pledged Revenues and the Room Tax Pledged Revenues are referred to herein as the "Pledged Revenues." See "SECURITY FOR THE BONDS - Pledged Revenues."

Tax Status

In the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds, except for interest on any 2009B Bond for any period during which it is held by a "substantial user" of the facilities financed with the 2009B Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; and interest on the 2009A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; however interest on the 2009B Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See "TAX MATTERS." The City has designated the 2009A Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Tax Code. See "2009A BONDS FINANCIAL INSTITUTION INTEREST DEDUCTION."

State Tax Matters. The Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS, and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS. See "TAX MATTERS - State Tax Matters."

Continuing Disclosure Undertaking

As described in Appendix D, the City has agreed to certain covenants relating to compliance with Rule 15c2-12 promulgated by the Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934 ("SEC Rule 15c2-12").

The City has not failed to comply in all material respects with any prior written continuing disclosure undertaking pursuant to SEC Rule 15c2-12.

Forward Looking Statements

This Official Statement contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. The sections of this Official Statement containing forward-looking statements include, but are not limited to: all sections disclosing unaudited or estimated City financial results for fiscal years 2009 or 2010; all sections disclosing budgeted amounts for fiscal year 2010; and sections entitled "SOURCES AND USES OF FUNDS - The Refunding," "CITY FINANCIAL INFORMATION - Recent Developments," THE ELKO REGIONAL AIRPORT - Airport Financial Operations" and "CITY DEBT STRUCTURE - Additional Contemplated Indebtedness." When used in this Official Statement, the words "estimate," "forecast," "intend," "expect" and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not be realized or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward looking statements and actual results. Those differences could be material and could impact the availability of Pledged Revenues to pay debt service on the Bonds.

Professionals

Swendseid & Stern, a member in Sherman & Howard, L.L.C., Las Vegas and Reno, Nevada is serving as Bond Counsel to the City in connection with the issuance of the Bonds. The City's financial advisor in connection with the issuance of the Bonds is NSB Public Finance, Las Vegas, Nevada (See "FINANCIAL ADVISOR"). The fees being paid to Bond Counsel and the Financial Advisor are contingent upon the issuance of the Bonds. The financial statements in Appendix A of this Official Statement include the report of Kafoury, Armstrong & Co., Elko, Nevada, certified public accountants (see "INDEPENDENT AUDITOR").

Additional Information

This introduction is only a brief summary of the provisions of the Bonds and potential investors should review this entire Official Statement. Brief descriptions of the City, the Bonds and the Bond Ordinance are included in this Official Statement. All references herein to the Bonds, the Bond Ordinance and other documents are qualified in their entirety by reference to such documents and all capitalized terms used herein, which are not defined, have the meanings given such terms as set forth in the Bond Ordinance. *The Official Statement speaks only as of its date, and the information contained herein is subject to change.*

Additional information and copies of documents referred to herein are available from the City and the financial advisor at the addressed set forth below:

City of Elko, Nevada
Attn: Administrative Services Director
1751 College Avenue
Elko, Nevada 89801
(Telephone: 775-777-7140)

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

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CERTAIN BONDHOLDER'S RISKS

General

The purchase of the Bonds involves certain investment risks that are discussed throughout this Official Statement. Such risks include, but are not limited to, the factors described below.

Changes in Laws. Various State laws apply to the imposition, collection, and expenditure of ad valorem property taxes as well as to the operation and finances of the City. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the City and the imposition, collection, and expenditure of its revenues, including ad valorem property taxes.

Certain Risks Related to Property Taxes

Although the Bonds are general obligations of the City, the City may only levy property taxes to pay debt service on the Bonds in accordance with State law. For a description of the State laws regulating the collection of property taxes, see "PROPERTY TAX INFORMATION - Property Tax Collections." Due to the statutory process required for the levy of taxes, in any year in which the City is required to levy property taxes, there may be a delay in the availability of property tax revenues to pay debt service on the Bonds. Accordingly, time may elapse before the City receives property taxes levied to cover any insufficiency of Pledged Revenues. Numerous other factors over which the City has no control may impact the timely receipt of ad valorem property tax revenues in the future. Economic conditions may negatively impacted the City as they have the rest of the country. It cannot be predicted at this time what impact these economic conditions would have on property tax collections should the City be required to levy an ad valorem tax in the future.

Dependence on Gaming, Tourism and Other Factors

General. Although the economy of the City and the County are not as dependent on the tourism industry as southern Nevada, any decrease in the level of tourist activity (including convention activity) in the City and County could result in a reduction in Pledged Revenues. See "Gaming Competition" below. Increases and decreases in tourist or convention activity have been and will continue to be impacted by many factors, some of which are described below.

Factors Affecting Airport Pledged Revenues. Reductions in air service or sharp increases in the price of such service may result in reduced visitors to the City and a subsequent reduction in Airport Pledged Revenues. Although the majority of visitors to the City arrive via automobile, participants in large conventions may depend on air service. In the past, the City has experienced declines in the frequency of air service as a result of reduced air service to the area. Currently, the City has service from one air carrier, Skywest Airlines, which is based in Salt Lake City, Utah. Flight service is only offered to and from Salt Lake City, Utah, with connections to other carriers and destinations from there. Airport operating revenues derived from Passenger Facility Charges decline with a decline in air traffic at the Airport. Should Airport operating revenues decline, the amount of Airport Pledged Revenues will decrease and debt service coverage could decrease. See "THE ELKO REGIONAL AIRPORT - Passenger Facility Charge."

Other Factors. Other factors may adversely affect the level of Pledged Revenues in the future. One such factor, is the dependence on the individual members of the hotel/casino industry to attract visitors to the

Elko area through the use of advertising and other promotional activities. Any reduction in the level of such advertising and promotional activity resulting in reduced occupancy could result in a reduction in Pledged Revenues.

Visitor Trends. According to statistics compiled by the City, estimated occupancy of hotel/motels has declined slightly over the last two years. There is a major natural gas pipeline construction project that will be starting in early 2010 and expected to last approximately nine months which should provide multiple room nights for the estimated several hundred construction workers during the project. The project location is in northern Elko County, with the City being the closest city with the available resources for living accommodations for this number of workers. In addition, the newly constructed $12 million California Trails Interpretive Center, which is located just west of the City on Interstate 80, is scheduled to be complete and open for visitors in fiscal year 2010/2011. It is not possible to predict what visitor trends will be in the future, nor is it possible to predict trends in the collection of Room Tax Pledged Revenues.

General Factors Affecting Room Tax Pledged Revenues

No assurance can be given that Pledged Revenues will increase (or will not decrease) in any given year in the future.

Numerous circumstances (over which the City has no control) may adversely affect tourist activity or general spending. Such circumstances may include, among others, unwillingness to travel to the City and County due to terrorist attacks or other hostile acts occurring in the United States or other parts of the world, adverse changes in national and local economic and financial conditions generally, reductions in the rates of employment and economic growth in the City, County, the State or the region, increases in gas prices impacting travel by car and by plane, a decrease in rates of population growth in the City, County, the State and the region and various other factors.

The country's economy currently is in a recession and the Room Tax Pledged Revenues have declined slightly as compared to the same period a year ago. See "SECURITY FOR THE BONDS - Pledged Revenues - Room Tax Pledged Revenues." The City is not able to predict the severity or the duration of the current recession, nor can it predict what impact the recession will have on the number of visitors to the City. However, should the recession be severe and prolonged, it is likely that tourism to the City (including recreational, leisure and business visitors) will be negatively impacted and that Room Tax Pledged Revenues will likely continue to decline as a result. It is possible that economic factors may negatively affect Room Tax Pledged Revenues for the foreseeable future. The City's taxable room revenues have declined approximately 7% for fiscal year 2009 (from fiscal year 2008 levels) and the City anticipates that they will decrease an additional 5-7% for fiscal year 2010. The City may charge an administrative collection fee on room tax revenues in the future. The amount of the administrative fee cannot be determined at this time.

Although the City does not currently charge a fee to defray the administrative costs of collecting, accounting for and remitting Room Tax Pledged Revenues, the City may impose a collection fee in the future. The City may determine to charge a collection fee and/or increase its collection fee at any time. Should the City begin to impose a collection fee, or if collection fees increase, or if such fees remain constant while gross Room Tax Pledged Revenues decline, the amount of Pledged Revenues will decrease and debt service coverage could decrease.

The City currently has three new hotel projects scheduled to break ground either in 2009 or 2010 which will increase the number of rooms available to visitors by several hundred. It is not possible to predict trends in Room Tax Pledged Revenues based on a possible increase in the number of rooms available.

Hotel/Casino Practices with Respect to Room Rentals May Negatively Impact Room Taxes

Room tax revenues are subject to fluctuation. Some factors that impact the receipt of room tax revenues include (i) the rates at which hotels rent rooms and (ii) the rate at which hotel/casinos provide complimentary ("comp") rooms to guests. Hotel/casinos may be inclined, especially during low tourism periods (such as the current economic climate) or for competitive advantage, to significantly decrease the price of room rentals. When the price of the room rental decreases, room tax revenues also decline. The City has no control over the room rates charged by individual properties. Accordingly, when the hotel/casino operators decide to lower room rates for extended periods of time, room tax revenues decline. In addition, "comp" rooms are not subject to room taxes. Accordingly, an increase in the number of "comp" rooms (which currently is occurring due to the economic climate) may adversely impact room tax revenues. The City has no control over the rate at which the hotel/casino operators "comp" rooms. See "SECURITY FOR THE BONDS - Pledged Revenues - Room Tax Pledged Revenues."

Gaming Competition

Generally. Different forms of legal gaming have been authorized by many states and other states may yet consider or expand authorized gaming in one form or another. The different forms of gaming range from casino gaming and riverboat gaming to lotteries. As presently operated, lotteries offer a considerably different gaming product than that offered in the State. The City cannot predict the economic impact to the City, the County or the region of legalization of state lotteries and casino gaming in other states.

California Gaming Measure. In 2000, California voters approved a constitutional amendment allowing Las Vegas-style slot machines and card games at tribal casinos within California. To date, California has signed and ratified compacts with 67 of the State's 107 Indian tribes. Each compact specifies the number of casinos and slot machines a tribe may operate. There currently are 57 tribal casinos operated by 56 tribes.

Mining Risk Factors

The mining industry has a significant influence on the economy of the City and the County. There are many mining support services provided in the community which employ significant numbers of employees. Any reduction in the mining activity in the region or price of gold could potentially have a negative effect on the local economy through reductions in the work force in the City and possibly increasing unemployment in the City. The mining industry tends to be cyclical in nature and at times is the opposite of the national economy. Currently mining companies in the Elko area are active. However, the City cannot predict the activity of the mining industry in the local area and price of gold at any given time and therefore, cannot predict the economic impact, if any, of the activity in the mining industry and the price of gold on the City, the County and the region

SOURCES AND USES OF FUNDS

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

SOURCES	
Par Amount	
Original Issue Premium (Discount)	
Total Sources	
USES	
The Refunding	
Cost of Issuance [1/]	
Total Uses	

1/ Includes legal and financing fees, underwriting and printing costs, rating fee, and other miscellaneous expenses relating to the issuance of the Bonds.

SOURCE: Compiled by NSB Public Finance

The Refunding *

A portion of the Bond proceeds, together with other available funds, will be used to currently refund the Refunded Bonds. The Refunded Bonds include the following maturities: 1999A Bonds maturing on October 1, 2010 through October 1, 2029 and the 1999B Bonds maturing on October 1, 2010 through October 1, 2029. The City is undertaking the Refunding for savings and to restructure debt service.

To accomplish the Refunding, the City will deposit a portion of the Bond proceeds, together with other available funds, with the Escrow Agent pursuant to an escrow agreement dated as of the date of delivery of the Bonds. The amounts deposited with the Escrow Bank will be deposited into the escrow account created under the Bond Ordinance in such amounts as required to provide funds sufficient to pay: the principal and interest on the refunded 1999A Bonds as it becomes due through December 2, 2009* and the principal and interest on the refunded 1999B Bonds as it becomes due through December 2, 2009*.

* Subject to change

THE BONDS

General

The Bonds, dated the date of delivery, will mature on October 1 in each of the years and in such amounts as set forth on the inside cover page of this Official Statement. Interest on the Bonds is payable on April 1 and October 1, commencing April 1, 2010 by check or draft mailed by U.S. Bank N.A., paying agent and registrar (the "Paying Agent" and "Registrar"), on the interest payment date (or if such day is not a business day, on the next succeeding business day) to the person in whose name each Bond is registered (i.e. to Cede & Co., as nominee of DTC), on the 15th day of the month preceding the interest payment date (the "Regular Record Date") at the address shown on the registration records maintained by the Paying Agent as of the close of business on the Regular Record Date. Principal on the Bonds will be payable at maturity at the office of the Paying Agent or such other office as designated by the Paying Agent upon presentation and surrender thereof.

Prior Redemption *

Optional Prior Redemption. The Bonds, or portions thereof, maturing on and after October 1, 2020 will be subject to redemption before their respective maturities, at the option of the City, on or after October 1, 2019 in whole or in part, at any time, from any maturity selected by the City and by lot within a maturity at a price equal to the principal amount of each Bond, or portion thereof so redeemed, and accrued interest thereon to the redemption date.

Notice of Redemption. Notice of any redemption prior to maturity of the Bonds will be given by the Registrar by registered or certified mail as long as the nominee of Cede & Co. or a nominee or successor depository is the registered owner of the Bonds and otherwise by first class, postage prepaid mail, at least 30 days but not more than 60 days prior to the redemption date, to the Municipal Securities Rulemaking Board ("MSRB") and the registered owner of any Bonds all or a part of which is called for redemption at his address as it last appears on the registration records of the Registrar. The notice will identify the Bonds or portions thereof (in the case of redemption of the Bonds in part but not in whole) to be redeemed, specify the redemption date and state that on the redemption date, the principal amount thereof will become due and payable at the office of the Paying Agent (accrued interest to the redemption date being payable by mail or as otherwise provided in the Bond Ordinance) and that after the redemption date, no further interest will accrue on the principal of any Bonds called for redemption. Actual receipt of mailed notice by the MSRB and registered owners of Bonds is not a condition precedent to redemption of such Bonds. Failure to give such notice as described above to registered owner of any Bond or the MSRB, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bonds.

A notice of redemption may contain a statement that the redemption is conditioned upon the receipt by the Paying Agent of funds on or before the date fixed for redemption sufficient to pay the redemption price of the Bonds so called for redemption, and that if such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

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* Subject to change

Tax Covenant

In the Bond Ordinance, the City covenants for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any project financed with the proceeds of the Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Tax Code, or (ii) would cause interest on the Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code, except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income. The foregoing covenant shall remain in full force and effect, notwithstanding the payment in full or defeasance of the Bonds, until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

Book-Entry Only System

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

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

Neither the City nor the Registrar or the Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix B), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the Bonds as further described in Appendix B to this Official Statement.

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SECURITY FOR THE BONDS

General Obligation Bonds

The 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, and any premium due thereon, subject to Nevada constitutional and statutory limitations on the aggregate amount of ad valorem taxes (see "PROPERTY TAX INFORMATION - Property Tax Limitations and Required Property Tax Abatements"). The Bonds will be additionally secured by Pledged Revenues as described below.

In any year in which the total property taxes levied within the City by all overlapping units (e.g. the State, Elko County, the school district, or any special district) exceed such tax limitations, State statutes require that a reduction be made by those units in taxes levied for purposes other than the payment of their bonded indebtedness, including interest on such indebtedness.

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

Pledged Revenues

Airport Pledged Revenues - The Bonds are additionally secured by an irrevocable pledge of and by a lien (but not necessarily an exclusive lien) on the Airport Pledged Revenues received by the City, in connection with the ownership and operation of the Airport. Airport Pledged Revenues means the Net Revenues of the Airport after the payment of Operation and Maintenance Expenses (each as defined below).

"Gross Revenues" means the gross revenues derived from the operation of the Airport including, without limitation, all rentals, fees and other charges for the use of the Airport System, all income and revenue received by or required to be remitted to the City from the passenger facility charges imposed by the City pursuant to the Aviation Safety and Capacity Expansion Act of 1990, Pub.L. 101-508, Title IX, Subtitle B, Sections 9110 and 9111, as amended from time to time (the PFC Act"), Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended (the "PFC Regulations") and City Ordinance No. 497 adopted on January 24, 1998, including any interest earned after such charges have been remitted to the City as provided in the PFC Regulations, all of which may be pledged to the Bonds pursuant to the PFC Act and PFC Regulations Section 158.13..

"Net Revenues" means the Gross Revenues remaining after the deduction of Operation and Maintenance Expenses.

"Airport Pledged Revenues" means all or a portion of the Net Revenues less Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" of the Airport means all reasonable and necessary current expenses of the City, paid or accrued, of operation, maintaining and repairing the Airport, including, without limitation, (i) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the Airport, (ii) fidelity bond and insurance premiums pertaining to or allocable to the Airport, (iii) pension, retirement, health and hospitalization expenses, (iv) any general taxes, assessments, excise taxes or other charges lawfully imposed on the City, the Airport, the revenues of the Airport, or the City's income from or operations of any properties related to the Airport, (v) the reasonable charges of any paying agent or registrar and any depository bank pertaining to the Airport or any securities payable from Airport Pledged Revenues, (vi) contractual services, professional services, salaries, other administrative expenses and costs or materials, supplies, repairs and labor pertaining to the Airport, (vii) costs incurred by the City in the collection and any refunds of all or a portion of the Gross Revenues, and (viii) any costs of utility services furnished to the Airport. Operation and Maintenance Expenses excludes any allowance for depreciation, costs of extensions or improvements, accumulations of reserves for major capital replacements, operation, maintenance or repair of the Airport, allowances for the redemption of any Bond or other security, liabilities incurred in the acquisition and improvement of the Airport and liabilities imposed for any grounds not based on contract. See "THE ELKO REGIONAL AIRPORT - Airport Fund Results of Operation."

Room Tax Pledged Revenues Pursuant to Section 4-6-10 of the City Code, Section 2.170 of the City Charter, NRS 268.095 through 268.096, the Council has fixed and imposed license taxes on transient lodging rental businesses at the rate of 12% of the gross income actually received, excluding the lodging tax, of each licensee of transient lodging rentals (the "12% Tax"). Up to two percent (2%) of all proceeds from the gross income actually received, excluding the lodging tax, by each licensee for transient lodging rentals will be paid to the Elko Regional Airport for the payment of debt service on bonds related to the Elko Regional Airport. Any amounts in excess of the debt service requirements shall be paid to the Elko Convention and Visitors Authority. The City shall allocate the 12% Tax as follows:

- 2% - Elko Regional Airport
- 4% - Recreation Fund
- 2.375% - Elko Convention and Visitors Authority as collected on and after July 1, 1998
- 1% - Promotion of Tourism
    - .375% - Department of Taxation
    - .625% - Elko County Recreation Board
- 0.25% - Western Folklife Center Fund
- 0.50% - Agricultural District 4
- 0.125% - Elko Sno Bowl Foundation
- 1.75% - Elko Convention and Visitors Authority Marketing and Tourism Fund

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Debt Service Requirements

The following table sets forth the estimated annual debt service requirements for the Bonds.

THE BONDS ESTIMATED DEBT SERVICE REQUIREMENTS *

Fiscal Year Ending June 30	2009A Bonds Principal	2009A Bonds Interest 1/	2009B Bonds Principal	2009B Bonds Interest 1/	Grand Total
2010	$ 0	$ 26,833	$ 0	$ 34,033	$ 60,867
2011	75,000	79,000	75,000	100,600	329,600
2012	80,000	75,900	80,000	97,500	333,400
2013	80,000	72,700	80,000	94,300	327,000
2014	85,000	69,400	85,000	91,000	330,400
2015	85,000	66,000	90,000	87,050	328,050
2016	90,000	62,500	95,000	82,425	329,925
2017	95,000	58,800	95,000	77,675	326,475
2018	100,000	54,900	105,000	72,675	332,575
2019	105,000	50,800	110,000	67,300	333,100
2020	105,000	46,600	115,000	61,675	328,275
2021	110,000	41,750	115,000	55,350	322,100
2022	115,000	36,125	125,000	48,150	324,275
2023	120,000	30,250	135,000	40,350	325,600
2024	130,000	24,000	140,000	32,100	326,100
2025	130,000	17,500	145,000	23,550	316,050
2026	140,000	10,750	155,000	14,550	320,300
2027	145,000	3,625	165,000	4,950	318,575
TOTAL	$ 1,790,000	$ 827,433	$ 1,910,000	$ 1,085,233	$ 5,612,667

1/ Estimated.

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SOURCE: Compiled by NSB Public Finance

The City anticipates that no revenues from general ad valorem (property) taxes will be necessary to pay the debt service requirements of the Bonds.

Historical and Budgeted Pledged Revenues

The following table sets forth a history of the Pledged Revenues. The information in this table for fiscal years 2005 through 2008 has been derived from the City's Comprehensive Annual Financial Report ("CAFR") for each of those years and the 2009 unaudited information has been provided by the City which remains subject to change and adjustment as part of the audit process. The table also presents budgeted amounts for the fiscal year ending June 30, 2010.

The Airport Pledged Revenues represent Airport gross revenues received by the City in connection with the ownership and operation of the Elko Regional Airport less operating and maintenance expenditures. The Room Tax Pledged Revenues represent the proceeds of a 1% room tax received by the City beginning in February 1, 2006. On August 1, 2007, the City raised the room tax an additional 1% for a total of 2% room tax imposed for the repayment of Airport bonds.

PLEDGED REVENUES [1/]
City of Elko, Nevada

Fiscal Year Ended June 30	**2005 (Actual)**	**2006 (Actual)**	**2007 (Actual)**	**2008 (Actual)**	**2009 (Unaudited)**	**2010 (Budgeted)**
Total Operating Airport Revenues [2/]	$ 1,384,261	$ 1,107,731	$ 903,413	$ 948,985	$ 923,240	$ 993,895
Total Operating Airport Expenses: [2/ 3/]	1,459,923	1,260,533	729,773	833,801	792,421	862,505
Net Airport Pledged Revenues: [4/]	0	0	173,640	115,184	130,819	131,390
Room Tax Pledged Revenues [5/]	0	76,955	221,325	419,943	402,111	389,909
Total Pledged Revenues [6/]	0	76,955	394,965	535,127	532,930	521,299
Annual Debt Service:	$ 335,479	$ 331,160	$ 336,553	$ 331,648	$ 331,575	$ 333,400 [7/]
COVERAGE	0.00 x	0.23 x	1.17 x	1.61 x	1.61 x	1.56 x

1/ Fiscal years 2004-2008 are actual, fiscal year 2009 is unaudited and fiscal year 2010 is budgeted.

2/ See "THE ELKO REGIONAL AIRPORT - Airport Financial Information" for a more detailed description of the Airport Fund's statement of revenues and expenses.

3/ Excludes depreciation expenses.

4/ Represents Airport gross revenues less operation and maintenance expenditures. If operating expenditures exceed gross revenues, the Airport Pledged Revenues are reflected at $0. The City uses Room Tax Pledged Revenues before Airport Pledged Revenues to pay the debt service.

5/ In February 2006 the City imposed a room tax of 1% to repay the Refunded Bonds, and in August 2007 increased it to 2%. The City uses Room Tax Pledged Revenues before Airport Pledged Revenues to pay debt service. The Room Tax Pledged Revenues represent the proceeds of the 2% Tax used by the City to pay debt service. In each fiscal year, Room Tax Pledged Revenues, in excess of annual debt service requirements, are paid to the Elko Convention and Visitors Authority. See "Room Tax Pledged Revenues" above for a discussion of Room Tax Pledged Revenues.

6/ In fiscal years 2005 and 2006, debt service on the Refunded Bonds was paid with transfers from the City's General Fund.

7/ Reflects the estimated maximum annual debt service on the Bonds (after taking the effect of the defeasance of the Refunded Bonds) in fiscal year 2012. See the table entitled "THE BONDS ESTIMATED DEBT SERVICE REQUIREMENTS" on the previous page.

SOURCE: City of Elko 2005 - 2008 Comprehensive Annual Financial Reports, City of Elko and the 2010 Final Budget

Additional Bonds Payable from Pledged Revenues

The Bonds constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues on a parity with any future parity bonds or securities and prior to any future subordinate bonds or securities. After taking the Refunding into account, there will be no outstanding bonds which have a lien on the Pledged Revenues. Additional securities having a lien on a parity with, or subordinate to the lien of the Bonds on the Pledged Revenues may be issued under certain circumstances.

The Pledged Revenues shall be applied as follows: (1) to pay debt service on the Bonds and any additional parity securities, (2) payment of rebate amounts due on any the Bonds and any additional parity securities, (3) payment of debt service, reserves and any rebate amounts due on subordinate securities, and (4) for any lawful purpose. See Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE."

Additional Parity and Subordinate Securities

The City may issue additional securities payable from the Pledged Revenues and constituting a lien thereon on a parity with the lien thereon of the Bonds subject to express conditions. Nothing in the Bond Ordinance prevents the City from issuing additional bonds or other additional securities payable from the Pledged Revenues having a lien thereon subordinate, inferior and junior to the lien thereon of the Bonds. See "Parity Securities" and "Subordinate Securities" in Appendix E - "SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE".

Other Security Matters

No Pledge of Property. The payment of the Bonds is not secured by an encumbrance, mortgage or other pledge of property of the City shall be liable to be forfeited or taken in payment of the Bonds; provided that the payment of the Bonds is secured by the proceeds of general (ad valorem) taxes and the Pledged Revenues pledged for the payment of the Bonds.

No Recourse. No recourse shall be had for the payment of the principal of, any interest on, or any prior redemption premiums due in connection with any Bonds, or for any claim based thereon or otherwise upon the Bond Ordinance authorizing their issuance, against any individual member, officer, or other agent of the City, past, present or future, either directly or indirectly by virtue of any statute or rule of law.

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CITY OF ELKO, NEVADA

General

The City of Elko is a political subdivision of the State operating under the City Charter , pursuant to NRS Chapter 276, as amended, originally approved by the State Legislature on April 15, 1971 and the general laws of the State. The City was incorporated in 1917 and functions under a Council-Manager form of government, with the elective offices of the City consisting of the mayor and four city councilmen. The mayor and all councilmen are elected for four-year terms. Covering an area of approximately 12.5 square, the City is located in the center of Northern Nevada's Great Basin and is the geographic base of the Elko County region and the neighboring Eureka, White Pine and Lander Counties. The economy of the City is dependent to a significant extent on the mining, agriculture and transportation industries and tourism, including legalized gaming activities. See "ECONOMIC AND DEMOGRAPHIC INFORMATION" herein.

The City provides its citizens with a variety of governmental services, including police and fire protection, parks and recreation, planning, building inspection and municipal courts. The City also provides road and street maintenance and construction, domestic water services, sewer collection and treatment services, animal control and other local services within its incorporated boundaries.

Mayor and City Council

The City Council is empowered to approve and adopt all ordinances, resolutions and orders necessary to manage the affairs of the City. The current mayor and members of the City Council and their terms of office are as follows:

Name	Term of Office
Michael J. Franzoia, Mayor	2007 - 2011
Christopher J. Johnson	2007 - 2011
James A. Conner	2009 - 2013
Jay Elquist	2009 - 2013
John Patrick Rice	2007 - 2011

Administration

The City Manager is appointed by the City Council to serve at its pleasure. As the chief administrative officer of the City, the City Manager has the power and responsibility, among others, to exercise control over all the departments and divisions (other than the office of the City Attorney and City Auditor) of City government and over all of the officers and employees of the City. The other duties of the City Manager include preparation and submission to the City Council of the annual budget of the City, as well as to supervise and observe that all contracts of the City are faithfully kept and fully performed and to cause all legal proceedings to be instituted or defended at the expense of the City.

Information about the City Administrators most closely related to the financial management of the City and the issuance of the Bonds is set forth below.

CURTIS CALDER, City Manager - Mr. Calder has lived in Northern Nevada for over 35 years. He graduated from Lowry High School in Winnemucca, Nevada and received both his Bachelor's and Master's Degrees in Business Administration from the University of Nevada, Reno. After college, Mr. Calder was employed by the Airport Authority of Washoe County, and was involved in the day-to-day management and operation of the Human Resources Division for over five (5) years. In 1998, Mr. Calder relocated to Northeastern Nevada to begin his career with the City of Elko, overseeing the City's Human Resources and Safety Management functions. In 2003, the Elko City Council appointed Mr. Calder to the position of City Manager.

DAWN STOUT, Administrative Services Director - Ms. Stout was raised in Nevada and has been a resident of Elko for 40 years. She graduated from Elko High School and received a Bachelor's Degree in Business Administration from the University of Nevada, Reno. She has been employed with the City for 21 years and in her current position for 3 years.

ROBERT GOICOECHEA, City Attorney - Mr. Goicoechea was born in Wendell, Idaho. He attended Loyola University where he received his Bachelor's of Science Degree. He then attended the University of Utah were he received his Law Degree in 1970. He was admitted to the Utah bar in 1970, the Nevada bar in 1972, and the US Supreme Court in 1974. He was the President of Phi Alpha Delta, Sutherland Chapter from 1969 to 1970. Mr. Goicoechea served as Law Clerk to Chief Justice J. Allan Crockett, Utah Supreme Court from 1969 to 1970. He became Carlin City Attorney in 1975, Wells City Attorney in 1976, and the Elko City Attorney in 1982. He served as the Appeals Officer for the Te-Moak Bands, Western Shoshone from 1976 through 1996. He is a current member of the Elko County and American Bar Associations; State Bar of Nevada, and Utah State Bar (inactive).

TRENT MOYERS, Airport Director - Mr. Moyers has lived in Northern Nevada for the last 11 years. He graduated from Dixie State College in Utah in 1992 with a degree in Aviation Technology. Mr. Moyers has been responsible for the day to day operations of airports since 1994. He was responsible for the State Aviation Programs for the State of Nevada Department of Transportation from 2001 to 2005. In 2005, Mr. Moyers became the Elko Regional Airport Director responsible for all operations of the airport. He is an active member in the American Association of Airport Executives and is president of the Nevada Airports Association. Mr. Moyers is a certified flight instructor and a licensed commercial pilot.

Employee Relations and Pension Matters

Employee Relations. The City considers its relations with its employees to be satisfactory. As of November 2009, the City employed approximately 186 employees (157 full time and 29 part time). The City is an equal-opportunity/affirmative action employer with employee bargaining units that cover most City employees.

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

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits, and death benefits. Regular members of PERS are eligible for retirement benefits at age 65 with 5 years of service, at age 60 with 10 years of service or at any age with 30 years of service. Police and fire members are eligible for retirement benefits with 5 years of service at age 65, with 10 years of service at age 55, with 20 years of service at age 50, or at any age with 25 years of service.

PERS has an annual actuarial valuation showing unfunded liability and the contribution rates required to fund PERS on an actuarial reserve basis; however, actual contribution rates are established by the State Legislature. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2008. At that time, PERS reported an unfunded actuarial accrued liability ("UAAL") of approximately $7.26 billion (an increase of approximately 13.0% from the prior year UAAL). The amortization method used for the unfunded actuarial liability is the year to year closed method, with each amortization period set at 30 years. The funded ratio for all members was 76.2% in 2008, a slight decrease from 77.2% in fiscal year 2007.

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

Contribution rates to PERS are established by State statute. The statute allows for increases or decreases of the actuarially determined rate. Per the statute, there is no obligation on the part of the employer to pay for their proportionate share of the unfunded liability. The City is obligated by State law to contribute all amounts due under PERS. For fiscal years 2006 and 2007, the contribution rate for regular members, based on covered payroll, was 19.75% and for police and firemen it was 32.0%. Beginning July 1, 2007, the contribution rate for regular members was 20.50% and for police and firemen it was 33.50%. Effective July 1, 2009, the contribution rate increased to 21.5% for regular members and 37.0% for police and firemen.

The City's contribution to PERS for the years ended June 30, 2007, 2008 and 2009, were $1,972,896, $2,236,847 and $2,227,670 for 2009 (unaudited); those amounts were equal to the required contributions for each year.

Other Post-employment Benefits. The City also makes available certain post-retirement health insurance and other non-pension benefits ("OPEB") to employees who retire under PERS and elect to receive and pay for these benefits. Effective July 1, 2007, the City was required to implement Governmental Accounting Standards Board Statement No. 45 - Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions ("GASB 45"). GASB 45 addresses how the City should account for and report its costs related to OPEB. Historically, the City's subsidy was funded on a pay-as-you-go basis. GASB 45 requires the City to accrue the cost of the OPEB subsidy during the period of active employment (while the benefits are being earned) and disclose the UAAL in order to accurately account for the total future costs of OPEB and the financial impact on the City. See Note 13 for a detailed description of the City's OPEB plan, its funding policy, annual costs, and associated UAAL (including significant methods and assumptions of the actuarial valuation).

CITY FINANCIAL INFORMATION

Annual Reports

General. State law requires the City to provide a comprehensive annual financial report ("CAFR") setting forth the financial condition of the City as of June 30 of each fiscal year. The latest completed report is for the fiscal year ended June 30, 2008 (see Appendix A). Those financial statement represent the City's most recent audited financial statements. Audited financial statements for prior years (and the City's CAFR) may be obtained from the sources listed in "INTRODUCTION - Additional Information."

The audited basic financial statements attached hereto as Appendix A are derived from the CAFR, but they do not include all of the information contained in the CAFR, such as individual fund financial statements and statistical data. That information may be reviewed by reviewing the entire CAFR. The CAFR is the official financial report of the City. It was prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard setting body for governmental accounting and financial reporting. See Note 1 in the audited financial statements attached hereto as Appendix A for a description of the City's significant accounting policies.

Budgeting

Prior to April 15 of each year, the City Manager is required to submit to the State Department of Taxation the tentative budget for the next fiscal year which commences on July 1. The tentative budget contains the proposed expenditures and means of financing them. After reviewing the tentative budget, the State Department of Taxation is required to notify the City upon its acceptance of the budget.

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

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

Accounting

The government-wide financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available (collected within 60 days of year end). Sales and use taxes, motor vehicle fuel taxes and privilege taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Ad valorem taxes are considered measurable when received by the City.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is principal and interest on general long-term debt which is recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting in which revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled service receivables are recorded at year end. A more detailed explanation of the basis of accounting for the various funds is included in the notes to the basic financial statements, located in Appendix A.

General Fund

The purpose of the General Fund is to finance the ordinary operations of the City (including debt service to the extent that the ad valorem tax levy is not sufficient to service outstanding general obligation debt) and to finance those operations not provided for in other funds. Included are all transactions related to the approved current operating budget, its accompanying revenue, expenditures and encumbrances, and its related asset, liability, and fund equity accounts.

History of General Fund Revenues and Expenditures

The following table presents a five-year history of the revenues, expenditures and changes in fund balance for the General Fund for the fiscal years ended June 30, 2005 through 2009 (unaudited). The information for fiscal years 2005 through 2008 was derived from the City's CAFR for each of those years. The unaudited information for fiscal year 2009 was provided by the City. The table also includes budgeted information for fiscal year 2010. The information in this table is provided for informational purposes only and does not imply that all of the revenues shown below are legally available to pay debt service on the Bonds. The information in this table should be read together with the City's audited financial statements for the year ended June 30, 2008, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years may be obtained from the sources listed in "INTRODUCTION - Additional Information."

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CITY OF ELKO GENERAL FUND
SUMMARY OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Fiscal Year Ending June 30	**2005 (Actual)**	**2006 (Actual)**	**2007 (Actual)**	**2008 (Actual)**	**2009 (Unaudited)**	**2010 (Budgeted)**
REVENUES						
Taxes	$ 1,820,694	$ 1,861,647	$ 1,954,914	$ 2,053,557	$ 2,161,562	$ 2,295,892
Licenses and Permits	1,226,545	1,312,525	1,464,666	1,517,248	1,496,094	1,478,905
Intergovernmental	7,922,879	10,236,294	11,347,440	10,822,650	10,890,386	10,151,166
Charges for Services	465,420	558,329	580,481	619,864	583,864	593,754
Fines and Forfeits	130,049	161,363	177,703	225,240	263,250	289,000
Miscellaneous	119,161	263,047	201,580	287,861	159,879	127,680
Total Revenues	11,684,748	14,393,205	15,726,784	15,526,420	15,555,035	14,936,397
EXPENDITURES						
General Government	1,428,754	1,342,145	1,640,946	1,793,403	2,064,367	2,411,008
Judicial	146,878	222,543	237,848	301,401	382,500	407,000
Public Safety	5,550,738	6,345,554	7,221,831	7,905,349	7,908,870	8,722,230
Public Works	2,858,478	3,056,446	3,235,170	4,273,874	3,436,205	3,743,274
Health	357,308	408,536	441,913	507,834	530,195	558,440
Culture & Recreation	690,329	733,833	817,790	952,538	1,016,395	1,084,975
Community Support	28,000	28,000	28,000	36,000	36,000	36,000
Intergovernmental	157,181	12,946	51,365	--	--	--
Total Expenditures	11,217,666	12,150,003	13,674,863	15,770,399	15,374,532	16,962,927
Excess (Deficiency) of Revenues Over Expenditures	467,082	2,243,202	2,051,921	(243,979)	180,503	(2,026,530)
Other Financing Sources (Uses)						
Operating Transfers In	220,106	173,475	191,581	234,298	--	536,891
Operating Transfers Out	(1,023,443)	(738,365)	(1,107,644)	(1,372,655)	(151,244)	(399,800)
Contingency	--	--	--	--	--	(254,444)
Total Other Financing Sources (Uses)	(803,337)	(564,890)	(916,063)	(1,138,357)	(151,244)	(117,353)
Net Change in Fund Balance	(336,255)	1,678,312	1,135,858	(1,382,336)	29,259	(2,143,883)
Fund Balance, July 1	2,453,355	2,117,100	3,795,412	4,931,270	3,548,934	3,578,193 1/
Fund Balance, June 30	$ 2,117,100	$ 3,795,412	$ 4,931,270	$3,548,934	$3,578,193 1/	$1,434,310

1/ The 2010 beginning fund balance has been adjusted to reflect the 2009 unaudited ending fund balance.

SOURCE: City of Elko 2005 - 2008 Comprehensive Annual Financial Reports, City of Elko and the 2010 Final Budget

Reduction in General Fund Revenues

The City's General Fund revenues declined slightly (1.3%) from 2007 to 2008 while the expenses increased 15.3%. These were planned, one-time expenditures for infrastructure maintenance and upgrades that hadn't been done in previous years do to a lack of resources. The revenues are expected to remain flat for fiscal year ending June 30, 2009 with expected expenditures declining 2.7%. The reduction in expenses is due to reduced infrastructure improvements in fiscal year 2009. The budgeted revenues for fiscal year 2010 are 4% lower than the previous fiscal anticipating that the economic recession occurring in the rest of the State will eventually affect the local economy in the City. Although budgeted expenses for 2010 are 10% higher than the expected expenses for fiscal year 2009, the majority of the increases are due to increases related to labor such as PERS contributions, health insurance premiums, and workman's compensation insurance premiums.

Investment Policy

The investment goal of the City is to maintain adequate cash availability to meet current obligations and invest excess monies at the maximum yield allowed, while assuring that the principal is protected from loss. Monies that are not required for immediate expenditures are invested within the guidelines of NRS Chapter 355, and City policy. See Note 4 in Appendix A for a more complete description of the City's investment practices.

Liability Insurance

NRS 41.035 states that the maximum liability exposure for tort actions for municipalities is $50,000 per cause of action. The limitation does not apply to civil rights suits and actions outside the State of Nevada.

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters.

The City became a participant in the State of Nevada Public Employees Benefits Health Insurance program as of July 1, 2008 and is a member of the Nevada Public Agency Insurance Pool, which maintains the following coverages on behalf of its members: blanket coverage on buildings and contents at a total limit of $300 million, with sub-limits of $100 million on earthquake and flood; general liability, law enforcement liability, public officials errors and omissions liability and auto liability at limits of $10 million; crime and bond coverages on a blanket basis, with a crime limit of $500,000 and a bond limit of $500,000; boiler and machinery coverage at a limit of $60 million; and coverage for damage to selected mobile equipment and autos. The Nevada Public Agency Insurance Pool self-insures the first $200,000 of each property or crime loss, and $500,000 of all other losses. The City's maintenance deductible is $5,000, which applies to each loss in all lines of coverage. The City also became a member of the Public Agency Compensation Trust for workman's compensation coverage as of January 1, 2008.

PROPERTY TAX INFORMATION

Property Tax Base and Tax Roll

The State Department of Taxation has reported the assessed valuation of property within the City for the fiscal year ending June 30, 2010 to be $389,109,714 (excluding the assessed value of the Elko Redevelopment Agency). Property tax abatement laws adopted in 2005 (described in "Required Property Tax Abatements" below) provide that the taxes collected by taxing entities within the County will be capped and likely will not correspond directly to changes in assessed values. State law requires that the County assessor reappraise at least once every 5 years all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). While the law provides that in years in which the property is not reappraised, the County assessor is to apply a factor representing typical changes in value in the area since the preceding year, it is the policy of the Elko County Assessor to reappraise a portion of the real and secured personal property in the County each year. State law requires that property be assessed at 35% of taxable value, which percentage may be adjusted upward or downward by the State Legislature. Based upon the assessed valuation for the fiscal year 2010, the taxable value of all taxable property within the City is $1,111,742,040.

"Taxable value" is defined in the statutes as the full cash value in the case of land and as the replacement cost less straight-line depreciation in the case of improvements to land and in the case of taxable personal property, less depreciation in accordance with the regulations of the Nevada Tax Commission but in no case an amount in excess of the full cash value. Depreciation of improvements to real property must be calculated at 1.5% of the cost of replacement for each year of adjusted actual age up to a maximum of 50 years. Adjusted actual age is actual age adjusted for any addition or replacement. The maximum depreciation allowed is 75% of the cost of replacement. When a substantial addition or replacement is made to depreciable property, its "actual age" is adjusted i.e., reduced to reflect the increased useful term of the structure. The adjusted actual age has been used on appraisals for taxes since 1986-87.

In Nevada, county assessors are responsible for assessments in the counties except for certain properties centrally assessed by the State, which include railroads, airlines, and utility companies.

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History of Assessed Valuation

The following table provides a historical record of the assessed valuation in the City and Elko County.

RECORD OF ASSESSED VALUATION
City of Elko, Nevada

Fiscal Year Ended June 30	City of Elko	Percent Change	Elko County	Percent Change
2005	$ 296,207,696	--	$ 969,494,077	--
2006	296,770,239	0.19%	965,348,220	-0.43%
2007	312,816,735	5.41	994,053,541	2.97
2008	337,353,408	7.84	1,060,626,160	6.70
2009	363,571,663	7.77	1,222,269,103	15.24
2010 [1/]	389,109,714	7.02	1,274,631,694	4.28

1/ Excludes the City of Elko Redevelopment Agency (adopted March 2008) in the amount of $619,661.

SOURCE: Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation

Property Tax Collections

In Nevada, county treasurers are responsible for the collecting property taxes and forwarding the allocable portions thereof to the overlapping taxing units within the counties.

Taxes on real property are due on the third Monday in August unless the taxpayer elects to pay in installments on or before the third Monday in August and the first Mondays in October, January, and March of each fiscal year. Penalties are assessed if any taxes are not paid within 10 days of the due date as follows: 4% of the delinquent amount if one installment is delinquent, 5% of the delinquent amount plus accumulated penalties if two installments are delinquent, 6% of the delinquent amount plus accumulated penalties if three installments are delinquent and 7% of the delinquent amount plus accumulated penalties if four installments are delinquent. In the event of nonpayment, the County Treasurer is authorized to hold the property for two years, subject to redemption upon payment of taxes, penalties and costs, together with interest at the rate of 15% per year from the date the taxes were due until paid. If delinquent taxes are not paid within the two-year redemption period, the County Treasurer obtains a deed to the property free of all encumbrances. Upon receipt of a deed, the County Treasurer may sell the property to satisfy the tax lien and assessments by local governments for improvements to the property.

Mining operations are assessed by the State based upon income produced from the mining operations and the taxes collected are returned to the jurisdictions where the mines are located. Utilities and public transportation facilities are centrally assessed by the State and the collected taxes are prorated to the jurisdictions they serve. Individual totals from these sources are not available.

A history of the City's net tax roll collection record appears in the following table. The table includes real property taxes only; it does not include taxes levied or paid on personal property. The net secured levy is net of abatement amounts and other required adjustments. *The figures in the following table represent property taxes that have been collected in the past; they do not represent taxes that are available to pay debt service on the Bonds.* The information is included only to provide information with respect to the historic collection rates for the City and may not be relied upon to predict what collection rates would be within the City should it levy additional ad valorem property taxes in the future.

COUNTYWIDE TAX LEVIES, COLLECTIONS AND DELINQUENCIES
City of Elko, Nevada
(Unaudited)

Fiscal Year Ending June 30	**Net Levy Roll**	**Total Taxes Collected**	**Total Taxes Collected as a % of Net Levy Roll**
2004	$ 8,168,939	$ 8,089,734	99.03%
2005	8,450,691	8,391,493	99.30
2006	8,853,030	8,764,671	99.00
2007	9,450,715	9,357,982	99.02
2008	9,914,138	9,285,228	93.66
2009	10,756,071	10,270,543	95.49

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

SOURCE: 2008 City of Elko, Nevada Comprehensive Annual Financial Report - Statistical Section and the County Treasurer

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City of Elko Largest Taxpayers

The following chart represents the ten largest taxpayers in the City and the respective taxable assessed values for the 2009/2010 fiscal year. No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed below, or that such taxpayers will continue to maintain their status as major taxpayers based on the assessed valuation of their property in the City.

CITY OF ELKO
TEN LARGEST TAXPAYERS [1/]
(Fiscal Year 2009/2010)

	Taxpayer	Type of Business	Assessed Value	% of Total Assessed Value
1.	PHC Elko, Inc. (Northeastern Nevada Regional Hospital)	Hospital	$ 11,907,139	3.06%
2.	Elko Acquisitions - (Red Lion Hotel)	Gaming	10,259,567	2.64
3.	Wal-Mart Stores, Inc.	Retail	4,541,811	1.17
4.	Ablah Elko	Commercial	3,622,714	0.93
5.	Monte Carlo	Apartments	3,137,081	0.81
6.	Sagecrest	Apartments	3,105,638	0.80
7.	Home Depot	Retail	2,928,764	0.75
8.	Edwin Enterprise	Retirement Home/Hospital	1,996,792	0.51
9.	Foothill Develop (Hilton Garden Inn)	Motel	1,975,248	0.51
10.	Norris, June (K-Mart)	Retail	1,928,119	0.50
	TOTAL		$ 45,402,873	11.67%

1/ Based on a 2010 total assessed valuation for the City of $389,109,714.

SOURCE: Elko County Assessor's Office

Property Tax Limitations

Overlapping Property Tax Caps. Article X, Section 2, of the State constitution limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the State, and any county, city, town, school district or special district) to an amount not to exceed five cents per dollar of assessed valuation ($5 per $100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by statute to $3.64 per $100 of assessed valuation in all counties of the State with certain exceptions that (a) permit a combined overlapping tax rate of up to $4.50 per $100 in assessed valuation in the case of certain entities that are in financial difficulties; and (b) require that $0.02 of the statewide property tax rate of $0.17 per $100 assessed valuation is not included in computing compliance with this $3.64 cap. (This $0.02 is, however, counted against the $5.00 cap). State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness in that in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. These revenue limitations do not apply to ad valorem taxes levied to repay the Bonds, which are exempt from such ad valorem revenue limits. This rate is generally limited as follows. The assessed value of property is first differentiated between that for property existing on the assessment rolls in the prior year (old property) and new property. Second, the property tax revenue derived in the prior year is increased by no more than 6% and the tax rate to generate the increase is determined against the current assessed value of the old property. Finally, this tax rate is applied against all taxable property to produce the allowable property tax revenues. This cap operates to limit property tax revenue dependent upon changes in the value of old property and the growth and value of new property. A local government, other than a school district, may exceed the property tax revenue limitation if the proposal is approved by its electorate at a general or special election. In addition, the Executive Director of the Department of Taxation will add, to the allowed revenue from ad valorem taxes, the amount approved by the legislature for the costs to a local government of any substantial programs or expenses required by legislative enactment. In the event sales tax estimates from the Nevada Department of Taxation exceed actual revenues available to local governments, Nevada local governments receiving such sales tax may levy a property tax to make up the revenue shortfall. The County, the City and the other cities within the County are levying various tax overrides as allowed or required by State statutes.

School districts levy a tax of $0.75 per $100 of assessed valuation for operating purposes. School districts are also allowed an additional levy for voter-approved pay-as-you-go tax rates, and voter approved or short-term public safety debt service.

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

Constitutional Amendment - Abatement of Taxes for Severe Economic Hardship. At the November 5, 2002 election, the State's voters approved an amendment to the State constitution authorizing the State Legislature to enact a law providing for an abatement of the tax upon or an exemption of part of the assessed value of an owner-occupied single-family residence to the extent necessary to avoid severe economic hardship to the owner of that residence.

The legislation implementing that amendment provides that the owner of a single-family residence may file a claim with the county treasurer to postpone the payment of all or part of the property tax due against the residence if (among other requirements): the residence has an assessed value of not more than $175,000; the property owner does not own any other real property in the State with an assessed value of more than $30,000; the residence has been occupied by the owner for at least 6 months; the owner is not in bankruptcy; the owner owes no delinquent property taxes on the residence; the owner has suffered severe economic hardship caused by circumstances beyond his control (such as illness or disability expected to last for at least 12 continuous months); and the total annual income of the owner's household is at or below the federally designated poverty level. The amount of tax that may be postponed may not exceed the amount of property tax that will accrue against the residence in the succeeding three fiscal years. Any postponed property tax (and any penalties and the interest that accrue as provided in the statue) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer. To date, the County Treasurer has not received material requests to postpone the payment of the property tax as described above.

Required Property Tax Abatements

General. In 2005, the Legislature approved legislation (the "Abatement Act") requiring reductions ("abatements") of ad valorem taxes imposed on property in certain situations. In the Abatement Act, the Legislature determined that year-to-year increases in property tax bills exceeding 3% constitute a severe economic hardship to homeowners; the State constitution permits the Legislature to prevent such hardships. The Abatement Act established formulas to determine whether tax abatements are required for property owners (including residential and low-income rental property) in any year. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues received by any taxing entity on existing property to approximately 3% per year (plus larger increases allowed for non-residential properties). That limitation could negatively impact the finances and operations of the taxing entities in the State, including the City, to an extent that cannot be determined at this time.

The Abatement Act directs the Tax Commission and the Committee on Local Government Finance to adopt regulations for the administration and interpretation of certain of its provisions, and some provisions of the Abatement Act likely will require additional interpretation through legislation, regulation or by the State's courts.

Formulas to Determine Abatements. For existing owner occupied residential properties, an abatement generally is required to reduce the amount of property taxes owed to not more than 3% more than the amount levied in the immediately preceding fiscal year. That same formula applies (as a charitable exemption) to commercial property that qualifies as low-income rental housing. Finally, for all existing properties, an abatement from ad valorem taxation is required to reduce the amount of property taxes owed to no more than an amount determined pursuant to a two-part formula. The first part of the formula requires a determination of the lesser of: (1) the average percentage change in the assessed valuation of all taxable property in the county over the 10-year period immediately preceding the fiscal year in which a levy is to be made; or (2) 8%. The second part of the formula requires determination of the percentage equal to twice the increase in the Consumer Price Index for all Urban Consumers, U.S. City Average (All Items) for the immediately preceding calendar year. After making both determinations, the part of the formula that yields the greatest percentage is used to establish the maximum percentage increase (over the prior year) in tax liability for each existing property. This abatement formula also must be applied to existing owner-occupied residential properties and low-income rental properties if it yields a greater reduction in property taxes than the 3% test described above. Unless otherwise provided by a specific statute, if any legislative act 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 any new tax or increase in the rate of the existing tax is exempt from the partial abatement formulas.

In addition to the required abatements, the Abatement Act requires the Nevada Tax Commission to adopt regulations simplifying the procedures to be followed by any business in the State to obtain a reduction in the assessed value of property used to conduct a business if such a reduction is appropriate under the "income approach" to property valuation.

Apportionment of Abatements. If the application of the partial abatement provisions require a reduction in the amount of ad valorem taxes levied in a county for a fiscal year, the Abatement Act requires that the amount of the reduction be allocated among all of the taxing entities and deducted from the amount of ad valorem taxes each taxing entity otherwise would be entitled to receive for that fiscal year. Generally, abatements caused by tax rate increases are to be allocated to the entities that increased their tax rates in proportion to the amount of tax rate increases for each such entity. Other abatements (i.e., those caused by an increase in assessed value) generally are required to be allocated among taxing entities in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. In order to assure that any required abatements apply to all taxing entities uniformly, the Tax Commission has adopted a regulation clarifying that future year abatements resulting from tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly.

Recapture of Lost Revenue in Certain Cases. Notwithstanding the abatement provisions discussed above, if the taxable value of any property (a) decreases by 15% or more from its taxable value on July 1 of the second year immediately preceding the lien date for the current year; and (b) increases by 15% or more from its taxable value for the immediately preceding fiscal year, the amount of ad valorem taxes which would have been collected for the property as a result of that increase in taxable value if not for the required abatement (but excluding any amount attributable to any increase in the taxable value of the property above its taxable value on the date determined pursuant to clause (a) above), must be levied on the property over three fiscal years. The amount of taxes carried forward and levied on any property must be added to the amount of ad valorem taxes each taxing entity would otherwise be entitled to receive in a fiscal year using the allocation formula described above.

Levies for Debt Service. Notwithstanding the abatement provisions discussed above, a taxing entity may, if otherwise authorized by law, increase the rate of an ad valorem tax for the payment of any obligations secured by the proceeds of that tax ("tax-secured obligations") if the entity determines that the additional tax rate is necessary to satisfy those obligations. Pursuant to the Abatement Act, an additional tax rate is deemed necessary if the rate of the ad valorem tax most recently levied for the payment of the tax-secured obligations will not produce sufficient revenue, after considering the effect of the partial abatement, to satisfy those obligations during the next fiscal year. Such an increase in the rate of an ad valorem tax for the payment of tax-secured obligations is exempt from the partial abatement formulas if the obligations for which that increase is imposed are issued (a) before July 1, 2005 or (b) on or after July 1, 2005, if before the issuance of the obligations (1) the governing body of the taxing entity makes a finding that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term and (2) the debt management commission of the county approves the finding. The tax rate also may be increased if otherwise authorized by law if voter approval is obtained. However, tax rates which were voter-approved before April 6, 2005, generally are not exempt from the Abatement Act formulas. *Any increase in the rate of ad valorem taxes required to pay the principal of or interest on the Bonds is **not** exempt from the partial abatement formulas described above.* As a result, any abatements may negatively impact amounts that otherwise would be available to pay debt service on the Bonds.

Possible Effects on Operating Levies. Under existing State law, limited tax levies must be used to pay debt service on general obligation bonds before being used for operations. Even though increases in the rate of an ad valorem tax for the payment of tax-secured obligations and voter-approved taxes are exempt from the partial abatement formulas, the revenue limits imposed by the Abatement Act may require taxing entities in the State to cut operating revenues, and therefore the services funded by those revenues, to an extent that cannot be determined at this time. In addition, the abatement formulas may cause the statutory maximum combined overlapping tax rate of $3.64 per $100 of assessed valuation to be reached sooner than it would otherwise be reached.

Overlapping Tax Rates

The following table presents a five-year tabulation of the average statewide tax rate and the overlapping tax rates for the City. The overlapping rates of areas within the City vary depending upon location. Current State statutes limit the overlapping tax rate to $3.64 per $100 of assessed valuation.

OVERLAPPING TAX RATES [1/]
City of Elko, Nevada

Fiscal Year Ended June 30	2006	2007	2008	2009	2010
Average Statewide Rate	$ 3.1124	$ 3.1471	$ 3.1526	$ 3.1727	$ 3.2162
Elko County	$ 0.8386	$ 0.8386	$ 0.8386	$ 0.8386	$ 0.8386
Elko County School District	1.5000	1.5000	1.5000	1.5000	1.5000
City of Elko	**0.9200**	**0.9200**	**0.9200**	**0.9200**	**0.9200**
Special Districts	0.0641	0.0671	0.0681	0.0681	0.0681
State of Nevada [2/]	0.1700	0.1700	0.1700	0.1700	0.1700
TOTAL	$ 3.4927	$ 3.4957	$ 3.4967	$ 3.4967	$ 3.4967

1/ Per $100 of assessed valuation.
2/ $0.0200 of the State rate is exempt from the $3.64 cap. See "Property Tax Limitations" above.

SOURCE: Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation

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CITY DEBT STRUCTURE

Debt Limitation

State law limits the aggregate principal amount of the City's general obligation debt to 30% of the City's total reported assessed valuation. Based upon the assessed valuation for fiscal year 2010 of $389,729,375 (including the assessed valuation of the City of Elko Redevelopment Agency), the City's debt limit for general obligations is $116,918,813 with $7,637,580, (including the Bonds and the effect of the Refunding) such debt to which the limit applies outstanding as of November 1, 2009.

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

STATUTORY DEBT LIMITATION *
City of Elko, Nevada

Fiscal Year Ended June 30	Assessed Valuation	Debt Limit	Outstanding General Obligation Debt 1/	Additional Statutory Debt Capacity
2005	$ 296,207,696	$ 88,862,309	$ 9,681,808	$ 79,180,501
2006	296,770,239	89,031,072	10,882,881	78,148,191
2007	312,816,735	93,845,021	10,204,260	83,640,761
2008	337,353,408	101,206,022	9,508,686	91,697,336
2009	363,571,663	109,071,499	8,775,724	100,295,775
2010 2/	389,729,375	116,918,813	7,637,580 3/	109,281,233

1/ Includes general obligation and general obligation/revenue bonds. Excludes revenue bonds, lease purchase agreements and medium-term notes.
2/ Includes the assessed valuation of the City of Elko Redevelopment Agency. This value is included for purposes of calculating the debt limit but is not subject to taxation for the retirement of general obligation debt.
3/ Outstanding as of November 1, 2009, includes the Bonds and the effect of the Refunding.

SOURCE: City of Elko, Property Tax Rates for Nevada Local Governments - Department of Taxation; State of Nevada

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

* Subject to change.

Outstanding Indebtedness and Other Obligations

Outstanding Indebtedness and Other Obligations. The following table presents the City's outstanding obligations as of November 1, 2009, after taking the issuance of the Bonds into account.

OUTSTANDING INDEBTEDNESS [1/]
City of Elko, Nevada
As of November 1, 2009

	Dated	Original Amount	Outstanding Principal Amount
GENERAL OBLIGATION REVENUE BONDS [2/]			
Sewer Bonds (SRF)	08/14/98	$ 4,000,000	$ 2,197,580
Airport Improvement Bonds	10/01/99A	2,905,000	0 [3/ *]
Airport Improvement Bonds	10/01/99B	1,370,000	0 [3/ *]
Recreational Facilities Bonds	08/01/05	2,000,000	1,740,000
Airport Refunding Bonds ***(this issue)***	12/01/09A	1,790,000	1,790,000 [3/ *]
Airport Refunding Bonds ***(this issue)***	12/01/09B	1,910,000	1,910,000 [3/ *]
TOTAL GENERAL OBLIGATION BONDS:			**$ 7,637,580**

1/ Excludes leases and installment purchases.
2/ General obligation bonds secured by the full faith, credit and taxing power of the City. The ad valorem tax available to pay these bonds is limited to the $3.64 statutory and the $5.00 constitutional limit. These bonds are additionally secured by pledged revenues; if revenues are not sufficient, the City is obligated to pay the difference between such revenues and debt service requirements of the respective bonds. See "PROPERTY TAX INFORMATION - Property Tax Limitations."
3/ Includes the issuance of the Bonds and takes the Refunding into account.

SOURCE: Compiled by NSB Public Finance

* Subject to change.

The following table presents the debt service requirements on the City's outstanding general obligation bonds and the Bonds.

ANNUAL DEBT SERVICE REQUIREMENTS OUTSTANDING
AND THE BONDS DEBT SERVICE REQUIREMENTS
City of Elko, Nevada
As of November 1, 2009

Fiscal Year Ended June 30	General Obligation Revenue Bonds [1/]		The 2009A Bonds		The 2009B Bonds		Grand Total [4/]
	Principal	Interest	Principal	Interest [3/]	Principal	Interest [3/]	
2010	$ 289,069	$ 141,035	$ 0	$ 26,833	$ 0	$ 34,033	$ 490,971
2011	296,040	131,065	75,000	79,000	75,000	100,600	756,705
2012	308,237	120,868	80,000	75,900	80,000	97,500	762,505
2013	320,668	110,236	80,000	72,700	80,000	94,300	757,904
2014	333,342	99,162	85,000	69,400	85,000	91,000	762,904
2015	346,265	87,639	85,000	66,000	90,000	87,050	761,954
2016	359,447	75,658	90,000	62,500	95,000	82,425	765,030
2017	372,895	63,210	95,000	58,800	95,000	77,675	762,580
2018	386,618	50,287	100,000	54,900	105,000	72,675	769,480
2019	115,000	39,113	105,000	50,800	110,000	67,300	487,213
2020	120,000	34,455	105,000	46,600	115,000	61,675	482,730
2021	125,000	29,415	110,000	41,750	115,000	55,350	476,515
2022	130,000	24,165	115,000	36,125	125,000	48,150	478,440
2023	140,000	18,705	120,000	30,250	135,000	40,350	484,305
2024	145,000	12,685	130,000	24,000	140,000	32,100	483,785
2025	150,000	6,450	130,000	17,500	145,000	23,550	472,500
2026	0	0	140,000	10,750	155,000	14,550	320,300
2027	0	0	145,000	3,625	165,000	4,950	318,575
TOTAL	$ 3,937,581	$ 1,044,148	$ 1,790,000	$ 827,433	$ 1,910,000	$ 1,085,233	$ 10,594,396

1/ General obligation bonds secured by the full faith, credit and taxing power of the City. The ad valorem tax available to pay these bonds is limited to the $3.64 statutory and the $5.00 constitutional limit. These bonds are additionally secured by pledged revenues; if revenues are not sufficient, the City is obligated to pay the difference between such revenues and debt service requirements of the respective bonds. See "PROPERTY TAX INFORMATION - Property Tax Limitations." ***Excludes the issuance of the Bonds. Includes the effect of the Refunding.***

2/ Estimated.

3/ Outstanding as of November 1, 2009, includes the Bonds and the effect of the Refunding.

SOURCE: Compiled by NSB Public Finance

OUTSTANDING OVERLAPPING GENERAL OBLIGATION INDEBTEDNESS
City of Elko, Nevada
November 1, 2009

	Total General Obligation Indebtedness	Presently Self-Supporting General Obligation Indebtedness	Net Direct General Obligation Indebtedness	Percent Applicable [1/]	Overlapping Net General Obligation Indebtedness [2/]
Elko County	$ 21,609,000	$ 10,180,000	$ 11,429,000	30.53%	$ 3,489,274
Elko County School District	0	0	0	30.53	0
State of Nevada	2,263,020,000	695,840,000	1,567,180,000	0.33	5,171,694
TOTAL					$ 8,660,968

1/ Based on 2010 assessed valuation in the respective jurisdiction. The percent applicable is derived by dividing the assessed valuation of the City into the assessed valuation of the governmental entity.

2/ Overlapping Net General Obligation Indebtedness equals total existing general obligation indebtedness less presently self-supporting general obligation indebtedness times the percent applicable.

SOURCE: Compiled by NSB Public Finance; applicable percentages calculated using Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation

NET DIRECT & OVERLAPPING GENERAL OBLIGATION INDEBTEDNESS
City of Elko, Nevada
November 1, 2009

Total General Obligation Indebtedness [1/]	$ 7,637,580
Less: Self-Supporting General Obligation Indebtedness [1/]	7,637,580
Net Direct General Obligation Indebtedness	0
Plus: Overlapping Net General Obligation Indebtedness	8,660,968
Net Direct & Overlapping Net General Obligation Indebtedness	$ 8,660,968

1/ Outstanding as of November 1, 2009, includes the Bonds and the effect of the Refunding.

SOURCE: Compiled by NSB Public Finance

DIRECT GENERAL OBLIGATION DEBT RATIOS
City of Elko, Nevada

Fiscal Year Ended June 30	**2006**	**2007**	**2008**	**2009**	**2010**
Population [1/]	18,183	18,427	18,424	18,424	18,424
Assessed Value [2/]	$296,770,239	$312,816,735	$337,353,408	$363,571,663	$389,109,714
Taxable Value [2/]	$847,914,969	$893,762,100	$963,866,880	$1,038,776,180	$1,111,742,040
Gross Direct G.O. Debt [3/]	10,882,881	10,204,260	9,508,686	8,775,724	7,637,581
Ratio to Gross Direct G.O. Debt:					
Per Capita	$598.52	$553.77	$516.10	$476.32	$414.55
Percent of Assessed Value	3.67%	3.26%	2.82%	2.41%	1.96%
Percent of Taxable Value	1.28%	1.14%	0.99%	0.84%	0.69%
Net Direct G.O. Debt [3/]	820,000	630,000	435,000	225,000	0
Ratio to Net Direct G.O. Debt:					
Per Capita	$45.10	$34.19	$23.61	$12.21	$0.00
Percent of Assessed Value	0.28%	0.20%	0.13%	0.06%	0.00%
Percent of Taxable Value	0.10%	0.07%	0.05%	0.02%	0.00%

1/ For 2006 - 2008, reflects the Nevada State Demographer estimates as of July 1 of each year shown. The 2008 population estimate also is used in 2009 and 2010 because it is the most recent estimate available.

2/ See "PROPERTY TAX INFORMATION - Property Tax Base and Tax Roll Collection" for an explanation of Assessed Value and Taxable Value.

3/ Fiscal year 2010 reflects outstanding debt as of November 1, 2009, including the Bonds and the effect of the Refunding.

SOURCE: Property Tax Rates for Nevada Local Governments - Department of Taxation; Nevada State Demographer; Compiled by NSB Public Finance.

THE ELKO REGIONAL AIRPORT

General

Elko Regional Airport is located one mile south of the central business district of Elko, Nevada at the intersection of Interstate 80 and the Mountain City Highway (SR225). The City has owned and operated the Airport since it was originally constructed in 1919 as one of the original transcontinental airmail route stops. As such the airport ranks as one of the oldest continuously operating airports in the nation. The current Airport was established in 1942 as an auxiliary military landing strip. The Airport controls approximately 700 acres, all of which is located within the city limits of the City.

The Airport is owned by the City and is under the day-to-day management of the Airport Director. The Airport Director is responsible for the Federal Aviation Administration (FAA) required aircraft rescue and fire fighting services and the general operation and maintenance of the Airport. The Airport Director reports directly to the City Manager.

The Airport's basic role can be described as providing a broad range of general aviation and air carrier facilities and services to the City and the surrounding region. These services include: air carrier passenger and air cargo; base facilities for local personal and recreational flyers; access for personal and recreational visitors; facility for business and corporate aviation; aviation training facilities; and emergency access to the community.

The Airport is the base for approximately 60 personal aircraft. One scheduled commercial commuter airline currently uses the Airport for passenger service to Salt Lake City, Utah. The existing airfield capacity is estimated to be approximately 60 VFR aircraft operations per hour or 4 IFR operations per hour. The current estimated takeoffs and landings at the Airport are 18,500 per year with approximately 15% of those representing commercial aircraft.

The configuration of the Airport's runway/taxiway system is well defined by existing facilities and site constraints. The Airport now offers two paved runways (Runway 5-23 is 7,211 feet long and 150 feet wide and is lighted for night operation; and Runway 12-30, which is 2,869 feel long and 60 feet wide) each of which meet or exceed their respective minimum FAA design standard. In addition, the Airport offers several instrument approach procedures (including LDA DME-Rwy 23, VOR-A, VOR DME-B, and CPS Rwy 5) to facilitate use of the Airport during periods of inclement weather. The lowest approach minimums for the Airport are 441 feet above airport elevation and one statute mile visibility. The Airport is certified by the FAA as a FAR Part 139 air carrier facility.

The Airport Improvement Project

The City began investigating the need to expand the terminal area of the Airport in early 1996 by contracting with an airport planning firm to (i) evaluate the existing terminal determining its deficiencies and the impact of continuing the operation from that terminal over a 20 year period; (ii) evaluate the future needs of the terminal and how they could be accommodated at various potential locations; (iii) develop alternative conceptual plans for the terminal, aircraft parking, auto parking and access relating to the existing terminal site and alternative sites; (iv) examine total costs of the alternative plans and provide a review of potential sources of funding and financial feasibility; and (v) document the alternatives on a comparative basis. That study was presented to the Board in November 1996. The study projected increases from the current 140,000 enplaned passengers to more than 280,000 by 2015. The study determined that the passenger terminal would need to be enlarged from the current 6,120 square feet to at least 16,525 square feet to accommodate the current traffic to upwards of 30,000 to 35,000 by the year 2015. The study considered four alternatives for the City to consider including a status quo option. The other options included expansion of the present terminal or construction of a new terminal at the present site; and the construction of a new terminal at two alternative sites. The study found that the status quo and expansion of the existing terminal were not viable alternatives because of Federal Aviation Administration ("FAA") requirements that could not be attained with the current configuration.

The City selected the site west of the existing terminal with access off of State Highway 225 and Interstate 80 as the alternative site. The site plan was approved by the FAA. The site is owned by the City and no additional property was purchased in order to complete the new terminal. The new terminal building consists of 17,355 square feet, an additional 3,045 square feet designed for a baggage make-up area and approximately 1,266 square feet of space for concessions. The costs of the terminal, access roads, terminal site preparation and parking lot was $10,561,000, including federal grants.

Description of Air Trade Area

The primary service area for commercial service is the City and an area roughly 50 miles in radius from the City, with a population base estimated at 30,000. The secondary service area includes parts of White Pine, Lander and Eureka Counties and includes an additional population of approximately 5,000. The nearest commercial airports are located in Reno, Nevada, approximately 300 miles west, Boise, Idaho, approximately 240 miles north, and Salt Lake City, Utah, approximately 230 miles east of the City. General aviation airports in the area include one located in Wells, Nevada, approximately 60 miles east and one in Battle Mountain, Nevada, approximately 65 miles west of the City. The Airport management has described the cost of commuting to either Reno or Salt Lake City by automobile as a deciding factor for many flyers, particularly when more than one family member is scheduled to fly to destinations that would have a connection in one of those cities. The existing air carriers accommodate business travelers needing quick access to the City.

Airline Serving the Airport

The Airport is currently served by one commercial commuter airline: Skywest Airlines (Skywest) with 4 scheduled daily flights into and out of Elko. Skywest's fleet is made up of Embraer Brazilia aircraft with average landed gross weight is 25,800 pounds.

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Airport Activity

Over the last five years, the Airport has averaged approximately 51,300 enplanements each year. The following reflects the recorded enplanements for those years.

HISTORICAL ENPLANEMENTS
Elko Regional Airport

Calendar Year	Casino Express	Sky West	Other	Total
2004	42,178	28,886	528	71,592
2005	43,712	26,152	6,931	76,795
2006	23,286	22,900	7,389	53,575
2007	--	28,211	1,833	30,044
2008	--	23,195	1,260	24,455

SOURCE: Elko Regional Airport

Passenger Facility Charge

The Board adopted Ordinance No. 497 on January 24, 1998 imposing a Passenger Facility Charge ("PFC") upon eligible enplaned passengers at the Airport consistent with the Aviation Safety and Capacity Expansion Act of 1990 (the "PFC Act"). Pursuant to Ordinance No. 497, the City filed its application with the FAA requesting approval of the imposition of the PFC. That application was approved by the FAA on June 29, 1998 contingent on the City's continued compliance with the terms of the PFC Act, the FAA's regulations and other conditions. The approval allowed the City to impose up to $3.00 per enplaned passenger to pay for approved projects. The approval specifies that use of the authorized PFC revenues is limited to allowable costs of approved PFC projects. The total approved PFC revenues, for the initial application, was $774,635. The City received approval for a 2nd application in November 2003 allowing the City to impose up to $4.50 per enplaned passenger with a total amount of PFC revenue of $6,194,920. As of June 30, 2009, the City has received $1,885,619 of PFC revenues toward the approved application amounts of $6,969,555. The PFC revenues cannot be pledged to repayment of any new or outstanding bonds issued to finance or refinance any projects other than approved projects; however PFC revenues, after receipt in payment for approved projects, are deposited by the City into the Airport Fund as airport operating revenues. In the event there are fewer eligible enplaned passengers than historically have used the Airport, the PFC revenues deposited as Airport operating revenues would decrease. See "SECURITY FOR THE BONDS - Pledged Revenues."

The FAA may terminate the City's authority to impose the PFC if the City is determined to be in violation of provisions of the approval or of the PFC Act. The authorization to collect the PFC can also be terminated if the FAA determines that the PFC revenue is excessive or cannot determine that such revenues are being used for approved projects. The City is required to report quarterly on the projects and collection of the PFC and coordinate the construction of the projects with the appropriate Federal offices. The City is also required to commence construction of the approved projects within 2 years of the approval letter.

In the event there are fewer eligible enplaned passengers than historically have used the Airport, the PFC revenues deposited as Airport operating revenues would decrease. See "SECURITY FOR THE BONDS - Pledged Revenues."

Airport Financial Operations

The Airport Fund is operated as an Enterprise Fund. Enterprise Funds are used to account for all specific financial resources that are legally restricted to expenditures for specific purposes. The Airport Fund includes revenues from airport landing fees, hangar rentals, jet fuel tax, commercial land leases or rentals, parking revenues, rental car concessions, Passenger Facility Charges, and Federal Aviation Administration grants. Expenditures from the Airport Fund include all costs of maintaining and improving the Airport facilities including major capital projects.

The following table reflects the results of operations of the Airport as reported in the City's audit for fiscal years 2004 through 2008. The 2009 information is unaudited and subject to change based upon the final audit, which is expected to be approved by the City Council in December 2009. The table also presents budgeted fiscal year 2010 information derived from the City's final budget.

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CITY OF ELKO AIRPORT FUND
STATEMENT OF REVENUES AND EXPENSES AND CHANGE IN NET ASSETS

Fiscal Year Ending June 30	**2005 (Actual)**	**2006 (Actual)**	**2007 (Actual)**	**2008 (Actual)**	**2009 (Unaudited)**	**2010 (Budgeted)**
Revenues						
Intergovernmental:						
State Fuel Tax	$ 11,294	$ 8,481	$ 4,164	$ 3,418	$ 2,088	$ 2,412
Local Fuel Tax	17,239	20,145	23,188	20,117	15,647	21,650
Charges for Services:						
Landing Fees	162,498	128,476	68,301	77,020	55,345	56,800
Weather Service Data	3,000	3,000	3,000	3,000	2,750	3,000
Parking Fees	54,621	55,681	53,599	101,423	103,231	108,000
Other	16,480	11,592	2,324	3,879	1,911	--
Passenger Facility Charges	314,481	235,175	116,700	102,978	82,943	88,500
Miscellaneous	804,648	645,181	632,137	637,150	659,325	713,533
Total Operating Revenues	1,384,261	1,107,731	903,413	948,985	923,240	993,895
Expenses						
Public Works:						
Administration	157,884	105,249	--	--	--	--
Airport Operations	856,600	590,398	611,911	686,362	653,968	730,505
Airport Terminal Operations	162,471	155,786	117,862	147,439	138,453	132,000
Airport Tower Operations	26,107	63,292	--	--	--	--
Depreciation	1,196,639	1,406,526	1,735,835	2,280,688	2,239,450	2,419,582
Public Safety	256,861	345,807	--	--	--	--
Total Expenditures	2,656,562	2,667,058	2,465,608	3,114,489	3,031,871	3,282,087
Operating Income (Loss)	(1,272,301)	(1,559,327)	(1,562,195)	(2,165,504)	(2,108,631)	(2,288,192)
Non-Operating Revenues (Expenses)	12,599	(213,409)	(181,942)	(866,038)	(749,048)	(228,698)
Income (Loss) before Capital Contributions and Transfers	(1,259,702)	(1,772,736)	(1,744,137)	(3,031,542)	(2,857,679)	(2,516,890)
Capital Contributions	3,930,340	3,354,657	5,180,566	4,157,773	3,420,633	950,000
Transfers In	429,176	720,971	741,808	706,648	706,575	706,198
Change in Net Assets	3,099,814	2,302,892	4,178,237	1,832,879	1,269,529	(860,692)
Net Assets, Beginning of Years	17,939,586	21,039,400	23,342,292	27,520,528	29,353,407	30,622,936 1/
Net Assets, End of Year	$ 21,039,400	$ 23,342,292	$ 27,520,529	$ 29,353,407	$ 30,622,936 1/	$ 29,762,244

1/ The 2010 beginning fund balance has been adjusted to reflect the 2009 unaudited ending fund balance.

SOURCE: City of Elko 2005 - 2008 Comprehensive Annual Financial Reports, City of Elko and the 2010 Final Budget

ECONOMIC AND DEMOGRAPHIC INFORMATION

This portion of the Official Statement contains general information concerning historic economic and demographic conditions in and surrounding the City. It is intended only to provide prospective investors with general information regarding the City's community. The information was obtained from the sources indic55ated and is limited to the time periods indicated. The information is historic in nature; it is not possible to predict whether the trends shown will continue in the future. The City makes no representation as to the accuracy or completeness of data obtained from parties other than the City.

Population and Age Distribution

The table below shows the population growth of the City and the State since 1970.

POPULATION [1/]
City of Elko, Nevada

Year	City Population	Percent Increase	Elko County	Percent Increase	State of Nevada	Percent Increase
1970	7,621	--	13,958	--	488,738	--
1980	8,758	--	17,269	--	800,493	--
1990	14,736	--	33,770	--	1,201,833	--
2000	16,708	--	45,291	--	1,998,257	--
2001	17,093	2.30%	46,668	3.04%	2,132,498	6.72%
2002	16,690	(2.36)	46,577	(0.20)	2,206,022	3.45
2003	16,354	(2.01)	45,805	(1.66)	2,296,566	4.10
2004	17,140	4.81	46,499	1.52	2,410,768	4.97
2005	17,850	4.14	47,586	2.34	2,518,869	4.48
2006	18,183	1.87	48,339	1.58	2,623,050	4.14
2007	18,427	1.34	50,434	4.33	2,718,337	3.63
2008	18,424	(0.02)	50,561	0.25	2,738,733	0.75

1/ 1970, 1980, 1990 and 2000 are U.S. census figures as of April 1st of each census year. The 2001 - 2008 figures are estimated by the Nevada State Demographer as of July 1st and are subject to periodic revision.

SOURCE: U.S. Bureau of the Census; State Demographer

The following table sets forth a comparative age distribution profile for the County, the State and the United States as of January 1, 2008.

AGE DISTRIBUTION

Age	Elko County	State of Nevada	United States
0-17	28.3%	25.3%	24.4%
18-24	10.2	8.7	9.8
25-34	13.0	14.7	13.4
35-44	13.5	14.8	14.2
45-54	15.6	13.8	14.5
55-64	11.4	11.2	11.0
65-74	5.1	6.7	6.6
75 and Older	2.9	4.8	6.1

SOURCE: Trade Dimensions International, Inc. "Demographics USA 2008," County Edition

Income

The following table sets forth annual per capita personal income levels of Clark County, the State and the United States.

PER CAPITA PERSONAL INCOME [1/]

Year	Elko County	State of Nevada	United States
2004	$ 29,998	$ 35,350	$ 33,899
2005	30,607	38,231	35,447
2006	32,559	39,376	37,728
2007	34,869	41,145	39,430
2008	n/a	41,182	40,208

1/ County figures revised April 2009, State and national revised October 2009. Subject to periodic revision.

SOURCE: U.S. Department of Commerce, Bureau of Economic Analysis

The following two tables reflect Median Household Effective Buying Income ("EBI") and also the percentage of households by EBI Groups. EBI is defined as "money income" (defined below) less personal tax and nontax payments. "Money income" is defined as the aggregate of wages and salaries, net farm and nonfarm self-employment income, interest, dividends, net rental and royalty income, Social Security and railroad retirement income, other retirement and disability income, public assistance income. unemployment compensation, Veterans Administration payments, alimony and child support, military family allotments, net winnings from gambling, and other periodic income. Deductions are made for personal income taxes (federal, state and local), personal contributions to social insurance (Social Security and federal retirement payroll deductions), and taxes on owner-occupied nonbusiness real estate. The resulting figure is known as "disposable" or "after-tax" income.

MEDIAN HOUSEHOLD EFFECTIVE BUYING INCOME [1/]

Year	Elko County	State of Nevada	United States
2004	43,350	$ 41,389	$ 38,201
2005	44,171	42,322	39,324
2006	46,694	43,676	40,529
2007	47,825	45,041	41,255
2008	49,933	47,381	41,792

SOURCE: Sales and Marketing Management, "Survey of Buying Power," 2004-2005 editions; and Trade Dimensions International, Inc. "Demographics USA, 2006-2008," County Edition

PERCENT OF HOUSEHOLDS BY EFFECTIVE BUYING INCOME GROUPS

Effective Buying Income Group	Elko County Households	State of Nevada Households	United States Households
Under $24,999	19.3%	20.9%	26.8%
$ 25,000 - 49,999	30.8	32.0	33.3
$ 50,000 - 74,999	28.2	23.3	19.7
$ 75,000 - 99,999	14.5	13.4	11.0
$ 100,000 - 149,000	5.8	6.7	6.0
$ 150,000 and Over	1.4	3.7	3.2

SOURCE: Trade Dimensions International, Inc. "Demographics USA 2008," County Edition

Employment

Beginning with the release of January 2005 data, the State of Nevada's Employment and Security Department ("DETR") began publishing labor force and industrial employment data using a new Bureau of Labor Statistics ("BLS") methodology. This new methodology introduces a newly-defined area as the Elko Micropolitan Area ("EMA") which includes Elko and Eureka Counties.

The Elko LMA average annual labor force summary as prepared by DETR is as follows:

AVERAGE ANNUAL LABOR FORCE SUMMARY [1/]
Elko EMA, Nevada
(Estimates in Thousands)

CALENDAR YEAR	2004	2005	2006	2007	2008	2009 [4/]
TOTAL LABOR FORCE	23.8	24.3	25.3	27.0	27.8	29.9
Unemployment	0.9	0.8	0.9	0.9	1.1	2.0
Unemployment Rate [2/]	3.9%	3.6%	3.6%	3.5%	4.2%	6.9%
Total Employment [3/]	22.8	23.4	24.4	26.1	26.6	27.9

1/ Subject to revision.
2 According to the U.S. Department of Labor, Bureau of Labor Statistics, the U.S. average unemployment rates for the years 2004 through 2008 were 5.5%, 5.1%, 4.6%, 4.6%, and 5.8%, respectively, while the average unemployment rate for September 2009 is 9.5%.
3/ Adjusted by census relationships to reflect number of persons by place of residence.
4/ Average as of September 2009.

SOURCE: State of Nevada - Department of Employment, Training & Rehabilitation

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The following table indicates the number of persons employed, by type of employment, in non-agricultural industrial employment in Elko County.

ESTABLISHMENT BASED INDUSTRIAL EMPLOYMENT [1/ 2/]
Elko County, Nevada

Calendar Year	**2004**	**2005**	**2006**	**2007**	**2008**	**2009** [3/]
TOTAL ALL INDUSTRIES	19,100	20,030	20,620	21,290	21,470	19,830
Natural Resources & Mining	1,290	1,600	2,100	2,110	2,190	1,550
Construction	1,190	1,460	1,310	1,320	1,250	1,080
Manufacturing	150	170	210	220	220	210
Trade, Transportation, & Utilities	3,170	3,450	3,730	3,890	3,970	3,810
Information	200	180	190	210	190	170
Financial Activities	550	580	520	540	540	530
Professional & Business Services	910	970	920	890	970	1,020
Education & Health Services	980	1,050	1,100	1,230	1,300	1,330
Leisure and Hospitality	6,300	6,210	6,050	6,290	6,190	5,730
Other Service	440	500	570	650	660	600
Government	3,920	3,860	3,920	3,940	3,990	3,800

1/ Reflects employment by place of work. Does not necessarily coincide with labor force concept. Includes multiple job holders. Detail may not add due to rounding.
2/ Subject to revision.
3/ Average as of March 2009.

SOURCE: State of Nevada - Department of Employment, Training & Rehabilitation

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

SIZE CLASS OF INDUSTRIES [1/]
Elko County, Nevada
(Non-Government Worksites)

Calendar Year	**1st Qtr 2009**	**1st Qtr 2008**	**Percent Change 2009/2008**	**Employment Totals 1st Qtr 2009**
TOTAL NUMBER OF WORKSITES	1,307	1,316	0.7%	16,066
Less Than 10 Employees	971	970	(0.1)	2,809
10-19 Employees	177	177	0.0	2,435
20-49 Employees	112	118	5.4	3,266
50-99 Employees	26	28	7.7	1,910
100-249 Employees	12	14	16.7	1,708
250-499 Employees	5	5	0.0	1,558
500-999 Employees	4	4	0.0	2,380
1,000 + Employees	0	0	0.0	0

1/ Non-government worksites. Subject to revision.

SOURCE: State of Nevada - Department of Employment, Training & Rehabilitation.

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

ELKO COUNTY'S TEN LARGEST EMPLOYERS [1/]
1ST Quarter 2009

	Employer	Employment Range		
1.	Elko County School District	1,000	-	1,499
2.	Great Basin College	300	-	399
3.	Elko County	300	-	399
4.	Wal-Mart Supercenter	300		399
5.	Newmont Midas	200	-	299
6.	Northeastern Nevada Regional Hospital	200	-	299
7.	City of Elko	100	-	199
8.	Rodeo Creek Gold	100	-	199
9.	J S Redpath Corporation	100	-	199
10.	Boart Longyear Nevada	100	-	199

1/ Based upon employment site.

SOURCE: State of Nevada - Department of Employment, Training & Rehabilitation.

Retail Sales

The following table presents a record of taxable sales in Elko County.

TAXABLE SALES [1/]

Fiscal Year Ended June 30	Elko County Total	Percent Change	State Total	Percent Change
2005	$ 866,701,174	--	$ 44,192,447,817	--
2006	1,032,095,694	19.08%	48,581,095,724	9.93%
2007	1,193,448,998	15.63	49,427,707,106	1.74
2008	1,148,378,661	(3.78)	48,196,848,945	(2.49)
2009	1,101,163,907	(4.11)	42,086,614,338	(12.68)
7/08 - 8/08	190,302,078	--	7,840,561,203	--
7/09 - 8/09	171,320,186	(9.97)	6,151,684,750	(21.54)

1/ Subject to revision.

SOURCE: State of Nevada - Department of Taxation

Construction

Construction valuation is a value placed on a project in order to determine permit and plans check fees. Construction valuation has no relationship to assessed valuation. Set forth in the following table is a summary of new building permits and their valuations for residential (single-family) and commercial (commercial buildings, facilities and hotels/motels) construction for the City.

RESIDENTIAL AND COMMERCIAL CONSTRUCTION
City of Elko, Nevada

CALENDAR YEAR	2004	2005	2006	2007	2008	2009 [1/]
Valuation of Permits						
Residential	$5,943,000	$ 6,567,780	$11,841,410	$ 4,962,204	$5,643,230	$ 2,423,476
Commercial	3,249,000	4,536,200	3,914,630	4,824,650	2,082,200	8,392,993
Total Construction Value	$9,192,000	$11,103,980	$15,756,040	$ 9,786,854	$7,725,430	$ 10,816,469
Number of Permits						
Residential	29	34	47	25	17	13
Commercial	5	8	8	9	5	6
Total Permits	34	42	55	34	22	19

1/ As of October 31, 2009.

SOURCE: City of Elko, Building Department

Mining

Northeast Nevada is the home of the largest gold mines in North America. The "Carlin Trend" is a 50-mile long ribbon of gold deposits stretching through Elko and Eureka counties. In 2002, the Carlin Trend celebrated the cumulative production of 50 million ounces of gold, making it the largest gold producing region in the country, and the third largest in the world.

The two largest gold companies in North America, Newmont Mining and Barrick Gold have mines on the Carlin Trend. Newmont's mines produced over 1.3 million ounces of gold in 2008 and employed over 2,000 people. Nevada's largest surface mine is Barrick's Goldstrike mine and the most productive underground mine is Barrick's Meikle mine. Together, they produced over 1.7 million ounces of gold in 2008 and employed over 1,900 people. Additionally, both companies employ a significant number of contractors on an ongoing basis. Newmont and Barrick's announced reserves on the Carlin Trend exceed 27 million ounces, with ongoing exploration continually finding more gold mineralization.

In addition, there are other significant mines in the area that are not located on the Carlin Trend. Most of the people working at these mines live in the Elko area. These mines include the Jerritt Canyon mine (Queenstake Resources), Bald Mountain mine (Barrick) and Cortez Gold Operations (Barrick). Together, these three mines produced over 650,000 ounces of gold in 2008 and employed over 1,000 people.

Gaming and Tourism

General. The economy of the State is heavily dependent upon a tourist industry based on legalized casino gambling. Gaming has been legal in Nevada since 1931 and is controlled and regulated by the State. Control is vested in a five-member Gaming Commission and a three- member Gaming Control Board. All of the board and commission members are appointed by the Governor. These bodies investigate and approve all licenses, establish operating rules, and collect gaming taxes due the State.

Prior to 2002, gross taxable gaming revenues in the State had never declined from one fiscal year to the next, notwithstanding the changing economic condition of the nation. The following table presents a six-year record of gross taxable gaming revenues and total gaming taxes collected on a State-wide basis and in the County.

GROSS TAXABLE GAMING REVENUE AND
TOTAL GAMING TAXES [1/]
Elko County, Nevada

Fiscal Year Ended June 30	Gross Taxable Gaming Revenue [2/] State Total	Gross Taxable Gaming Revenue [2/] Elko County	% Change Elko County	State Gaming Collection [3/] State Total	State Gaming Collection [3/] Elko County	% Change Elko County
2005	$ 10,609,819,932	$ 247,231,642	--	$ 904,122,239	19,781,374	--
2006	11,802,532,867	262,603,954	6.22%	1,002,447,124	20,330,100	2.77%
2007	12,220,635,559	288,541,930	9.88	1,036,853,003	22,828,504	12.29
2008	11,925,067,415	300,434,718	4.12	980,052,427	23,189,474	1.58
2009	10,240,320,805	278,525,183	(7.29)	858,007,713	21,020,580	(9.35)
7/08 - 8/08	1,821,385,316	50,334,003	--	126,837,230	2,830,403	--
7/09 - 8/09	1,629,223,279	44,328,305	(11.93)	113,837,879	2,744,652	(3.03)

1/ The figures shown are subject to adjustments due to amended tax filings, fines and penalties.
2/ The total of all sums received as winnings less only the total of all sums paid out as losses (before operating expenses).
3/ Based upon the taxable revenues generated in the previous month. Cash receipts of the State from all sources relating to gaming (General Fund and other revenues) including percentage license fees, quarterly flat license fees, annual license fees, casino entertainment taxes, annual slot machine taxes, penalties, advance fees, and miscellaneous collections. A portion of collections is deposited to the State funds other than the State's General Fund.

SOURCE: State of Nevada - Gaming Control Board

Gaming Competition. Prior to the 1980s, Nevada was the only state with legalized casino gaming, although some forms of gaming, such as pari-mutual horse, dog and jai alai betting existed in other states. A significant proliferation of casino and other forms of gaming has occurred outside of Nevada, both nationally and internationally, in recent years. Today, more than thirty states now legalize some form of gaming, including state-run lotteries, bingo, slot machines, video lottery terminals, pari-mutual wagering, poker rooms, and full casino gaming with table games. In addition, more than two hundred Native American tribes conduct some form of gaming on tribal lands throughout the United States. Tribal gaming in the State of California accounts for the highest Native American gaming revenue of any state within the United States. Gaming continues to expand into foreign countries as well. Nevada no longer enjoys a near-monopoly on the United States gaming market as it did historically. Competition from casino gaming, state-run lotteries and other forms of gaming will likely continue to increase in the future. The impact of such expansion and proliferation upon Nevada's gaming economy is uncertain.

Tourism and Convention Activity

The Elko Convention and Visitors Authority operates the Elko Convention Center and tourism promotion programs for the area. The Elko Convention Center is available for a wide variety of conventions, meetings and community functions. This 50,000 square foot facility includes a 923-seat auditorium and a professional kitchen facility. An expansive atrium area welcomes visitors in the lobby and registration area.

The Elko Convention & Visitors Authority hosts the Elko Mining Expo, a large trade show that brings people from the mining industry from all over the country and the National Cowboy Poetry Gathering, a world renowned event that attracts visitors from all over the world.

Transportation

The City is located on Interstate 80, which runs east-west, and is a major route for trucking and personal transportation from Salt Lake City, Utah and points east to San Francisco, California. It has been estimated that automobile traffic accounts for 85-90 percent of the visitors to the area. The Union Pacific and Burlington Northern Santa Fe Railroads, which have a major switching facility in the City, operates a major east-west rail line through the State and offers connections to other major rail networks, provides for freight traffic and AMTRAK services to the City.

Elko Regional Airport is one mile west of the City. It is a commercial and general aviation airport with charter and private service, a flight school and rental car services. Skywest Airlines offers nonstop flights in and out of the City. The airline is a Delta connection and flyers may connect with Delta flights to more than 200 cities.

Utilities

The City serves its residents with municipal sewer, water and landfill services. Other private companies provide utilities to the City's residents, such as electricity provided by the Sierra Pacific Power Company and natural gas provided by Southwest Gas Corporation. Other services include propane and solid waste disposal, along with internet connections and telephone services provided by Elko Net and Frontier Communications, respectively.

Education

The Elko County School District provides public education services to the residents of the County. Higher education is provided by the Great Basin College, a fully accredited two-year institution. Great Basin College offers both bachelor and associate degrees and/or certificate programs in a variety of occupational careers in addition to university transfer programs.

Offering one of the finest emergency response programs and training facilities in the world, the University of Nevada, Reno Fire Science Academy includes a 426-acre, state-of-the-art training campus in Carlin, Nevada, approximately 10 miles southwest of the City.

LEGAL MATTERS

Police Power

The obligations of the City are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the Federal Constitution.

No Litigation

There is no known controversy or litigation of any nature now pending which would restrain or enjoin the City from the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, the proceedings of the City taken with respect to the issuance or sale, thereof, the existence or powers of the City or the title of any officers of the City to their respective positions.

Legal Opinion

The legal opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Bond Counsel, Las Vegas, Nevada as to the validity and enforceability of the Bonds will be made available to the Initial Purchaser at the time of original delivery. See Appendix C - FORM OF APPROVING OPINION OF BOND COUNSEL. The City Attorney will pass upon certain legal matters for the City.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Bonds, except for interest on any 2009B Bond for any period during which it is held by a "substantial user" of the facilities financed with the 2009B Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; and interest on the 2009A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; however interest on the 2009B Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Bonds only to the extent such original issue discount is accrued as described herein.

The Tax Code imposes several requirements which must be met with respect to the Bonds in order for the interest thereon to be excluded from gross income and alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Bonds. These requirements include: (a) limitations as to the use of proceeds of the Bonds; (b) limitations on the extent to which proceeds of the Bonds may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Bonds above the yield on the Bonds to be paid to the United States Treasury. The City will covenant and represent in the Bond Ordinance that it will take all steps to comply with the requirements of the Tax Code to the extent necessary to maintain the exclusion of interest on the Bonds from gross income and, in the case of the 2009A Bonds, alternative minimum taxable income under such federal income tax laws. Bond Counsel's opinion as to the exclusion of interest on the Bonds from gross income and, in the case of the 2009A Bonds, alternative minimum taxable income (to the extent described above) is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the City to comply with these requirements could cause the interest on the Bonds to be included in gross income and, in the case of the 2009A Bonds, alternative minimum taxable income from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the City and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Under Section 56 of the Tax Code, certain preference items are required to be included for purposes of the alternative minimum tax applicable to both individuals and corporations. For purposes of computing the amount of alternative minimum taxable income for any year to which this tax is applicable, the interest on the 2009B Bonds is included as a tax preference item.

With respect to the Bonds that were sold in the initial offering at a discount (the "Discount Bonds"), the difference between the amount of the Discount Bonds payable at maturity and the original offering price of the Discount Bonds as shown on the cover page hereof will be treated as "original issue discount" for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income and alternative minimum taxable income under the conditions and subject to the exceptions described in the preceding paragraphs. The original issue discount on the Discount Bonds is treated as accruing over the respective terms of such Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on April 1 or October 1 with straight line interpolation between compounding dates. In the case of a purchaser who acquires the Discount Bonds in this offering, the amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income and alternative minimum taxable under the conditions and subject to the exceptions described in the preceding paragraphs and will be added to the owner's basis in the Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the Discount Bonds (including sale or payment at maturity).

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

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal tax consequences. Under section 3406 of the Tax Code, backup withholding may be imposed on payments on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in

Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Bonds may be sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income and, in the case of the 2009A Bonds, alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based upon existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to any pending or proposed legislation. Amendments to the federal tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income and, in the case of the 2009A Bonds, alternative minimum taxable income from the date of issuance of the Bonds or any other date, or which could result in other adverse federal tax consequences. Bondowners are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures, the Service will treat the City as the taxpayer and the Owners may have no right to participate in such procedures. The City has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or, in the case of the 2009A Bonds, lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the City, the Purchaser, the Financial Advisor or Bond Counsel is responsible for paying or reimbursing any registered owner or Beneficial Owner for any audit or litigation costs relating to the Bonds.

State Tax Matters

The Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS, and the tax on generation skipping transfers imposed pursuant to Chapter 375B of NRS.

2009A BONDS FINANCIAL INSTITUTION INTEREST DEDUCTION

The Tax Code generally provides that a financial institution may not deduct that portion of its interest expense which is allocable to tax-exempt interest. The interest expense which is allocable to tax-exempt interest is an amount which bears the same ratio to the institution's interest expense as the institution's average adjusted basis of tax-exempt obligations acquired after August 7, 1986 bears to the average adjusted basis of all assets of the institution. Tax-exempt obligations may be treated as if issued prior to August 7, 1986 (and therefore are not subject to this rule), if they are "qualified tax-exempt obligations" as defined in the Tax Code and are designated for this purpose by the Issuer.

The City has designated the 2009A Bonds for this purpose; however, under provisions of the Tax Code dealing with financial institution preference items, certain financial institutions, including banks, are denied 20% of their otherwise allowable deduction for interest expense with respect to obligations incurred or continued to purchase or carry the 2009A Bonds. In general, interest expense with respect to obligations incurred or continued to purchase or carry the 2009A Bonds will be in an amount which bears the same ratio as the institution's average adjusted basis in the 2009A Bonds bears to the average adjusted basis of all assets of the institution.

Amendments to the Tax Code could be enacted in the future and there is no assurance that any such future amendments which may be made to the Tax Code will not adversely affect the ability of banks or other financial institutions to deduct any portion of its interest expense allocable to tax-exempt interest.

BOND RATING

The City has requested ratings for the Bonds from Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P"). Such rating has not been assigned as of the date of this Official Statement, although the City expects that the rating will be available in advance of the sale date.

An explanation of the significance of any rating given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

Such ratings reflect only the views of those organizations and an explanation of the significance of the ratings may be obtained from the rating agencies. There is no assurance that such rating will continue for any given period of time after they are received or that they will not be lowered or withdrawn entirely if, in the judgment of the rating agency, circumstances so warrant. Other than the City's obligations under the Disclosure Certificate, neither the City nor the Financial Advisor has undertaken any responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such proposed revision. Any such change in or withdrawal of the rating could have an adverse effect on the market price of the Bonds.

INDEPENDENT AUDITOR

The basic financial statements of the City of Elko, Nevada, as of and for the year ended June 30, 2008, included hereto as Appendix A, have been audited by Kafoury, Armstrong & Co., Elko, Nevada, certified public accountants, to the extent and for the period indicated in their report thereon. The basic financial statements of the City for the year ended June 30, 2009 are expected to be approved by the City Council in December 2009.

FINANCIAL ADVISOR

NSB Public Finance, Las Vegas, Nevada, is serving as Financial Advisor to the City in connection with the Bonds and has prepared the Official Statement. NSB Public Finance is owned by Zions First National Bank. The City has granted permission for Zions First National Bank to submit bids on its own behalf, or participate in a syndicate account, at the public sale for the purchase of the Bonds. See "INTRODUCTION - Additional Information" for contact information for the Financial Advisor. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement, or any other related information available to the City, with respect to the accuracy and completeness of disclosure of such information, and no guaranty, warranty or other representation is made by the Financial Advisor respecting accuracy and completeness of the Official Statement or any other matter related to the Official Statement.

PUBLIC SALE

The City expects to offer the Bonds at public sale on November 18, 2009. See the Official Notice of Bond Sale attached hereto as Appendix F.

OFFICIAL STATEMENT CERTIFICATION

The preparation of this Official Statement and its execution and distribution have been authorized by the City Council.

CITY OF ELKO, NEVADA

/s/ ____________________________________

City Manager

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APPENDIX A

CITY OF ELKO, NEVADA
AUDITED FINANCIAL STATEMENTS
FISCAL YEAR ENDED
June 30, 2008

NOTE: **The combining and individual fund financial statements for the fiscal year ended June 30, 2008 of the City of Elko were excluded from Appendix A in this Official Statement. Such statements provide supporting details and are not necessary for a fair presentation of the financial statement of the City.**

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KAFOURY, ARMSTRONG & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of Elko, 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 Elko, State of Nevada, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Elko's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko as of June 30, 2008, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2008, on our consideration of the City of Elko's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 2 through 7 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Elko's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, the Schedule of Passenger Facility Charges as required by the Federal Aviation Administration and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations* and is also not a required part of the basic financial statements of the City of Elko. The combining and individual nonmajor fund financial statements and schedules, the Schedule of Expenditures of Federal Awards, and the Schedule of Passenger Facility Charges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Kafoury, Armstrong & Co.

Elko, Nevada
November 24, 2008

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The following discussion and analysis is presented to provide the reader with an overview of the financial activity and overall financial condition of the City of Elko.

The Management's Discussion and Analysis (MD&A) is a component of Other Required Supplementary Information (RSI) and introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Overview of the Financial Statements

The City's basic financial statements include the following elements:

Government-wide Financial Statements

Government-wide financial statements provide both long-term and short-term information about the City's overall financial condition. Changes in the City's financial position may be measured over time by increases and decreases in the Statement of Net Assets. Information on how the City's net assets changed during the fiscal year is presented in the Statement of Activities.

Fund Financial Statements

Fund financial statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide financial statements. Fund financial statements include the statements for governmental, proprietary, and fiduciary funds.

Notes to the Financial Statements

Notes to the financial statements provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Refer to Note 1 to the financial statements for more detailed information on the elements of the financial statements. Table 1 below summarizes the major features of the basic financial statements.

Table 1: Major Features of the Basic Financial Statements

	Government-Wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary Funds)	Activities of the City that are not proprietary or fiduciary	Activities of the City that are operated similar to private businesses	Instances in which the City is the trustee agent for someone else's resources
Required Financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Net Assets Statement of Revenues, Expenses, and Changes in Net Assets Statement of Cash Flows	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus

	Government-Wide Financial Statements	Fund Financial Statements: Governmental Funds	Fund Financial Statements: Proprietary Funds	Fund Financial Statements: Fiduciary Funds
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of Inflow/outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Condensed Statement of Net Assets

The largest component $84,719,117 of the City's net assets reflects its investment in capital assets (i.e. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not available for future spending. Restricted net assets are the next component, totaling $107,297. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net assets, totaling $18,325,087, is unrestricted, which can be used to finance government operations.

Table 2 below presents the City's condensed statement of net assets as of June 30, 2008 with comparisons for June 30, 2007. These are derived from the government-wide Statement of Net Assets.

Table 2: Condensed Statement of Net Assets
As of June 30, 2008

	Governmental Activities	Business-type Activities	Total Primary Government 2008	Total Primary Government 2007
Current and other assets	$ 9,740,730	$15,057,803	$ 24,798,533	$ 22,999,668
Capital assets	26,559,278	67,926,375	94,485,653	90,509,028
Total assets	36,300,008	82,984,178	119,284,186	113,508,696
Other liabilities	2,680,648	2,148,214	4,828,862	4,326,865
Long-term liabilities	3,676,973	7,626,850	11,303,823	12,075,449
Total liabilities	6,357,621	9,775,064	16,132,685	16,402,314
Net Assets:				
Invested in capital assets,				
Net of related debt	24,204,778	60,514,339	84,719,117	79,875,018
Restricted	-	107,297	107,297	106,027
Unrestricted	5,737,609	12,587,478	18,325,087	17,125,337
Total net assets	**$29,942,387**	**$73,209,114**	**$103,151,501**	**$97,106,382**

Condensed Statement of Activities

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2008, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities increased by $565,673, or by 2.0 percent, and the net assets of the business-type activities increased by $4,924,135, or by 7.2 percent.

Table 3: Condensed Statement of Activities
For Fiscal Year Ended June 30, 2008

	Governmental Activities	Business - type Activities	Total Primary Government 2008	Total Primary Government 2007
Revenues				
Program revenues				
Charges for services	$ 1,622,588	$11,265,493	$12,888,081	$11,966,376
Operating grants	588,885	-	588,885	577,997
Capital grants	737,803	4,485,094	5,222,897	5,774,996
Total program revenues	2,949,276	15,750,587	18,699,863	18,319,369
General revenues				
Taxes				
Ad valorem tax	3,227,061	-	3,227,061	3,087,827
Consolidated tax	10,231,905	-	10,231,905	10,680,140
Room tax	2,646,834	-	2,646,834	2,434.480
Gas tax	503,305	-	503,305	528,457
Other	184,994	-	184,994	134,426
Gaming licenses	97,310	-	97,310	79,371
Franchise fees	789,381	-	789,381	773,066
Investment earnings	222,351	465,317	687,668	755,179
Miscellaneous revenues	309,486	22,835	332,321	1,016,350
Total general revenues	18,212,627	488,152	18,700,779	19,489,293
Total revenues	**21,161,903**	**16,238,739**	**37,400,642**	**37,808,662**
Program expenses				
General government	1,844,072	-	1,844,072	1,763,110
Judicial	302,665	-	302,665	239,112
Public safety	9,203,648	-	9,203,648	7,565,277
Public works	5,107,586	-	5,107,586	4,201,515
Health	511,866	-	511,866	455,212
Culture and recreation	2,737,328	-	2,737,328	2,417,377
Community support	36,000	-	36,000	28,000
Debt Service – interest	106,576	-	106,576	121,931
Water	-	2,336,458	2,336,458	2,372,049
Sewer	-	3,919,843	3,919,843	3,821,912
Landfill	-	1,212,137	1,212,137	1,238,179
Airport	-	4,005,604	4,005,604	2,710,938
Golf	-	587,051	587,051	543,251
Total program expenses	**19,849,741**	**12,061,093**	**31,910,834**	**27,477,863**
Excess (deficiency) before transfers	1,312,162	4,177,646	5,489,808	10,330,799
Transfers	(746,489)	746,489	-	-
Change in net assets	565,673	4,924,135	5,489,808	10,330,799
Beginning net assets	28,821,403	68,284,979	97,106,382	77,286,733
Prior period adjustment-	555,311	-	555,311	-
Ending net assets	**$29,942,387**	**$73,209,114**	**$103,151,501**	**$97,106,382**

Program Expenses and Revenues for Governmental Activities

Table 4 presents program expenses and revenues for governmental activities. Overall, program revenues were not sufficient to cover program expenses for governmental activities. The net program expenses of these governmental activities were, therefore, supported by general revenues mainly taxes.

Table 4: Program Expenses and Revenues For Governmental Activities For the Fiscal Year Ended June 30, 2008

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues) (a) 2008	Net Program Expenses (Revenues) (a) 2007
General Government	$ 1,844,072	$ 587,625	$ 1,256,447	$ 1,388,172
Judicial	302,665	264,858	37,807	23,631
Public Safety	9,203,648	1,243,827	7,959,821	6,883,649
Public Works	5,107,586	613,979	4,493,607	3,600,945
Health	511,866	35,649	476,217	446,232
Culture & Recreation	2,737,328	203,338	2,533,990	2,209,761
Debt Service - interest	106,576	-	106,576	121,931
Community Support	36,000	-	36,000	28,000
Totals	$19,849,741	$ 2,949,276	$16,900,465	$14,702,321

(a) Net program expenses are mainly supported by taxes.

Program Expenses and Revenues for Business-type Activities

Table 5 presents program expenses and revenues for business-type activities. Program revenues generated from business-type activities were sufficient to cover program expenses.

Table 5: Program Expenses and Revenues For Business-type Activities For the Fiscal Year Ended June 30, 2008

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues) 2008	Net Program Expenses (Revenues) 2007
Water Enterprise	$ 2,336,458	$ 3,240,752	$ (904,294)	$ (533,989)
Sewer Enterprise	3,919,843	5,298,828	(1,378,985)	(1,343,728)
Landfill Enterprise	1,212,137	1,574,714	(362,577)	(268,434)
Airport Enterprise	4,005,604	5,106,758	(1,101,154)	(3,413,282)
Golf Enterprise	587,051	529,535	57,516	15,606
Totals	$12,061,093	$15,750,587	$ (3,689,494)	$ (5,543,827)

Overall Analysis

Financial highlights for the City, as a whole, during the fiscal year ended June 30, 2008, include the following:

- The assets of the City exceeded its liabilities (net assets) at the close of the fiscal year by $29.9 million for governmental activities and by $73.2 million for business-type activities.

- The City's total net assets increased during the year by $5,489,808 or by 5.7 percent. Net assets of governmental activities increased by $565,673 or by 2.0 percent, while net assets of business-type activities increased by $4,924,135 or by 7.2 percent.

Fund Analysis

Funds that experienced significant changes during the year are as follows:

Governmental Funds

At the close of the fiscal year ending June 30, 2008, the City's governmental funds reported a combined ending fund balance of $6,797,608, with $6,754,725 reported as unreserved fund balance and the remaining amount of $42,883 reserved for specific purposes. See Note 1 to the financial statements for an explanation of the different types of reserve categories.

General Fund
Fund balance at June 30, 2008 totaled $3,548,933, which is a decrease of $1,382,337 or 28.0 percent during the fiscal year. The decrease is due to increased expenditures for street maintenance projects as well as transfers out in the amount of $1,138,357. Transfers totaling $730,275 were made according to the City's revenue stabilization policy to the Capital Equipment Reserve, the Facility Reserve and the Revenue Stabilization Funds. There was a transfer of $375,000 to the Airport Fund and a transfer of $250,000 to the Capital Construction Fund.

Recreation Fund
Fund balance at June 30, 2008 totaled $889,979, which is a decrease of $7,003 or 0.8 percent during the fiscal year. The decrease is due additional capital projects expenditures in the fund.

Capital Construction Fund
Fund balance at June 30, 2008 totaled $812,597, which is an increase of $432,482 or 113.8 percent. This fund has a dedicated fifteen cent tax rate for new streets and street reconstruction projects. These monies are accumulated over several years until such time there are sufficient resources to fund major street construction or reconstruction projects. In the prior fiscal year there were several major projects completed decreasing the fund balance significantly. Once those projects were completed, the fund needed to be replenished with tax monies and a transfer from the General Fund in the amount of $250,000. The current fund balance in addition to revenues for the next fiscal year have been reserved for another major street reconstruction project scheduled for fiscal year 2008/2009.

Revenue Stabilization Fund
Fund balance at June 30, 2008 totaled $446,350, which is an increase $199,666 or 80.9 percent. This is the fifth year that the City has not had to use this fund to stabilize the revenues of the General Fund. Revenues were sufficient in the General Fund not requiring a transfer of these funds.

Ad Valorem Capital Projects
Fund balance at June 30, 2008 totaled $237,217, which is a decrease of $669,547 or 73.8 percent during the fiscal year. The decrease is due to five major projects being funding during the fiscal year. The City received a grant to rebuild the City Hall parking lot as a pilot project for storm water management in the amount of $253,028 over a two year period. The total cost of the project was $550,470. In addition, the first phase of purposed new police department design was budgeted as well as a project to bring the current police department building into ADA compliance. There was an addition to the City's south side fire station to house additional fire equipment and the fleet maintenance shop facility had an upgrade to their facility this fiscal year. The total revenue received from the 5 cents property tax for capital projects was $157,573.

Capital Equipment Reserve
Fund balance at June 30, 2008 totaled $482,815, which is an increase of $340,795 or 240.0 percent during the fiscal year. The City uses this fund for all major equipment purchases for governmental funds including fire trucks and police squad cars. The City made multiple purchases from this fund in fiscal year 2007/2008; total equipment purchases for the police department were $211,483; total equipment purchases for the fire department were $937,547; total equipment purchases for the public works departments were $279,096; total health equipment purchases were $74,079; and total culture and recreation purchases were $51,098. This is a continuing effort by the City Council to update a very aging equipment and vehicle fleet.

Facility Reserve Fund
Fund balance at June 30, 2008 totaled $149,755, which is an increase of $148,244. The activity of the fund consisted of $273,853 in revenues transferred from the General Fund, interest of $8,884, and miscellaneous revenues in the amount of $13,501. Expenses totaled $147,994 for various public safety, public works, and health projects.

Proprietary Funds

The City's proprietary funds reported net assets of $73,209,114 for fiscal year ending June 30, 2008. Following is a list of the proprietary funds and their respective net assets at June 30, 2007 and 2008 with the percentage change.

Fund	June 30, 2007	June 30, 2008	Change	%Change
Water Enterprise	$15,048,428	$16,111,557	$1,063,129	7.1%
Sewer Enterprise	22,618,595	24,242,667	1,624,072	7.2%
Airport Enterprise	27,520,529	29,353,408	1,832,879	6.7%
Landfill Enterprise	2,017,397	2,432,499	415,102	20.6%
Golf Enterprise	1,080,030	1,068,983	(11,047)	(1.0)%
Totals	**$68,284,979**	**$73,209,114**	**$4,924,135**	**7.2%**

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2008, the City reported $26.6 million in capital assets for governmental activities and $67.9 million in capital assets for business-type activities. Major capital asset additions for the governmental activities were $117,018 for the Police Department ADA Access project, $140,209 for phase I design of the purposed new police station project, $201,308 for the fire apparatus storage addition to southside fire station, $336,757 for the 5th Street reconstruction project between Cedar and Willow Streets, $92,772 for the fleet maintenance shop floor replacement project, $258,673 for a rural interface fire apparatus and equipment, $573,882 for the city hall parking lot reconstruction project; $410,876 for the Mountain View Park Parking Lot construction project; $323,730 in public safety vehicles and equipment; $305,987 in public works vehicles and equipment; $74,079 in health equipment; and $51,098 in culture and recreation equipment. Major capital additions for business type activities included $448,584 for a new pump house for well #42; $542,237 for drilling and equipment for Well #43; $132,749 to repaint three water tanks; $225,212 for a water reclamation facility operator's change room; $171,164 for the headworks grinder project; $271,217 for the Primary Digester Roof Repair; $129,389 for the landfill equipment maintenance building; $4,249,741 for Phase III and IV Taxiway Relocation project; and $181,171 for the airport parking revenue collection system. Refer to Note 8 to the financial statements for additional information on capital assets.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2008 totaled $11,303,823, a decrease of 6.4 percent when compared to the prior year. The City did not incur any additional debt during the year ending June 30, 2008.

As of June 30, 2008, the City of Elko had a bond rating of A- from Standard & Poors from the 1999 issue for the Elko Regional Airport bond issue as well as the 2005 Recreation Facilities bond issue. This rating was subsequently upgraded by Standard and Poors in September 2008 to an A+ bond rating.

As of June 30, 2008, the City of Elko had $9,508,686 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of $101,206,022 by $91,697,336.

Refer to Note 11 to the financial statements for additional information on the long-term debt activity of the City of Elko.

Economic Factors and Next Year's Budget and Rates

The user fees for water, sewer, and landfill remained unchanged in fiscal year 2008/2009 from fiscal year 2007/2008, however they will be reviewed to determine whether increases are required to properly fund operational expenses as well as capital projects for both replacement and new capital purchases. The City Council continues to be proactive in their approach to depreciation funding in the enterprise funds.

Although the City is in good financial condition, it will require monitoring of all revenue sources and economic conditions to determine whether increases in existing revenue sources will need to be implemented to pay for the cost of providing the required services to our citizens.

The consolidated tax revenues increased significantly for two of the last three years. In the most current fiscal year, we have seen somewhat of a stabilization of these revenues with a slight decrease over the previous year. We anticipate that this trend will continue until the national economy stabilizes. The increase in the consolidated tax revenues has allowed the City to make some much needed improvements in capital projects as well as equipment purchases in the last two fiscal years. We will monitor all economic situations to determine whether any adjustments need to be made in order to keep the City fiscally sound.

All of these factors were considered in preparing the City of Elko's budget for the 2009 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the financial activity of the City of Elko to all having an interest in the City of Elko. Questions concerning any of the information provided in this report or requests of additional financial information should be addressed to the City of Elko Finance Department, 1751 College Avenue, Elko, Nevada 89801.

CITY OF ELKO
STATEMENT OF NET ASSETS
JUNE 30, 2008

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	$ 6.564.907	$ 12.839.522	$ 19,404,429
Restricted cash	-	107.297	107,297
Interest receivable	31,080	67,278	98,358
Accounts receivable	472,574	1,033.626	1.506.200
Room tax receivable	371,841	-	371.841
Taxes receivable, delinquent	12,730	-	12.730
Due from other governments	2,260.284	859,752	3,120,036
Inventory	27,314	150,328	177,642
Capital assets:			
Land and construction in progress	2,076,680	3,729,231	5,805,911
Other capital assets (net of accumulated depreciation)	24,482,598	64,197,144	88.679.742
Total Assets	36.300.008	82,984,178	119.284.186
LIABILITIES			
Accounts payable	1,512,034	1,978,421	3,490,455
Accrued salaries	390,118	100,900	491,018
Interest payable	21,126	59,797	80,923
Due to other governments	410,835	-	410,835
Unearned revenue	346,535	9,096	355,631
Noncurrent liabilities:			
Due within one year	945,615	677,662	1,623,277
Due in more than one year	2,731,358	6,949,188	9,680,546
Total Liabilities	6.357,621	9,775.064	16,132.685
NET ASSETS			
Invested in capital assets, net of related debt	24,204,778	60,514,339	84,719,117
Restricted for:			
Debt service	-	107,297	107,297
Unrestricted	5,737,609	12,587,478	18,325,087
TOTAL NET ASSETS	$ 29,942,387	$ 73,209,114	$ 103.151.501

See accompanying notes.

CITY OF ELKO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental activities:				
General government	$ 1,844,072	$ 347,572	$ 1,000	$ 239,053
Judicial	302,665	264,858	-	-
Public safety	9,203,648	157,192	587,885	498,750
Public works	5,107,586	613,979	-	-
Health	511,866	35,649	-	-
Culture and recreation	2,737,328	203,338	-	-
Community support	36,000	-	-	-
Debt service:				
Interest on long-term debt	106,576	-	-	-
Total governmental activities	19,849,741	1,622,588	588,885	737,803
Business-type activities:				
Water	2,336,458	3,113,304	-	127,448
Sewer	3,919,843	5,098,955	-	199,873
Landfill	1,212,137	1,574,714	-	-
Airport	4,005,604	948,985	-	4,157,773
Golf	587,051	529,535	-	-
Total business-type activities	12,061,093	11,265,493	-	4,485,094
Total primary government	$ 31,910,834	$ 12,888,081	$ 588,885	$ 5,222,897

General revenues:
Taxes
Ad valorem taxes
Consolidated tax
Room taxes
Gas taxes
Other
Gaming licenses
Franchise fees
Investment earnings
Miscellaneous
Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS - BEGINNING OF YEAR, as originally reported

Prior period adjustments

NET ASSETS - BEGINNING OF YEAR, as restated

NET ASSETS - END OF YEAR

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS

PRIMARY GOVERNMENT		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
$ (1,256,447)	$ -	$ (1,256,447)
(37,807)	-	(37,807)
(7,959,821)	-	(7,959,821)
(4,493,607)	-	(4,493,607)
(476,217)	-	(476,217)
(2,533,990)	-	(2,533,990)
(36,000)	-	(36,000)
(106,576)	-	(106,576)
(16,900,465)	-	(16,900,465)
-	904,294	904,294
-	1,378,985	1,378,985
-	362,577	362,577
-	1,101,154	1,101,154
-	(57,516)	(57,516)
-	3,689,494	3,689,494
(16,900,465)	3,689,494	(13,210,971)
3,227,061	-	3,227,061
10,231,905	-	10,231,905
2,646,834	-	2,646,834
503,305	-	503,305
184,994	-	184,994
97,310	-	97,310
789,381	-	789,381
222,351	465,317	687,668
309,486	22,835	332,321
(746,489)	746,489	-
17,466,138	1,234,641	18,700,779
565,673	4,924,135	5,489,808
28,821,403	68,284,979	97,106,382
555,311	-	555,311
29,376,714	68,284,979	97,661,693
$ 29,942,387	$ 73,209,114	$ 103,151,501

See accompanying notes.

CITY OF ELKO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	$ 2,478,907	$ 1,077,478	$ 1,129,076	$ 1,671,164	$ 6,356,625
Interest receivable	11,649	6,002	5,841	7,588	31,080
Accounts receivable	190,880	12,370	-	-	203,250
Room tax receivable	-	371,841	-	-	371,841
Taxes receivable, delinquent	11,343	-	-	1,387	12,730
Due from other governments	2,110,055	-	9,501	140,728	2,260,284
Inventory	27,314	-	-	-	27,314
Total Assets	$ 4,830,148	$ 1,467,691	$ 1,144,418	$ 1,820,867	$ 9,263,124
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 733,822	$ 250,125	$ 302,210	$ 130,424	$ 1,416,581
Accrued salaries	382,539	-	-	7,579	390,118
Due to other governments	44,920	327,587	-	38,328	410,835
Deferred revenue	119,934	-	29,611	98,437	247,982
Total Liabilities	1,281,215	577,712	331,821	274,768	2,465,516
Fund Balances:					
Reserved for:					
Inventories	27,314	-	-	-	27,314
Capital projects	5,958	-	9,611	-	15,569
Unreserved, reported in:					
General fund	3,515,661	-	-	-	3,515,661
Special revenue funds	-	889,979	-	530,782	1,420,761
Debt service fund	-	-	-	130,651	130,651
Capital project funds	-	-	802,986	884,666	1,687,652
Total Fund Balances	3,548,933	889,979	812,597	1,546,099	6,797,608
TOTAL LIABILITIES AND FUND BALANCES	$ 4,830,148	$ 1,467,691	$ 1,144,418	$ 1,820,867	$ 9,263,124

See accompanying notes.

CITY OF ELKO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	$	6,797,608
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		26,559,278
Deferred revenue represents amount that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds.		12,730
An Internal service fund is used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees. The assets and liabilities of the internal service fund is included in Governmental Activities in the Statement of Net Assets.		270,870
Long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.		(3,698,099)
TOTAL NET ASSETS FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF NET ASSETS	$	29,942,387

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 2,053,557	$ 2,646,834	$ 498,749	$ 674,755	$ 5,873,895
Licenses and permits	1,517,248	-	-	-	1,517,248
Intergovernmental	10,822,650	-	-	1,490,479	12,313,129
Charges for services	619,864	19,700	-	82,950	722,514
Fines and forfeitures	225,240	-	-	-	225,240
Miscellaneous	287,861	73,937	34,891	111,602	508,291
Total Revenues	15,526,420	2,740,471	533,640	2,359,786	21,160,317
EXPENDITURES					
Current:					
General government	1,793,403	-	14,401	-	1,807,804
Judicial	301,401	-	-	-	301,401
Public safety	7,905,349	-	-	1,886,034	9,791,383
Public works	4,273,874	-	336,757	1,044,549	5,655,180
Health	507,835	-	-	97,158	604,993
Culture and recreation	952,538	2,000,534	-	146,180	3,099,252
Community support	36,000	-	-	-	36,000
Debt service:					
Principal	-	-	-	333,000	333,000
Interest	-	-	-	110,775	110,775
Total Expenditures	15,770,400	2,000,534	351,158	3,617,696	21,739,788
Excess (Deficiency) of Revenues Over Expenditures	(243,980)	739,937	182,482	(1,257,910)	(579,471)
OTHER FINANCING SOURCES (USES)					
Transfers in	234,298	-	250,000	964,983	1,449,281
Transfers out	(1,372,655)	(746,940)	-	(76,175)	(2,195,770)
Total Other Financing Sources (Uses)	(1,138,357)	(746,940)	250,000	888,808	(746,489)
Net Change in Fund Balances	(1,382,337)	(7,003)	432,482	(369,102)	(1,325,960)
FUND BALANCES, as previously reported, July 1	4,931,270	896,982	380,115	1,467,890	7,676,257
Prior Period Adjustment	-	-	-	447,311	447,311
FUND BALANCES, as restated, July 1	4,931,270	896,982	380,115	1,915,201	8,123,568
FUND BALANCES, June 30	$ 3,548,933	$ 889,979	$ 812,597	$ 1,546,099	$ 6,797,608

See accompanying notes.

CITY OF ELKO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	$	(1,325,960)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		1,336,195
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		254,441
Internal service funds are used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees to individual funds.		300,997
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF ACTIVITIES	$	565,673

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET			VARIANCE TO
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
REVENUES				
Taxes	$ 1,981.037	$ 1,981,037	$ 2,053,557	$ 72,520
Licenses and permits	1,404,500	1,404,500	1,517,248	112,748
Intergovernmental	10.242,817	10,242,817	10,822,650	579,833
Charges for services	464,923	464,923	619,864	154,941
Fines and forfeitures	143,500	143,500	225,240	81,740
Miscellaneous	136.098	136,098	287.861	151,763
Total Revenues	14,372.875	14.372.875	15.526.420	1,153.545
EXPENDITURES				
Current:				
General government	2.005,537	1,991,037	1,793,403	197,634
Judicial	272,500	302,500	301,401	1,099
Public safety	7.725,982	7,995,982	7,905,349	90.633
Public works	5,308,646	4,760,146	4,273,874	486,272
Health	508,877	523,077	507,835	15,242
Culture and recreation	996,879	995,679	952,538	43,141
Community support	36,000	36,000	36,000	-
Contingency	237,816	237,816	-	237,816
Total Expenditures	17,092,237	16,842,237	15,770.400	1,071,837
Excess (Deficiency) of Revenues over Expenditures	(2,719,362)	(2,469,362)	(243,980)	2,225,382
OTHER FINANCING SOURCES (USES)				
Transfers in	234,298	234,298	234,298	-
Transfers out	(1,138,290)	(1,388,290)	(1,372,655)	15,635
Total Other Financing Sources (Uses)	(903,992)	(1,153,992)	(1,138,357)	15,635
Net Change in Fund Balance	(3,623,354)	(3,623,354)	(1,382,337)	2,241,017
FUND BALANCE, July 1	4,964,373	4,964,373	4,931,270	(33,103)
FUND BALANCE, June 30	$ 1,341,019	$ 1,341,019	$ 3,548,933	$ 2,207,914

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND
RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2008

	BUDGET			VARIANCE TO
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
REVENUES				
Taxes	$ 2,711,791	$ 2,711,791	$ 2,646,834	$ (64,957)
Charges for services	30,445	30,445	19,700	(10,745)
Miscellaneous	30,000	30,000	73,937	43,937
Total Revenues	2,772,236	2,772,236	2,740,471	(31,765)
EXPENDITURES				
Current:				
Culture and recreation	2,373,090	2,457,590	2,000,534	457,056
Total Expenditures	2,373,090	2,457,590	2,000,534	457,056
Excess (Deficiency) of Revenues over Expenditures	399,146	314,646	739,937	425,291
OTHER FINANCING SOURCES (USES)				
Transfers out	(866,919)	(782,419)	(746,940)	35,479
Total Other Financing Sources (Uses)	(866,919)	(782,419)	(746,940)	35,479
Net Change in Fund Balance	(467,773)	(467,773)	(7,003)	460,770
FUND BALANCE, July 1	776,053	776,053	896,982	120,929
FUND BALANCE, June 30	$ 308,280	$ 308,280	$ 889,979	$ 581,699

See accompanying notes.

CITY OF ELKO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
ASSETS					
Current assets:					
Cash and investments	$ 4,300,667	$ 6,991,595	$ 213,506	$ 1,281,184	$ 52,570
Interest receivable	22,584	36,169	1,809	6,520	196
Accounts receivable	279,513	488,186	89,949	142,318	33,660
Due from other governments	-	-	859,752	-	-
Inventory	145,477	4,851	-	-	-
Total Current Assets	4,748,241	7,520,801	1,165,016	1,430,022	86,426
Noncurrent assets:					
Restricted:					
Cash - Debt service	-	-	107,297	-	-
Capital assets:					
Land	232,350	71,653	884,269	2,467	9,045
Buildings	1,024,931	538,048	5,184,943	95,116	617,123
Improvements other than buildings	14,927,694	37,703,684	6,119	417,227	565,918
Machinery and equipment	1,282,534	2,538,932	3,346,046	1,860,939	548,852
Construction in progress	-	329,779	1,974,112	225,556	-
Infrastructure	-	-	35,850,405	-	-
Less accumulated depreciation	(5,520,792)	(20,840,655)	(14,056,263)	(1,222,272)	(671,385)
Total Capital Assets (Net of Accumulated Depreciation)	11,946,717	20,341,441	33,189,631	1,379,033	1,069,553
Total Noncurrent Assets	11,946,717	20,341,441	33,296,928	1,379,033	1,069,553
Total Assets	16,694,958	27,862,242	34,461,944	2,809,055	1,155,979
LIABILITIES					
Current liabilities:					
Accounts payable	524,780	138,870	1,148,770	142,606	23,395
Accrued salaries	25,507	28,421	13,690	21,008	12,274
Compensated absences	33,114	33,179	17,072	31,387	11,048
Interest payable	-	-	59,797	-	-
Current maturities of Medium Term Obligation payable	-	-	-	91,900	7,000
Current maturities of bonds payable	-	357,962	95,000	-	-
Deferred revenue	-	-	9,096	-	-
Total Current Liabilities	583,401	558,432	1,343,425	286,901	53,717

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
$ 12,839,522	$ 208,282
67,278	-
1,033,626	269,324
859,752	-
150,328	-
14,950,506	477,606
107,297	-
1,199,784	-
7,460,161	-
53,620,642	-
9,577,303	-
2,529,447	-
35,850,405	-
(42,311,367)	-
67,926,375	-
68,033,672	-
82,984,178	477,606
1,978,421	95,453
100,900	-
125,800	-
59,797	-
98,900	-
452,962	-
9,096	111,283
2,825,876	206,736

CITY OF ELKO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008
(Page 2 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
Noncurrent liabilities:					
General obligation bonds payable, net of unamortized discounts	-	3,045.724	3,765,000	-	-
Medium term obligations payable	-	-	-	45,950	3,500
Compensated absences	-	15,419	111	43,705	29,779
Total Noncurrent Liabilities	-	3,061.143	3,765,111	89,655	33,279
Total Liabilities	583,401	3,619,575	5,108,536	376,556	86,996
NET ASSETS					
Invested in capital assets, net of related debt	11,946,717	16,937,755	29,329,631	1,241,183	1,059,053
Restricted for:					
Debt service	-	-	107,297	-	-
Unrestricted (deficit)	4,164,840	7,304,912	(83,520)	1,191,316	9,930
TOTAL NET ASSETS	$ 16,111,557	$ 24,242,667	$ 29,353,408	$ 2,432,499	$ 1,068,983

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
6,810,724	-
49,450	-
89,014	-
6,949,188	-
9,775,064	206,736
60,514,339	-
107,297	-
12,587,478	270,870
$ 73,209,114	$ 270,870

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
OPERATING REVENUES					
Intergovernmental	$ -	$ -	$ 23,535	$ -	$ -
Charges for services	3,045,932	2,224,575	288,300	1,517,005	514,098
Other services	67,372	28,129	637,150	57,709	15,437
Total Operating Revenues	3,113,304	2,252,704	948,985	1,574,714	529,535
OPERATING EXPENSES					
Salaries and wages	504,341	551,931	261,864	429,615	217,933
Employee benefits	212,946	219,287	106,635	161,267	75,663
Services and supplies	1,267,981	1,557,672	465,302	511,491	244,160
Depreciation	351,190	1,464,088	2,280,688	104,408	48,616
Total Operating Expenses	2,336,458	3,792,978	3,114,489	1,206,781	586,372
Operating Income (Loss)	776,846	(1,540,274)	(2,165,504)	367,933	(56,837)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	158,811	245,087	16,313	43,869	1,237
Gain (loss) on disposal of capital assets	24	-	8,764	8,656	5,391
Sewer improvement user fees	-	2,846,251	-	-	-
Apron failure expense	-	-	(650,697)	-	-
Interest expense	-	(126,865)	(240,418)	(5,356)	(679)
Total Nonoperating Revenues (Expenses)	158,835	2,964,473	(866,038)	47,169	5,949
Income (Loss) Before Capital Contributions and Transfers	935,681	1,424,199	(3,031,542)	415,102	(50,888)
CAPITAL CONTRIBUTIONS	127,448	199,873	4,157,773	-	-
TRANSFERS IN	-	-	706,648	-	39,841
Change in Net Assets	1,063,129	1,624,072	1,832,879	415,102	(11,047)
TOTAL NET ASSETS, July 1	15,048,428	22,618,595	27,520,529	2,017,397	1,080,030
TOTAL NET ASSETS, June 30	$ 16,111,557	$ 24,242,667	$ 29,353,408	$ 2,432,499	$ 1,068,983

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
$ 23,535	$ -
7,589,910	2,308,085
805,797	152
8,419,242	2,308,237
1,965,684	-
775,798	2,008,828
4,046,606	-
4,248,990	-
11,037,078	2,008,828
(2,617,836)	299,409
465,317	1,588
22,835	-
2,846,251	-
(650,697)	-
(373,318)	-
2,310,388	1,588
(307,448)	300,997
4,485,094	-
746,489	-
4,924,135	300,997
68,284,979	(30,127)
$ 73,209,114	$ 270,870

See accompanying notes.

CITY OF ELKO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER FUND	SEWER FUND	AIRPORT FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 3,076,009	$ 2,238,813	$ 964,455
Cash payments to suppliers for goods and services	(1,039,657)	(1,570,021)	(614,200)
Cash payments to employees for services and benefits	(718,810)	(761,238)	(363,974)
Cash received from group insurance premiums	-	-	-
Net Cash Provided (Used) by Operating Activities	1,317,542	(92,446)	(13,719)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	706,648
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(1,305,011)	(831,639)	(5,341,748)
Principal paid on debt	-	(345,574)	(90,000)
Interest paid on debt	-	(126,865)	(241,648)
Proceeds from sales of capital assets	24	-	8,764
Cash received from capital improvement user fees	-	2,846,251	-
Airport Apron failure	-	-	(427,535)
Proceeds from federal grants	-	-	5,047,132
Receipt of customer contributions	127,448	199,873	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,177,539)	1,742,046	(1,045,035)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	166,935	246,667	19,098
Net Cash Provided (Used) by Investing Activities	166,935	246,667	19,098
Net Increase (Decrease) in Cash and Cash Equivalents	306,938	1,896,267	(333,008)
CASH AND CASH EQUIVALENTS, July 1	3,993,729	5,095,328	653,811
CASH AND CASH EQUIVALENTS, June 30	$ 4,300,667	$ 6,991,595	$ 320,803
CASH AND CASH EQUIVALENTS CONSIST OF:			
Restricted cash and cash equivalents	$ -	$ -	$ 107,297
Unrestricted cash and cash equivalents	4,300,667	6,991,595	213,506
Total Cash and Cash Equivalents	$ 4,300,667	$ 6,991,595	$ 320,803

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS LANDFILL FUND	NONMAJOR FUND - GOLF	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
$ 1,570,665	$ 504,780	$ 8,354,722	$ -
(400,466)	(247,081)	(3,871,425)	-
(578,393)	(290,556)	(2,712,971)	(2,008,828)
-	-	-	2,027,883
591,806	(32,857)	1,770,326	19,055
-	39,841	746,489	-
(228,075)	(46,684)	(7,753,157)	-
(91,900)	(7,000)	(534,474)	-
(5,356)	(679)	(374,548)	-
58,829	5,391	73,008	-
-	-	2,846,251	-
-	-	(427,535)	-
-	-	5,047,132	-
-	-	327,321	-
(266,502)	(48,972)	(796,002)	-
44,177	1,681	478,558	1,588
44,177	1,681	478,558	1,588
369,481	(40,307)	2,199,371	20,643
911,703	92,877	10,747,448	187,639
$ 1,281,184	$ 52,570	$ 12,946,819	$ 208,282
$ -	$ -	$ 107,297	$ -
1,281,184	52,570	12,839,522	208,282
$ 1,281,184	$ 52,570	$ 12,946,819	$ 208,282

CITY OF ELKO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER FUND	SEWER FUND	AIRPORT FUND
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 776,846	$ (1,540,274)	$ (2.165,504)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	351,190	1,464,088	2,280.688
(Increase) Decrease in:			
Accounts receivable	(37,296)	(13,891)	(15,183)
Due from other governments	-	-	-
Due from other funds	-	-	31,154
Inventory	(4,540)	1,271	-
Prepaid items	-	-	-
Increase (Decrease) in:			
Accounts payable	232,865	(13,620)	(148,897)
Accrued liabilities	4,009	3,963	1,215
Compensated absences	(5,532)	6,017	3,310
Deferred revenue	-	-	(502)
Net Cash Provided (Used) by Operating Activities	$ 1,317,542	$ (92,446)	$ (13,719)

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
LANDFILL FUND	NONMAJOR FUND - GOLF	TOTAL ENTERPRISE FUNDS	
$ 367,933	$ (56,837)	$ (2,617,836)	$ 299,409
104,408	48,616	4,248,990	-
(4,051)	(24,756)	(95,177)	(229,583)
-	-	-	3,868
-	-	31,154	-
-	-	(3,269)	-
-			24,095
111,027	(2,920)	178,455	(74,911)
4,664	1,571	15,422	-
7,825	1,469	13,089	-
-	-	(502)	(3,823)
$ 591,806	$ (32,857)	$ 1,770,326	$ 19,055

See accompanying notes.

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CITY OF ELKO
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

		AGENCY FUND
ASSETS		
Cash and investments	$	134,817
Interest receivable		593
Room taxes receivable		18,448
Total Assets		153,858
LIABILITIES		
Accounts payable		54
Due to other governments		153,804
Total Current Liabilities		153,858
NET ASSETS	$	-

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the City of Elko, State of Nevada (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the more significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

REPORTING ENTITY:

The City of Elko was incorporated April 15, 1917. The City is a municipal corporation governed by an elected mayor and four members of the City Council. The City is fiscally independent of all other governmental entities and has no component units nor is it a component unit of another entity.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. Eliminations have been made to minimize the double-counting of internal activities. Services provided by the General Fund to other funds are reported as expenditures or expenses, as appropriate, in the funds receiving the services and as reductions of expenditures in the General Fund. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a function or business-type activity are offset by program revenues. Direct expenses are those that are associated with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants, contributions and interest income that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Proprietary fund operating revenues, such as charges for services and operating expenses, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings and nonoperating expenses result from nonexchange transactions or ancillary activities.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

The government-wide financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Funds*, the City applies all applicable FASB Statements and Interpretations, APB Opinions and ARBs issued on or before November 30, 1989, except for those that conflict with or contradict GASB pronouncements. The City elected not to apply

FASB pronouncements issued after November 30, 1989.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *measurable* when the amount of the transaction can be determined and *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when liabilities are incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, government services tax, liquor taxes), gaming taxes, gasoline taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, franchise fees, charges for services and fines and forfeits are not susceptible to accrual because generally they are not measurable until received in cash.

Property tax revenue is recognized in the fiscal year in which the taxes become due to the extent they are collected during the fiscal year or soon enough thereafter that they can be used to finance current period expenditures.

The City reports deferred revenue in the fund financial statements balance sheets. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the government before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Expenses relating to the functional activities include allocated indirect expenses.

When both restricted and unrestricted resources are available for use it is the City's policy to use restricted resources first and then unrestricted resources as needed.

As a general rule, the effect of interfund activity has been eliminated from the government wide and proprietary fund financial statements. Exceptions to this general rule are charges between the government's proprietary funds for use of services. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

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

The **Recreation Fund** is a special revenue fund used to account for room tax monies received for the purposes of providing recreation improvements.

The **Capital Construction Fund** is used to account for projects financed from property taxes, land sales, and operating transfers.

The City reports the following major enterprise funds:

The **Water Fund** accounts for the provision of water services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operating, maintenance, and billing and collection.

The **Sewer Fund** accounts for the provision of sanitary sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

The **Airport Fund** accounts for the operation of the Elko Regional Airport. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance and improvement, financing and related debt service, and billing and collection (including collection of passenger facility charges).

The **Landfill Fund** accounts for the operation of the regional landfill. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt services, and billing and collection.

Additionally, the City reports the following fund types:

Internal Service Funds account for operations of providing health insurance to other departments on a cost-reimbursement basis.

Agency Funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the City holds for others in an agency capacity.

CASH, CASH EQUIVALENTS AND INVESTMENTS:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk in changes of value. Cash balances from all funds are combined and, to the extent practicable, invested by the City administration as permitted by law. Investments are recorded at fair value. The City of Elko invests in part of the State of Nevada Local Government Investment Pool, which has regulatory oversight from the Board of Finance for the State of Nevada. All interest earned on these investments is recognized in the General Fund, except for amounts credited to certain other funds in accordance with law, contract and City policy.

State statutes authorize the City to invest in obligations of the U.S. Treasury; certain farm loan bonds; certain securities issued by Nevada local governments and other state and local governments; certain obligations of an Agency of the United States or a corporation sponsored by the government; certain repurchase agreements; certain bankers acceptances; certain commercial paper; and certain negotiable certificates of deposits and money market mutual funds.

The following investments are allowed but must not exceed 20% of the total portfolio at the purchase date and 25% of such investments may not be in notes, bonds or unconditional obligations issued by any one corporation:

- Certain notes, bonds and other unconditional obligations for the payment of money issued by corporations organized and operating in the United States.
- Collateralized mortgage obligations "AAA" rated.
- Asset-backed securities "AAA" rated.

Bond covenants relating to debt in the Sewer and Airport Funds require resources be set aside to make future debt payments, these are reported as restricted cash.

RECEIVABLES AND PAYABLES:

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans). All such balances within the governmental activities or business-type activities are eliminated in the government-wide statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

No allowance for doubtful accounts receivable has been established since management does not anticipate any material collection loss with respect to the balances shown as accounts receivable.

PROPERTY TAXES:

All real property within the City of Elko is assigned a parcel number by the County Assessor in accordance with state law, with each parcel being subject to physical reappraisal every five years. A factoring system is used to adjust the appraised value during the years between physical appraisals. The property and its improvements are being assessed at 35% of "taxable value" as defined by statute. The amount of tax levied is developed by multiplying the assessed value by the tax rate applicable to the area in which the property is located. The maximum tax rate was established in the State Constitution at $5 per $100 of assessed valuation; however, as a result of legislative action, the tax rate was further limited to $3.64 per $100 of assessed valuation, except in cases of severe financial emergency as defined by NRS 354.705.

Taxes on real property are a lien on the property and attach on July 1 of the year for which the taxes are levied.

Taxes may be paid in four installments, the first installment is due on the third Monday of August and the remaining three installments are payable on the first Monday in October, January and March to the Treasurer of Elko County in which the City of Elko is located. Penalties are assessed if a taxpayer fails to pay an installment within ten days of the installment due date. After a two year waiting period, if the taxes remain unpaid, a tax deed is issued conveying the property to the County with a lien for back taxes and accumulated charges. Redemption may be made by the owner or such persons as described by statute by paying all back taxes and accumulated penalties, interest and costs before sale.

Taxes on personal property are collected currently. Personal property declarations are mailed out annually by the County and the tax is computed using percentages of taxable values established by the Department of Taxation and the tax rates described above.

INVENTORIES AND PREPAID ITEMS:

Inventories for the government-wide financial statements are valued at cost on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than purchased.

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

CAPITAL ASSETS:

Capital assets are reported 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 three years. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets are recorded at cost including capitalized interest incurred during the construction phase on debt-financed projects for business-type activities. Depreciation is computed using the straight-line method for all assets over the following estimated useful lives:

Buildings	8 to 100 years
Improvements other than buildings	8 to 100 years
Machinery and equipment	5 to 60 years
Infrastructure	10 to 100 years

COMPENSATED ABSENCES:

The liability for compensated absences is calculated under the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. All vacation time, sick leave benefits and compensatory time costs are accrued and recognized as expenses when earned, to the extent it is likely the City will ultimately pay those benefits. The costs of unused vacation and sick leave are not recorded in the governmental fund financial statements but are in the government-wide financial statements.

LONG-TERM DEBT:

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. For current and advance refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and amortized over the term of the related bond.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. The face amount of bonds issued is reported as other financing sources, as are bond premiums. Bond discounts are recorded as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

FUND EQUITY:

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

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

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

c. **Unrestricted Net Assets** – All other assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved. Reservations of fund balance consist of amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Unreserved fund balance consists of amounts designated for future years operations, which is the budgeted fund balance for the forthcoming year; and undesignated which are amounts not specifically designated for future year operations.

USE OF ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

COMPARATIVE DATA/RECLASSIFICATIONS:

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEET AND THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS:

The governmental fund balance sheet includes a reconciliation between *total fund balances – governmental funds* and *total net assets of governmental activities.* One element of that reconciliation explains that long-term liabilities and the related accrued interest payable are not due and payable in the current period and, therefore, are not reported in the funds. The details of the net difference follows:

Bonds payable, net of bond premium and discount	$	(2,245,000)
Medium Term Obligation		(109,500)
Accrued interest		(21,126)
Compensated absences		(1,322,473)
Net Difference in Reporting Long-Term Liabilities	$	(3,698,099)

EXPLANATION OF CERTAIN DIFFERENCES BETWEEN THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES AND THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net change in fund balances – governmental funds* and *change in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference follows:

Capital outlay	$	2,734,277
Disposal of capital assets		(58,774)
Depreciation expense		(1,339,308)
Net Difference in Reporting Capital Asset Activity	$	1,336,195

Another element of that reconciliation states the "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference follows:

Net change in accrued interest	$	4,199
Net change in compensated absences		(82,758)
Principal repayments:		
General obligation debt		260,000
Capital leases		73,000
Net Difference in Reporting Long-Term Debt Transactions	$	254,441

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

BUDGETARY INFORMATION:

The City of Elko adheres to the Local Government Budget and Finance Act incorporated within state statutes, which includes the following major procedures to establish the budgetary data, which is reflected in these financial statements.

1. On or before April 15, the City Council files a tentative budget with the Nevada Department of Taxation for all funds other than Agency Funds, which are not required to be budgeted.

2. Public budget hearings on the tentative budget are held on the third Tuesday in May.

3. On or before June 1, at a public hearing, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the City Council. The final budget must then be forwarded to the Nevada Department of Taxation for review and approval.

4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.

5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). All appropriations lapse at year end.

6. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the budget officer and/or the City Council, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the City Council, following a scheduled and noticed public hearing for those funds which have ad valorem tax allocated as a source of revenue. For all other funds the City Council must approve the budget augmentation with a majority vote and adopt a resolution providing therefore.

7. The above dates may be adjusted as necessary during legislative years.

8. The budget amounts reflected in the financial statements have been amended from the original amounts in accordance with the above procedures.

In accordance with state statute, actual expenditures may not exceed budgeted appropriations of the various governmental functions (excluding the debt service function) of the General Fund, Special Revenue Funds and Capital Project Funds. Per NRS 354.626, expenditures over budgeted appropriations are allowed for bond repayments, medium term obligation repayments, and other long-term contracts expressly authorized by law. For Proprietary Funds, the sum of operating and nonoperating expenses may not exceed the sum of budgeted operating and nonoperating expenses.

EXCESS OF EXPENDITURES/EXPENSES OVER APPROPRIATIONS:

Total expenditures exceeded those budgeted for the year in the following funds:

Airport Fund	$ 1,632,806
Golf Fund	13,908
Capital Equipment Reserve Fund – Public Safety	156,959
Health Insurance Fund	143,860

The above are potential violations of Nevada Revised Statue 354.626. The City plans to monitor expenditures/expenses in 2008-2009 to help prevent potential violations.

NOTE 4 - EQUITY IN POOLED CASH, DEPOSITS AND INVESTMENTS:

The City maintains a cash and investment pool that is available for use by all funds except for the Self-Insurance Trust Fund which is held separately from other City funds. A summary schedule of cash and investments for the City of Elko at June 30, 2008, is as follows:

Balances Classified by Depository and Category:

Cash on hand	$	1,590
Deposits:		
Citibank:		
Demand deposit		2,100
Great Basin Bank:		
Demand deposit		1,000
U.S. Bank:		
Demand deposit		2,141,853
Certificate of Deposit		2,000,000
		4,146,543
Investments:		
Nevada State Treasurer:		
NVest		5,000,000
Local Government Pooled Investment Fund (LGIP)		10,500,000
	$	19,646,543
Governmental Activities – cash and investments	$	6,564,907
Business-type Activities – cash and investments		12,839,522
Business-type Activities – restricted cash		107,297
Fiduciary Fund		134,817
	$	19,646,543

As of June 30, 2008, the City of Elko had the following investment and maturities:

Investment Type	Fair Value	Less than 1	1-5
LGIP	$ 10,500,000	$ 10,500,000	$ -
U.S. Treasury	5,000,000	-	5,000,000
	$ 15,500,000	$ 10,500,000	$ 5,000,000

The City is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The City's investment in the LGIP is equal to its original investment plus monthly allocations of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. The City's investment in the LGIP is reported at fair value.

Nevada Revised Statutes (NRS 355.170) sets forth acceptable investments for Nevada local governments. The City has not adopted a formal investment policy that would further limit its investment choices nor further limit its exposure to certain risks as set forth below.

Interest rate risk – the risk of possible reduction in the value of a security, especially a bond, resulting from a rise in interest rates. As noted above, the City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates beyond those specified in the statute.

Credit risk – the risk that an issuer or other counterparty to an investment will not fulfill its obligation and its function of the credit quality rating of its investments. The City's investment policy does not specify minimum acceptable credit rating further than those listed in state statutes. The LGIP is an unrated external investment pool that specifies minimum acceptable credit ratings for its investments.

Custodial Credit Risk – the risk that in the event of a bank failure, the City's deposits may not be returned. The City's bank deposits are covered by Federal Deposit Insurance Corporation (FDIC) and are collateralized by the office of the State Treasurer/Nevada Collateral Pool. For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of outside parties.

NOTE 5 – INTERFUND BALANCES:

The composition of interfund balances as of June 30, 2008 is as follows:

Fund	Transfers Out	Transfers In
General Fund	$ 1,372,655	$ 234,298
Recreation Fund	746,940	-
Capital Construction Fund	-	250,000
Nonmajor Governmental Funds	76,175	964,983
Airport Fund	-	706,648
Nonmajor Enterprise Funds – Golf Fund	-	39,841
	$ 2,195,770	$ 2,195,770

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

NOTE 6 – AD VALOREM CAPITAL PROJECTS FUND:

Pursuant to NRS 354.598155, the City of Elko is required to provide a listing of the Ad Valorem Capital Projects Fund expended. For June 30, 2008, $140,209 was expended for the Police Department new facility phase 1 design, $542,995 was expended for the City Hall parking lot reconstruction, $108,194 was expended for disability access at the Police Department, $6,758 was expended for the new Police Department Bomb Threat Building, $201,308 was expended for the Fire Station No. 3 Addition, $3,827 was expended for the New Fire Station Assessment, and $88,490 was expended for the fleet department floor replacement.

NOTE 7 – UNRESERVED, DESIGNATED FUND BALANCE OF MAJOR FUNDS:

The unreserved, designated fund balance of the City's major funds is as follows:

	General Fund	Recreation Fund	Capital Construction Fund
Designated for:			
Subsequence year's expenditures	$ 3,515,661	$ 889,979	$ 765,285

NOTE 8 – PRIOR PERIOD ADJUSTMENT:

The beginning fund balance for the Capital Equipment Reserve Fund was increased by $447,311 due to the purchase of aerial platform fire apparatus equipment. The equipment was recorded in the June 30, 2007 fiscal year when in fact the equipment was received in fiscal year ending June 30, 2008. The City placed a deposit for the entire purchase price of $571,811, and received $124,500 in grant funding for this equipment. Therefore, the difference of $447,311 is recorded as a prior period adjustment.

In fiscal year June 30, 2007 the City of Elko purchased a modular office building for the Building Department for $108,000, this capital asset was not included in the fiscal year ending June 30, 2007 capital asset additions, therefore beginning net assets for the Government-wide Governmental Activities net assets was increased by $108,000. The asset was put into service in fiscal year ending June 30, 2008 therefore no accumulated depreciation was recorded.

NOTE 9 - LANDFILL FUND CLOSURE AND POSTCLOSURE CARE COSTS:

State and federal laws and regulations require the City of Elko to place a final cover and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Each year the City reassesses the life of the landfill using an airspace volumetric topographical survey, which resulted in an expected landfill closure in the year 2027. Based on this survey, an estimate of 31% of the landfill has been used. The City purchased insurance to cover the costs of closure and post-closure of the landfill. The City is obligated under the insurance policy to pay an annual premium of $91,227 over 15 years.

At June 30, 2008, financial assurance relative to costs of closure and post-closure of the landfill was fulfilled through insurance coverage (NAC 444.6855).

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Prior Period Adjustment	Revised July 1, 2007 Balance
Governmental Activities:			
Capital assets, not being depreciated:			
Land	$ 1,261,998	$ -	$ 1,261,998
Construction in progress	372,274	-	372,274
Total capital assets, not being depreciated	1,634,272	-	1,634,272
Capital assets, being depreciated:			
Buildings	4,667,848	108,000	4,775,848
Improvements other than buildings	4,574,867	-	4,574,867
Equipment and motor vehicles	7,391,993	-	7,391,993
Infrastructure	20,238,212	-	20,238,212
Total capital assets, being depreciated	36,872,920	108,000	36,980,920
Less accumulated depreciation for:			
Buildings	1,491,576	-	1,491,576
Improvements other than buildings	1,131,310	-	1,131,310
Equipment and motor vehicles	3,110,734	-	3,110,734
Infrastructure	7,658,491	-	7,658,491
Total accumulated depreciation	13,392,111	-	13,392,111
Total capital assets, being depreciated, net	23,480,809	108,000	23,588,809
Governmental activities capital assets, net	$ 25,115,081	$ 108,000	$ 25,223,081
Business-Type Activities:			
Capital assets, not being depreciated:			
Land and water rights	$ 1,199,784	$ -	$ 1,199,784
Construction in progress	1,940,367	-	1,940,367
Total capital assets, not being depreciated	3,140,151	-	3,140,151
Capital assets, being depreciated:			
Buildings	6,774,104	-	6,774,104
Improvements other than buildings	52,407,739	-	52,407,739
Machinery and equipment	9,508,132	-	9,508,132
Infrastructure	31,917,865	-	31,917,865
Total capital assets, being depreciated	100,607,840	-	100,607,840
Less accumulated depreciation for:			
Buildings	1,012,846	-	1,012,846
Improvements other than buildings	23,403,488	-	23,403,488
Machinery and equipment	3,300,048	-	3,300,048
Infrastructure	10,637,662	-	10,637,662
Total accumulated depreciation	38,354,044	-	38,354,044
Total capital assets, being depreciated, net	62,253,796	-	62,253,796
Business-type activities capital assets, net	$ 65,393,947	$ -	$ 65,393,947

Additions and Transfers In	Deletions and Transfers Out	Completed Construction	Balance June 30, 2008
$ -	$ -	$ -	$ 1,261,998
742,919	-	(300,511)	814,682
742,919	-	(300,511)	2,076,680
88,490	-	4,232	4,868,570
1,145,870	-	39,712	5,760,449
734,288	(429,004)	256,567	7,953,844
22,712	-	-	20,260,924
1,991,360	(429,004)	300,511	38,843,787
105,176	-	-	1,596,752
141,811	-	-	1,273,121
404,530	(370,230)	-	3,145,034
687,791	-	-	8,346,282
1,339,308	(370,230)	-	14,361,189
652,052	(58,774)	300,511	24,482,598
$ 1,394,971	$ (58,774)	$ -	$ 26,559,278
$ -	$ -	$ -	$ 1,199,784
6,627,457	(126,047)	(5,912,329)	2,529,447
6,627,457	(126,047)	(5,912,329)	3,729,231
61,882	(9,182)	633,356	7,460,160
33,026	-	1,179,877	53,620,642
210,829	(332,658)	191,001	9,577,303
24,445	-	3,908,095	35,850,405
330,182	(341,840)	5,912,329	106,508,510
594,872	(9,182)	-	1,598,536
1,652,456	-	-	25,055,944
426,655	(282,487)	-	3,444,216
1,575,008	-	-	12,212,670
4,248,991	(291,669)	-	42,311,366
(3,918,809)	(50,171)	5,912,329	64,197,144
$ 2,708,648	$ (176,218)	$ -	$ 67,926,375

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Depreciation expense was charged to functions/programs of the government as follows:

Governmental Activities:	
General government	$ 71,677
Judicial	1,264
Public Safety	225,109
Public works	849,347
Culture and recreation	176,798
Health	15,113
Total depreciation expense - governmental activities	$ 1,339,308
Business-Type Activities:	
Water Fund	$ 351,190
Sewer Fund	1,464,088
Airport Fund	2,280,688
Landfill Fund	104,408
Golf Fund	48,616
Total depreciation expense - business-type activities	$ 4,248,990

NOTE 11 - CHANGES IN LONG-TERM DEBT:

	DATE OF ISSUE	ORIGINAL ISSUE AMOUNT	INTEREST RATE
Governmental Activities:			
General Obligation Bonds:			
General Government:			
1998 Street Improvement Refunding Bonds	3/14/1997	$ 1,900,000	4.61%
2005 Limited Tax Facilities Recreational Bonds (secured by pledged revenues)	8/25/2005	2,000,000	4.00%
		3,900,000	
Medium Term Obligation (Limited Tax)	6/30/2004	365,000	4.25%
Compensated absences	N/A	N/A	N/A
Total Governmental Activities		4,265,000	
Business-Type Activities:			
General Obligation (Limited Tax) Bonds:			
Airport Fund:			
Airport Improvement Bonds, Series 1999A and Series 1999B	10/28/1999	4,275,000	6.00%
Sewer Fund:			
1994 Sewer Fund	6/22/1994	2,500,000	4.00%
General Obligation (Limited Tax) Revenue Bonds:			
Sewer Fund:			
Sewer Fund, Series 1998	8/14/1998	4,000,000	3.23%
		10,775,000	
Medium Term Obligation (Limited Tax):			
Golf Fund	6/30/2004	35,000	4.25%
Landfill Fund	11/1/2004	459,500	2.54%
		494,500	
Compensated absences	N/A	N/A	N/A
Total Business-Type Activities		11,269,500	
Total Debt		$ 15,534,500	

FINAL MATURITY DATE	PRINCIPAL OUTSTANDING JULY 1, 2007	ISSUED DURING PERIOD	PRINCIPAL PAID DURING PERIOD	PRINCIPAL OUTSTANDING JULY 1, 2008	PRINCIPAL DUE IN 2008 - 2009
8/1/2009	$ 630,000	$ -	$ 195,000	$ 435,000	$ 210,000
6/1/2025	1,875,000	-	65,000	1,810,000	70,000
	2,505,000	-	260,000	2,245,000	280,000
7/31/2009	182,500	-	73,000	109,500	73,000
N/A	1,239,714	832,595	749,836	1,322,473	592,615
	3,927,214	-	333,000	3,676,973	945,615
10/1/2029	3,950,000	-	90,000	3,860,000	95,000
7/1/2014	1,143,579	-	144,793	998,786	150,643
7/1/2018	2,605,681	-	200,781	2,404,900	207,319
	7,699,260	-	435,574	7,263,686	452,962
7/31/2009	17,500	-	7,000	10,500	7,000
12/15/2009	229,750	-	91,900	137,850	91,900
	247,250	-	98,900	148,350	98,900
N/A	201,724	154,986	141,896	214,814	125,800
	8,148,234	-	534,474	7,626,850	677,662
	$ 12,075,448	$ -	$ 867,474	$ 11,303,823	$ 1,623,277

The annual requirements to amortize all debt outstanding as of June 30, 2008, are as follows:

Year Ended June 30,	General Obligation Ad Valorem Debt Principal	General Obligation Ad Valorem Debt Interest	General Obligation (Limited Tax) Supported by Specific Revenues Principal	General Obligation (Limited Tax) Supported by Specific Revenues Interest
Governmental Activities:				
2009	210,000	16,500	70,000	74,568
2010	225,000	5,625	75,000	71,768
2011	-	-	75,000	68,768
2012	-	-	80,000	65,768
2013	-	-	85,000	62,568
2014-2018	-	-	500,000	257,840
2019-2023	-	-	630,000	145,853
2024-2028	-	-	295,000	19,135
2029-2033	-	-	-	-
	435,000	22,125	1,810,000	766,268
Business-type Activities:				
2009	-	-	452,962	804,015
2010	-	-	470,798	803,636
2011	-	-	489,101	802,880
2012	-	-	507,885	801,756
2013	-	-	527,170	800,359
2014-2018	-	-	2,160,770	3,238,635
2019-2023	-	-	895,000	1,614,726
2024-2028	-	-	1,185,000	1,576,303
2029-2033	-	-	575,000	613,306
	-	-	7,263,686	11,055,616
	$ 435,000	$ 22,125	$ 9,073,686	$ 11,821,884

Compensated absences typically have been liquidated by the General and Enterprise Funds.

The City is in compliance with all significant limitations and restrictions contained in the various bond indentures.

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2008.

General Obligation (Limited Tax) Medium Term Note		Total Debt	
Principal	Interest	Principal	Interest
73,000	14,039	353,000	105,107
36,500	7,019	336,500	84,412
-	-	75,000	68,768
-	-	80,000	65,768
		85,000	62,568
-	-	500,000	257,840
-	-	630,000	145,853
-	-	295,000	19,135
-	-	-	-
109,500	21,058	2,354,500	809,451
98,900	4,264	551,862	808,279
49,450	1,257	520,248	804,893
-	-	489,101	802,880
-	-	507,885	801,756
-	-	527,170	800,359
-	-	2,160,770	3,238,635
-	-	895,000	1,614,726
-	-	1,185,000	1,576,303
-	-	575,000	613,306
148,350	5,521	7,412,036	11,061,137
$ 257,850	$ 26,579	$ 9,766,536	$ 11,870,588

NOTE 12 - RETIREMENT PLAN:

Plan Description - The City of Elko contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost sharing, multiple employer, defined benefit plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement benefits, disability benefits, and death benefits, including annual cost of living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may only be amended through legislation. The Public Employees Retirement System of the State of Nevada issues a publicly available financial report that includes financial statements and required supplementary information for PERS. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Funding Policy - Plan members' benefits are funded under the employer pay contribution plan, where the City is required to contribute all amounts due under the plan. The contribution requirements of plan members and the City are established by Chapter 286 of the Nevada Revised Statutes. Funding requirements may only be amended through legislation. The City's contribution rates and amounts contributed, which equaled required contributions, for the last three years are as follows:

Fiscal Year	Regular Members	Police and Fireman	Total Contribution
2007-08	20.50%	33.50%	$ 2,236,847
2006-07	19.75%	32.00%	1,972,896
2005-06	19.75%	32.00%	1,795,806

NOTE 13 – POST RETIREMENT HEALTH INSURANCE BENEFITS:

In addition to the pension benefits described in Note 12, the City provides a subsidy for postretirement health care benefit, in accordance with NRS 287.023, to all retired employees who enroll with the Nevada Public Employees' Benefits Program. As of June 30, 2008, there were fifty-one retirees belonging to this program. Enrolled retirees pay monthly premiums for health insurance benefits directly to the program, while the City is required to subsidize the partial or total cost of the premium based incrementally on a retiree's number of years of service with the City. Expenditures for post retirement health care benefits are recognized on a monthly basis and totaled $152,648 for the 2007-08 fiscal year.

NOTE 14 - DEFERRED COMPENSATION PLAN:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

Investments are managed by the plan's trustee under one of five investment options, or a combination thereof. The choice of the investment option is made by the participants. The assets of the plan are held in trust and for the exclusive benefits of plan participants and their beneficiaries. Therefore, in accordance with GASB 32, the assets are not recorded as an Agency Fund of the City.

NOTE 15 - RISK MANAGEMENT:

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters, as are all entities.

The City has joined together with similar public agencies (cities, counties and special districts) throughout the State of Nevada to create a pool under the Nevada Interlocal Cooperation Act. The Nevada Public Agency Insurance Pool (Pool) is a public entity risk pool currently operating as a common risk management and insurance program for its members.

The City pays an annual premium and specific deductibles, as necessary, to the Pool for its general insurance coverage. The Pool is considered a self-sustaining risk pool that will provide liability coverage for its members up to $10,000,000 per event and a $13,000,000 general aggregate per member. Property, crime and equipment breakdown is provided to its members up to $300,000,000 per loss with various sublimits established for earthquake, flood, equipment breakdown and money and securities.

In addition, the City carries an airport liability policy through and a workers compensation policy through a third party carrier.

Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The City has chosen to establish a risk financing fund for risks associated with the employee's health insurance plan. The risk financing fund is accounted for as an internal service fund where assets are set aside for claim settlements. A premium is charged to each function which accounts for part-time and/or full-time employees.

Liabilities of the funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	Unpaid Claims, Beginning of Fiscal Year	Incurred Claims (Including IBNRs)	Claim Payments	Unpaid Claims, End of Fiscal Year
Self-Insurance Health				
2007-08	$ 170,364	$ 1,743,011	$(2,008,828)	$ 95,453
2006-07	208,305	1,385,556	(1,764,225)	170,364

NOTE 16 - COMMITMENTS AND CONTINGENT LIABILITIES:

There are several lawsuits filed against the City at June 30, 2008. These lawsuits are not anticipated to materially affect the City of Elko if an unfavorable outcome is received or the entity's legal counsel cannot reasonably estimate them.

On January 9, 2002 the City of Carlin, the City of Elko and Elko County entered into a cooperative agreement to provide financial resources for the water-line extension for the University of Nevada-Reno Fire Academy located on the outskirts of the City of Carlin. The project was deemed beneficial to the economy of the three governmental entities. The water line was complete in the June 30, 2003 fiscal year and is property of the City of Carlin. The project was funded by a federal grant of up to $1,000,000 obtained by the City of Carlin. This grant required matching funds of 25%. Therefore, a loan of $350,000 was obtained by the City of Carlin from the U.S. Department of Agriculture, Rural Development Agency. The cooperative agreement provides that the City of Elko and Elko County will each reimburse the City of Carlin one-third of the annual loan payment. This loan carries a maximum interest rate of 5 1/8% per year, payable over a period of 40 years in annual payments of $20,748. The City of Elko and Elko County have each agreed to pay the City of Carlin the maximum sum of $6,916 per year until the loan is paid in full or for a maximum of 40 years. A surcharge fee will be charged by the City of Carlin for every water user who connects to the new water line within a period of 40 years. The proceeds collected from this fee will be used to equally reimburse the City of Elko and Elko County for any payments made by them. The surcharge fee collected by the City of Carlin for 2007-2008 was insufficient to pay the City's portion of the loan. The City paid $6,800 to the City of Carlin.

The City has a commitment on an approved contract for the Well 43 Water Project. The total contract amount was $649,410 and $433,502 has been spent as of June 30, 2008, leaving $215,908 remaining on the contract. The project will be paid for with funds available in the Water Fund.

The City has a commitment on an approved construction contract for the 5th Street Capital Construction Project. The total contract amount was $1,397,639 and $254,044 has been spent as of June 30, 2008, leaving $1,143,595 remaining on the contract. The project will be paid for with funds available in the Capital Construction Fund.

The City has a commitment on an approved contract for the chlorine generation system at the Elko Municipal Swimming Pool for $56,445. This will be paid for with funds available in the Recreation Fund.

The City has a commitment on an approved contract for a Trimble NETR5 GNSS Base Kit for $50,458. This will be paid for with funds available in the Capital Equipment Fund.

The City has a commitment on an approved contract for the restoration of the Ernie Hall Field Parking Lot Facility for $278,125. This will be paid for with funds available in the Recreation Fund.

The City has a commitment on an approved contract for the Bomb Threat Equipment Containment Building for $128,938. This will be paid for with funds available in the Ad Valorem Capital Projects Fund.

The City has a commitment on an approved construction contract for Phase 4 of the Taxiway Relocation Project. The total contract amount was $3,888,777 and $1,639,398 has been spent as of June 30, 2008, leaving $2,249,379 remaining on the project. The project will be paid for with $3,694,338 in federal grants and funds available in the Airport Fund.

The City has a commitment on an approved contract for a Solid Waste Facility Equipment Building. The total contract amount was $549,684 and $114,419 has been spent as of June 30, 2008, leaving $435,265 remaining on the project. The project will be paid for with funds available in the Landfill Fund.

NOTE 17 – SUBSEQUENT EVENTS:

The City approved the termination of their existing self insured health insurance plan effective July 1, 2008 and enrolled active employees, retired employees, and their dependents in the Public Employees Benefit Program with the State of Nevada.

The City approved a contract to construct the Terminal Apron Reconstruction Project for $680,000. The project will be paid for with federal grants and funds available in the Airport Fund.

The City approved a contract for the Wastewater Reclamation Facility Headworks Screen Upgrade and Odor Control System Equipment Procurement Project for $148,440. The project will be paid for with funds from the Sewer Fund.

The City approved a contract for the Wastewater Reclamation Facility Scarification of the Rapid Infiltration Basins for $55,715. The project will be paid for with funds from the Sewer Fund.

The City approved a contract for the Wastewater Reclamation Facility Headworks Pipeline Valve and Fittings Project for $57,922. The project will be paid for with funds from the Sewer Fund.

The City approved a contract for the Wastewater Reclamation Facility Pipeline Materials for the Effluent Line Replacement Project for $698,056. The project will be paid for with funds from the Sewer Fund.

The City approved a contract to construct the Aircraft Rescue Fire Fighter Building for $608,429. The project will be paid for with funds with funds from a federal grant and funds from the Airport Fund.

The City approved a contract for engineering for the Wastewater Reclamation Facility Reuse Site Land Expansion Project for $104,232. The project will be paid for with funds from the Sewer Fund.

The City approved a contract for the Elko Municipal Swimming Pool replaster project for $89,600. The equipment will be paid for with funds from the Recreation Fund.

The City approved a contract for the three fully equipped patrol cars and one animal control car for $132,226. This project will be paid for with funds from the Capital Equipment Fund.

The City awarded an engineering contract for the Wastewater Reclamation Facility 10 Year Master Plan not to exceed $105,000. The project will be paid for with funds available in the Sewer Fund.

APPENDIX B

BOOK-ENTRY ONLY SYSTEM

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APPENDIX B

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and Paying Agent and request that copies of notices be provided directly to them. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the Bonds will be made to Cede& Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Registrar on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar and Paying Agent or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest or redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof. SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

The City and the Registrar and Paying Agent may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purpose of payment of the principal of or interest or premium, if any, on the Bonds, giving any notice permitted or required to be given to registered owners under the Bond Ordinance, including any notice of redemption, registering the transfer of Bonds, obtaining any consent or other action to be taken by registered owners and for all other purposes whatsoever, and will not be affected by any notice to the contrary. The City and the Registrar and Paying Agent will not have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Direct Participant, Indirect Participant or other person not shown on the records of the Registrar as being a registered owner with respect to: the accuracy of any records maintained by DTC, any DTC Direct Participant or Indirect Participant regarding ownership interests in the Bonds; the payment by DTC, any DTC Direct Participant or Indirect Participant of any amount in respect of the principal of or interest or premium, if any, on the Bonds; the delivery to any DTC Direct Participant, Indirect Participant or any Beneficial Owner of any notice which is permitted or required to be given to registered owners under the Authorizing Document, including any notice of redemption; the selection by DTC, any DTC Direct Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC as a registered owner.

As long as the DTC book-entry system is used for the Bonds, the Registrar and Paying Agent will give any notice of redemption or any other notices required to be given to registered owners of Bonds only to DTC or its nominee. Any failure of DTC to advise any DTC Direct Participant, of any DTC Direct Participant to notify any Indirect Participant, of any DTC Direct Participant or Indirect Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity of the redemption of the Bonds called for redemption or of any other action premised on such notice.

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APPENDIX C

FORM OF APPROVING OPINION OF BOND COUNSEL

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APPENDIX C

FORM OF APPROVING OPINION OF BOND COUNSEL

[closing date]

City of Elko, Nevada
1751 College Avenue
Elko, Nevada 89801

$________	**$________**
City of Elko, Nevada	**City of Elko, Nevada**
General Obligation (Limited Tax)	**General Obligation (Limited Tax)**
Airport Refunding Bonds	**Airport Refunding Bonds**
(Additionally Secured by Pledged Revenues)	**(Additionally Secured by Pledged Revenues)**
Series 2009A	**Series 2009B**

Ladies and Gentlemen:

We have acted as bond counsel to the City of Elko, Nevada (the "City" and the "State," respectively), in connection with its issuance of the "City of Elko, Nevada, General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009A" in the aggregate principal amount of $________ (the "2009A Bonds") and the "City of Elko, Nevada, General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009B" in the aggregate principal amount of $________ (the "2009B Bonds" and together with the 2009A Bonds, the "Bonds"), pursuant to an authorizing ordinance adopted and approved by the City Council of the City on November __, 2009 (the "Ordinance"). In such capacity, we have examined the City's certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Ordinance.

Regarding questions of fact material to our opinions, we have relied upon the certified proceedings and other representations and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The Bonds constitute the valid and binding limited tax general obligations of the City.

2. All of the taxable property in the City is subject to the levy of annual general (ad valorem) taxes to pay the Bonds, subject to the limitations imposed by the Constitution and laws of the State.

3. As provided in the Ordinance and in accordance with the provisions of NRS 361.463, taxes levied for the payment of the bonded indebtedness (including the Bonds) of all overlapping units within the boundaries of the City (i.e., the State, the City, and any other political subdivision therein) and for the payment of interest on such indebtedness enjoy a priority over taxes levied by each such unit (including, without limitation, the State and the City) for all other purposes (subject to any exception implied by law for the exercise of the police power) where reduction is necessary in order to comply with NRS 361.453.

4. The Bonds are additionally secured by and payable from the Pledged Revenues. The Ordinance creates a valid lien on the Pledged Revenues pledged therein for the security of the Bonds subject to the lien of any Superior Securities hereafter issued, on a parity with the lien of any Parity Securities hereafter issued and subordinate to the lien of any Subordinate Securities hereafter issued. The Ordinance also creates a valid lien on the Bond Fund. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Pledged Revenues securing the Bonds or on the funds and accounts created by the Ordinance.

5. Interest on the Bonds, except for interest on any 2009B Bond for any period during which it is held by a "substantial user" of the facilities financed with the 2009B Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; and interest on the 2009A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; however interest on the 2009B Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the City's certified proceedings and in certain other documents and certain other certifications furnished to us.

6. Under laws of the State in effect as of the date hereof, the Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

The opinions expressed in this opinion letter are subject to the following:

The obligations of the City pursuant to the Bonds and the Ordinance are subject to the application of equitable principles, to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State, and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including without limitation, bankruptcy powers.

The 2009A Bonds have been designated by the City as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Tax Code.

In expressing the opinions above, we are relying, in part, on a report of independent certified public accountants verifying the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay when due, at stated maturity or upon prior redemption, all principal of, any prior redemption premiums, and interest on the Refunded Bonds.

In this opinion letter rendered in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not passing upon the accuracy, adequacy or completeness of the Official Statement relating to the Bonds or any other statements made in connection with any offer or sale of the Bonds or upon any state or federal tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Bonds, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to revise or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Elko, Nevada (the "Issuer") in connection with the issuance of its General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009A in the aggregate principal amount of $____________ (the "2009A Bonds") and its General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009B (the "2009B Bonds" and together with the 2009A Bonds, the "Bonds"). The Bonds are being issued pursuant to an ordinance adopted by the City Council of the Issuuer on __________, 2009 (the "Ordinance"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission (the "SEC").

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture or parenthetically defined herein, which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Dissemination Agent" means, initially, the Issuer, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Material Events" means any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board. As of the date hereof, the MSRB's required method of filing is electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at http://emma.msrb.org.

"Official Statement" means the Final Official Statement dated __________, 2009 relating to the Bonds.

"Participating Underwriter" means the original underwriter of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's fiscal year of each year, commencing nine (9) months following the end of the Issuer's fiscal year ending June 30, 2009, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be sent a notice in substantially the form attached as Exhibit A to the MSRB.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the tables on page –viii- of the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the MSRB's Internet Web Site or filed with the SEC. The Issuer shall clearly identify each such document incorporated by reference.

SECTION 5. Reporting of Material Events. The Issuer shall provide or cause to be provided, in a timely manner, notice of any of the following events with respect to the Bonds, if such event is material to the MSRB:

(a) Principal and interest payment delinquencies;

(b) Non-payment related defaults;

(c) Unscheduled draws on debt service reserves reflecting financial difficulties;

(d) Unscheduled draws on credit enhancements reflecting financial difficulties;

(e) Substitution of credit or liquidity providers or their failure to perform;

(f) Adverse tax opinions or events affecting the tax-exempt status of the Bonds;

(g) Modifications to rights of bondholders;

(h) Bond calls;

(i) Defeasances;

(j) Release, substitution or sale of property securing repayment of the Bonds; or

(k) Rating changes.

SECTION 6. Electronic Format and Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate shall be in electronic format as prescribed by MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the earliest of: (i) the date of legal defeasance, prior redemption or payment in full of all of the Bonds; (ii) the date that the Issuer shall no longer constitute an "obligated person" within the meaning of the Rule; or (iii) the date on which those portions of the Rule which require this written undertaking are held to be invalid by a court of competent jurisdiction in a non-appealable action, have been repealed retroactively or otherwise do not apply to the Bonds.

SECTION 8. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist the Issuer in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and may waive any

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's fiscal year of each year, commencing nine (9) months following the end of the Issuer's fiscal year ending June 30, 2009, provide to the MSRB in an electronic format as prescribed by the MSRB, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than five (5) business days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send or cause to be sent a notice in substantially the form attached as Exhibit A to the MSRB.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the appropriate electronic format prescribed by the MSRB;

(2) if the Dissemination Agent is other than the Issuer, send written notice to the Issuer at least 45 days prior to the date the Annual Report is due stating that the Annual Report is due as provided in Section 3(a) hereof; and

(3) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the entities to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles audited by a firm of certified public accountants. If audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report and audited financial statements will be provided when and if available.

(b) An update of the type of information identified in Exhibit B hereto, which is contained in the tables on page –viii- of the Official Statement with respect to the Bonds.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which are

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	City of Elko, Nevada
Name of Bond Issue:	General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009A and General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009B
CUSIP Numbers:	___________________
Date of Issuance:	___________________

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Ordinance of the Issuer authorizing the issuance of the above-named Bonds and the Continuing Disclosure Certificate executed on ____________, 2009, by the Issuer. The Issuer anticipates that the Annual Report will be filed by _______________________.

Dated: _______________, _____

CITY OF ELKO, NEVADA

By:____
Its:

EXHIBIT B

TABLES

Note: Tables marked with an (*) include Annual Financial Information to be updated pursuant to SEC Rule 15c2-12, as amended.

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE
BOND ORDINANCE

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APPENDIX E

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

This Appendix E includes definitions of some of the terms used in this Official Statement and the Bond Ordinance and summaries of certain provisions of the Bond Ordinance. Such statements do not purport to be complete and reference is made to the actual provisions of the Bond Ordinance for a complete recitation of its terms. Copies of the Bond Ordinance may be obtained from the sources listed in "INTRODUCTION--Additional Information" in this Official Statement. The following is a brief summary of certain provisions of the Bond Ordinance and is qualified in its entirety by the provisions of the Bond Ordinance itself.

Definitions

As used in the Bond Ordinance, the following terms shall, for all purposes, have the following meanings, except where the context by clear implication otherwise requires:

"**Airport Gross Revenues**" means all income and revenues received or accrued under generally accepted accounting principles derived directly or indirectly by the City from the operation and use of and otherwise pertaining to the Airport System, including, without limitation, all rentals, fees, and other charges for the use of the Airport System, or for any service rendered by the City in the operation thereof, PFC Revenues, interest and other gain from any investment of moneys accounted for in the various accounts provided in the Bond Ordinance (other than a construction fund, acquisition fund or any other like account pertaining to securities payable from Pledged Revenues or any other like account as provided in the Bond Ordinance), any loss-of-use insurance proceeds, and any surplus proceeds of bonds or other unrestricted surplus moneys credited to the Airport Fund, but

(a) Excluding any moneys borrowed and used for the acquisition of capital improvements;

(b) Excluding any moneys received as grants, appropriations, or gifts from the United States, the State, or other sources, the use of which is limited by the grantor or donor to the construction of capital improvements for the Airport System, except to the extent any such moneys shall be received as payments for the use of the Airport System; and

(c) Excluding any revenues derived from any Special Facilities other than ground lease rentals pertaining to such Special Facilities located at the Airport System and any moneys paid to the City in lieu of such ground rentals, so long as the Special Facilities Bonds pertaining thereto are Outstanding.

"**Airport System**" means the municipal airport system of the City, consisting of all properties, real, personal, mixed or otherwise, now owned or after acquired by the City through purchase, construction or otherwise, and used in connection with such system of the City, and in any way pertaining thereto, whether or not located within or without or both within and without the boundaries of the City, including, without limitation, machinery, apparatus, structures, buildings and related or appurtenant furniture, fixtures and other equipment, as such system is from time to time extended, bettered or otherwise improved, or any combination thereof.

"**Bond Act**" the Local Government Securities Law, being cited as NRS 350.500 through 350.720.

"**Bond Requirements**" means the principal of, any prior redemption premiums due in connection with, and the interest on the Bonds and any additional bonds or other additional securities payable from Pledged Revenues and issued, if any, or such part of such securities or such other securities pertaining to the Airport System as may be designated, as such principal, any such premiums, and such interest become due.

"**Bond Year**" means the 12 month period commencing on October 2 of a calendar year and ending on October 1 of the following calendar year.

"**Bonds**" means, collectively, the 2009A Bonds and the 2009B Bonds.

"**1999 Bonds**" means, collectively, the 1999A Bonds and the 1999B Bonds.

"**1999A Bonds**" means the City of Elko, Nevada, General Obligation (Limited Tax) Airport Improvement Bonds (Additionally Secured by Pledged Revenues), Series 1999A.

"**1999B Bonds**" means the City of Elko, Nevada, General Obligation (Limited Tax) Airport Improvement Bonds (Additionally Secured by Pledged Revenues), Series 1999B.

"**2009A Bonds**" means the City of Elko, Nevada, General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009A, authorized and issued pursuant to the Bond Ordinance.

"**2009B Bonds**" means the city of Elko, Nevada, General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009B, authorized and issued pursuant to the Bond Ordinance.

"**Certificate of Manager**" means the certificate executed by the Administrative Services Director or designee on or before the date of closing on the Bonds.

"**Commercial Bank**" means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation.

"**Cost of the Project**" means all or any part designated by the Council for the cost of the Project, or interest therein, which cost, at the option of the Council, except as limited by law, may include all or any part of the incidental costs relating to the Project, including, without limitation and to the extent each such cost or expense otherwise constitutes an "allowable cost" as such term is defined in the PFC Regulations Section 158.3:

(a) Preliminary expenses advanced by the City from money available for use therefor, or advanced by the Federal Government, or from any other source, with the approval of the Council;

(b) The costs of appraising, printing, estimates, advice, services of engineers, architects, accountants, financial consultants, attorneys at law, clerical help or other agents or employees;

(c) The costs of making, publishing, posting, mailing and otherwise giving any notice in connection with the Project, the filing or recordation of instruments, the taking of options, the issuance of the Bonds and any other securities relating to the Project and bank fees and expenses;

(d) The costs of contingencies;

(e) The costs of the capitalization with the proceeds of the Bonds or other securities relating to the Project of any operation and maintenance expenses appertaining to the Project and of any interest on the Bonds or other securities relating to the Project for any period not exceeding the period estimated by the Council to effect the Project plus one year, of any discount on the Bonds or such other securities, and of any reserves for the payment of the principal of and interest on the Bonds or such other securities, of any replacement expenses, and of any other cost of the issuance of the Bonds or such other securities;

(f) The costs of amending any ordinance or other instrument authorizing the issuance of or otherwise appertaining to outstanding bonds or other securities of the City;

(g) The costs of funding any medium-term financing, construction loans and other temporary loans of not exceeding ten years appertaining to the Project and of the incidental expenses incurred in connection with such loans;

(h) The administrative expenses and issuance costs of Bonds; and

(i) All other expenses necessary or desirable and appertaining to the Project, as estimated or otherwise ascertained by the Council including rebates to the United States under Section 148 of the Tax Code.

"**Escrow Agreement**" means the Escrow Agreement between the City and the Escrow Bank.

"**Escrow Bank**" means U.S. Bank National Association, appointed and serving as escrow agent under the Escrow Agreement.

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

"**Federal Securities**" means bills, certificates of indebtedness, notes, bonds or similar securities which are direct obligations of, or the principal and interest of which securities are unconditionally guaranteed by, the United States.

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

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

"**Net Rent Lease**" means a lease of property or facilities pertaining to the Airport System or Special Facilities entered into by the City pursuant to which the lessee or licensee agrees to pay to the City rentals during the term thereof, and to pay in addition all Operation and Maintenance Expenses pertaining to the leased facilities, including, without limitation, maintenance costs, insurance, and all property taxes and assessments now or after lawfully levied, commonly known in the real estate business as a "100% net rental lease."

"**Net Revenues**" means the Airport Gross Revenues remaining after the deduction of Operation and Maintenance Expenses.

"**Operation and Maintenance Expenses**" means all reasonable and necessary current expenses of the City, paid or accrued, of operating, maintaining and repairing the Airport System, including, without limitation:

(a) engineering, auditing, reporting, legal and other overhead expenses relating to the administration, operation and maintenance of the Airport System;

(b) fidelity bond and property and liability insurance premiums pertaining to the Airport System or a reasonably allocable share of a premium of any blanket bond or policy pertaining to the Airport System;

(c) payments to pension, retirement, health and hospitalization funds, and other insurance and to any self-insurance fund as insurance premiums not in excess of such premiums which would otherwise be required for such insurance;

(d) any general taxes, assessments, excise taxes or other charges which may be lawfully imposed upon the City, the Airport System, revenues therefrom or the City's income from or operations of any properties under its control and pertaining to the Airport System, or any privilege in connection with the Airport System or its operations;

(e) the reasonable charges of any Paying Agent or Registrar and any depository bank pertaining to the Bonds or any other securities payable from Airport Gross Revenues or otherwise pertaining to the Airport System;

(f) contractual services, professional services, salaries, other administrative expenses and costs of materials, supplies, repairs and labor pertaining to the Airport System or to the issuance of the Bonds, or any other securities relating to the Airport System, including, without limitation, the expenses and compensation of any receiver or other fiduciary under the Bond Act;

(g) the costs incurred by the Council in the collection and any refunds of all or any part of Airport Gross Revenues;

(h) any costs of utility services furnished to the Airport System;

(i) any lawful refunds of any Airport Gross Revenues; and

(j) all other administrative, general and commercial expenses pertaining to the Airport System;

but excluding:

(i) any allowance for depreciation;

(ii) any costs of extensions, enlargements, betterments and other improvements, or any combination thereof;

(iii) any reserves for major capital replacements, other than normal repairs;

(iv) any reserves for operation, maintenance or repair of the Airport System;

(v) any allowance for the redemption of any Bond or other security or the payment of any interest thereon or any prior redemption premium due in connection therewith;

(vi) any liabilities incurred in the acquisition or improvement of any properties comprising any project or any existing facilities, or any combination thereof, pertaining to the Airport System, or otherwise; and

(vii) any liabilities imposed on the City for any ground legal liability not based on contract, including, without limitation, negligence in the operation of the Airport System.

"**Outstanding**" when used with reference to the Bonds or any other designated securities payable from Pledged Revenues and as of any particular date means all of the Bonds in any manner theretofore and thereupon being executed and delivered:

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

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

(c) Except any Bond or other security in lieu of or in substitution for which another Bond or other security shall have been executed and delivered.

"**Parity Securities**" means securities of the City pertaining to the Airport System and payable from and secured by Pledged Revenues on a parity with the Bonds, to the extent issued in accordance with the terms, conditions and limitations of the Bond Ordinance and, where the context requires.

"**Paying Agent**" means U.S. Bank National Association or any successor thereto as paying agent for the Bonds.

"**Person**" means a corporation, firm, other body corporate (including, without limitation, the Federal Government, the State or any other body corporate and politic other than the City), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

"**PFC Act**" means the Aviation Safety and Capacity Expansion Act of 1990, Pub. L. 101-508, Title IX, Subtitle B, Sections 9110 and 9111, as amended from time to time.

"**PFC Regulations**" means Part 158 of the Federal Aviation Regulations (14 CFR Part 158), as amended from time to time, and any other regulation issued with respect to the PFC Act.

"**PFC Revenues**" means all income and revenue received by or required to be remitted to the City from the passenger facility charges imposed by the City pursuant to the PFC Act, the PFC Regulations and City Ordinance No. 497 adopted on January 24, 1998, including any interest earned after such charges have been remitted to the City as provided in the PFC Regulations, all of which may be pledged to the Bonds pursuant to the PFC Act and PFC Regulations § 158.13; provided, that solely for purposes of §§ 26, 36 and 47(A)(2) of the Bond Ordinance, the term "PFC Revenues" for purposes of Airport Gross Revenues also includes any interest or other gain in any of the accounts designated in the Bond Ordinance (other than, for purposes of § 47(A)(2) of the Bond Ordinance, the Acquisition Fund) resulting from any investments and reinvestments of the proceeds of the Bonds or the proceeds of any other bonds or securities payable from PFC Revenues. PFC Revenues means all or a portion of the PFC Revenues. The designated term indicates sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification.

"**Pledged Revenues**" means collectively the Net Revenues and the 2% tax.

"**Project**" means the refunding of the Refunded Bonds.

"**Purchaser**" means the lawful purchaser of the Bonds designated in the Certificate of the Manager.

“**2009 Rebate Fund**” means the special and separate account create in the Bond Ordinance and designated as the “City of Elko, General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009, Rebate Fund.”

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

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

“**Refunded Bonds**” means all or a portion of the 1999 Bonds as designated in the Escrow Agreement.

“**Registrar**” means U.S. Bank National Association or any successor thereto as registrar for the Bonds.

“**Special Facilities**” means structures, hangars, aircraft overhaul, maintenance, or repair shops, heliports, hotels, storage facilities, garages, other facilities, and appurtenances, being a part of or related to the Airport System, the cost of the construction or other acquisition of which Special Facilities is financed with the proceeds of Special Facilities Bonds issued pursuant to the Bond Ordinance.

“**Special Facilities Bonds**” means the bonds or other securities payable solely from all or a portion of the rentals received pursuant to a Net Rent Lease or Net Rent Leases pertaining to Special Facilities as provided in the Bond Ordinance.

“**Subordinate Securities**” means securities of the City pertaining to the Airport System and payable from and secured by all or a portion of the Pledged Revenues subordinate and junior to the pledge thereof to the Bonds, to the extent issued in accordance with the terms, conditions and limitations of the Bond Ordinance.

“**Superior Securities**” means securities of the City pertaining to the Airport System and payable from and secured by all or a portion of the Pledged Revenues superior to the Pledge thereof to the Bonds; provided, however, that such securities shall not be issued as general obligations.

“**2% Tax**” means the 2% of the gross income actually received, excluding the lodging tax, of each licensee of transient lodging rentals deposited into the Elko Regional Airport Debt Service Transient Lodging Tax Fund, including interest and penalties, but excluding the reasonable and actual costs of the collection of the 12% Tax. In clarification of the foregoing term: (i) all investment income from any fund or account established hereunder, shall be treated as a part of the Pledged Revenues; and (ii) with respect to the Pledged Revenues, nothing in the

Bond Ordinance shall be deemed to be an assignment or pledge of any other license taxes other than 2% Tax

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

"**Trust Bank**" means a "commercial bank", which bank is authorized to exercise and is exercising trust powers, and also means any branch of Federal Reserve Bank.

Bonds Equally Secured

The covenants and agreements set forth in the Bond Ordinance to be performed shall be for the equal benefit, protection and security of the owners of any and all of the outstanding Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction except as otherwise expressly provided in or pursuant to the Bond Ordinance.

General Obligations

All of the Bonds, as to the Bond Requirements, shall constitute general obligations of the City, which pledges its full faith and credit for their payment. So far as possible, Bond Requirements shall be paid from the Pledged Revenues. However, the Bonds as to all Bond Requirements shall also be payable from the General Taxes (except to the extent that other moneys such as Pledged Revenues are available therefor) as provided in the Bond Ordinance.

Pledge Securing Bonds

Subject only to the provisions of the Bond Ordinance permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Bond Ordinance, there are additionally pledged to secure the payment of principal of and interest on the Bonds in accordance with their terms and the provisions of the Bond Ordinance, all of the Pledged Revenues and the amounts on deposit in the Bond Fund. The pledge shall be valid and binding from and after the date of the delivery of the Bonds; and the Pledged Revenues, as received by the City, and the amounts on deposit in the Bond Fund, shall immediately be subject to the lien of this pledge without any physical delivery thereof, any filing or further act; and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the City (except as otherwise provided in the Bond Ordinance) irrespective of whether such parties have notice thereof. The lien of the pledge and the obligation to perform the contractual provisions in the Bond Ordinance made shall have priority over any and all other obligations and liabilities of the City payable from the Pledged Revenues, except as otherwise provided in the Bond Ordinance. The Bonds shall be equitably and ratably secured by the Pledged Revenues under the Bond Ordinance and amounts on deposit in the Bond Fund; and the Bonds are not entitled to any priority one over the other in the application of Pledged Revenues.

Flow of Funds

So long as any of the Bonds shall be Outstanding as to any Bond Requirements, the entire Airport Gross Revenues (except the PFC Revenues and the 2% Tax as provided below in this section) of the Airport System upon their receipt from time to time by the City shall be set aside and credited immediately to a special account designated as the "City of Elko Airport Fund" (the "Airport Fund"); the PFC Revenues shall be set aside and credited to a special subaccount designated as the "PFC Revenue Subaccount"; and the 2% Tax shall be set aside and credited to a special subaccount created and designated as the "2% Tax Revenue Subaccount" so long as any of the Bonds shall be Outstanding as to any Bond Requirements each Fiscal Year, the Airport Fund shall be administered and the moneys on deposit in the Airport Fund shall be applied in the order of priority specified in the Bond Ordinance and as described in this section.

Moneys in the PFC Subaccount and the 2% Tax Revenue Subaccount shall be used as set forth in the Bond Ordinance to make payments required (i) by the Bond Ordinance into the Bond Fund (any similar fund established for additional securities payable from PFC Revenues), (ii) by the Bond Ordinance into the Rebate Fund (any similar fund established for additional securities payable from PFC Revenues and/or the 2% Tax), (iii) to be deposited into any reserve fund for any additional securities payable from PFC Revenues), and (iv) for any one or any combination of lawful purposes relating to the Project, or otherwise, as the City may from time to time determine with respect to amounts in the 2% Tax Revenue Subaccount, and as the City may from time to time determine and as shall be permitted by the PFC Act and the PFC Regulations with respect to amounts in the PFC Subaccount.

First as a first charge on the Airport Fund but not from any moneys in the PFC Subaccount and the 2% Tax Revenue Subaccount so long as any of the Bonds shall be outstanding as to any Bond Requirements, there shall be set aside in and credited to a separate account from time to time and known as the City of Elko Airport System Operation and Maintenance Fund (the "Airport System Operation and Maintenance Fund") money sufficient to pay operation and maintenance expenses of the Airport System, such operation and maintenance expenses of the Airport System are to be as budgeted and approved in accordance with the Budget Act and as such expenses become due and payable thereupon they shall be promptly paid; any surplus remaining at the end of the fiscal year and not needed for operation and maintenance expenses of the Airport System hall be transferred to the Airport Fund and shall be used for the purposes thereof as provided in the Bond Ordinance.

Second, any moneys thereafter remaining in the Airport Fund may be used by the City for the payment of the principal of and interest on, and payments to the United States required by Section 148(f) of the Tax Code with respect to, Superior Securities, if any; and may be used to create reasonable reserves for such securities.

Third, from any moneys thereafter remaining in the Airport Fund, i.e., from the Pledged Revenues and concurrent with transfers to the bond funds created with respect to any Parity Securities, there shall be transferred and credited to the Bond Fund, the following:

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

(2) Monthly, commencing on the first day of the month immediately succeeding the delivery date of the Bonds, an amount in equal monthly installments necessary, together with any other moneys from time to time available therefor from whatever source, to pay the next maturing installment of principal on the Outstanding Bonds, and monthly thereafter, commencing on each principal payment date, one twelfth of the amount necessary to pay the next maturing installments of principal of the Outstanding Bonds. The money credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds as such Bond Requirements become due.

Fourth, after the aforementioned deposits, and from the Pledged Revenues there shall be transferred and credited to the 2009 Rebate Fund and to any other fund or account established for payment of amounts due the United States under Section 148(f) of the Tax Code in connection with any Parity Securities such amounts as are required to be deposited therein to meet the City's obligations under the covenant contained in the Bond Ordinance in accordance with Section 148(f) of the Tax Code. Such deposits shall be made at such times as are required by Section 148(f) of the Tax Code and such covenant and amounts in the 2009 Rebate Fund shall be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the 2009 Rebate Fund in excess of those required to be on deposit therein may be withdrawn therefrom and deposited into the Airport Fund.

Fifth, any moneys thereafter remaining in the Airport Fund may be used by the City for the payment of the principal of and interest on, and payments to the United States required by Section 148(f) of the Tax Code with respect to, Subordinate Securities; and may be used to create reasonable reserves for such securities.

Sixth, any moneys thereafter remaining in the Airport Fund (excluding amounts in the PFC Subaccount) may be used by the City at the end of any fiscal year of the City, or whenever there shall have been credited all amounts required to be deposited in the respective foregoing separate accounts for all of that fiscal year, for any lawful purposes of the City, as the Council may from time to time determine, including, without limitation, for the creation of operation and maintenance reserves and capital reserves, the payment of capital costs and major maintenance costs of the Airport System, to pay any other obligations pertaining to the Airport System or otherwise.

Any moneys thereafter remaining in the PFC Subaccount may be used by the City at the end of any fiscal year of the City, or whenever there shall have been credited all amounts required to be deposited in the respective foregoing separate accounts for all of that fiscal year, for any one or any combination of lawful purposes relating to the Project, or otherwise, as the City may from time to time determine, and as shall be permitted by the PFC Act and the PFC Regulations.

No payment need be made into the Bond Fund if the amounts in that fund total a sum at least equal to the entire amount of the Outstanding Bonds as to all Bond Requirements to their respective maturities both accrued and not accrued, in which case moneys in such Fund in an amount, except for any interest or other gain to accrue from any investment of moneys in Federal Securities from the time of any such investment to the time or respective times the proceeds of any such investment or deposit shall be needed for such payment, at least equal to such Bond Requirements, shall be used, together with any such gain from such investments, solely to pay such Bond Requirements as the same become due.

The Bonds and any Parity Securities from time to time outstanding shall be equally and ratably secured by the pledge of Airport Gross Revenues shall not be entitled to any priority one over the other in the application of the Airport Gross Revenues regardless of the time or times of the issuance of the Bonds and any Parity Securities.

If at any time the City shall for any reason fail to pay into the Bond Fund or the Rebate Fund the full amount above stipulated from the Pledged Revenues, then an amount shall be paid first into the Bond Fund and second into the Rebate Fund at such time equal to the difference between that paid from the Pledged Revenues and the full amount so stipulated. If any Parity Securities are outstanding, and if the proceedings authorizing issuance of those securities require the replacement of moneys in a bond fund, reserve fund or rebate fund therefor, then the moneys replaced in such funds shall be replaced on a pro rata basis related to the principal amount of the then outstanding Bonds and the then outstanding Parity Securities, as moneys become available therefor, first into all of such bond and reserve funds and second into all such rebate funds.

Issuance of Parity Securities

Nothing in the Bond Ordinance, except as expressly provided therein, shall prevent the issuance by the City of additional securities payable from all or a portion of the Pledged Revenues and constituting a lien thereon on a parity with, prior or superior to, the lien thereon of the Bonds, provided, however, that the following are express conditions to the authorization and issuance of any such Parity Securities:

(1) At the time of adoption of the instrument authorizing the issuance of the additional Parity Securities, the City shall not be in default in the payment of principal of or interest on the Bonds.

(2) The Pledged Revenues (subject to adjustments as provided below) projected by the City Manager, the Administrative Services Director, City

Engineer or an Independent Accountant or consulting engineer to be derived in the later of (i) the Fiscal Year immediately following the Fiscal Year in which the facilities to be financed with the proceeds of the additional Parity Securities are projected to be completed or (ii) the first Fiscal Year for which no interest has been capitalized for the payment of any Parity Securities, including the Parity Securities proposed to be issued, will be sufficient to pay at least an amount equal to the principal and interest requirements (to be paid during that Fiscal Year) of the Outstanding Bonds, any other Outstanding Parity Securities, any Outstanding Superior Securities and the Parity Securities proposed to be issued (excluding any reserves therefor).

In any determination of whether or not additional Parity Securities may be issued in accordance with the foregoing earnings test, consideration shall be given to any probable estimated increase or reduction in Operation and Maintenance expenses that will result from the expenditure of the funds proposed to be derived from the issuance and sale of the additional Parity Securities.

In any determination of whether or not additional Parity Securities may be issued in accordance with the foregoing earnings test, the respective annual principal (or redemption price) and interest requirements shall be reduced to the extent such requirements are scheduled to be paid with moneys held in trust or in escrow for that purpose by any trust bank within or without the State, including the known minimum yield from any investment in Federal Securities.

A written certificate or written opinion by the City Manager, the Administrative Services Director, the City Engineer, or an independent accountant or consulting engineer that the foregoing earnings test is met shall be conclusively presumed to be accurate in determining the right of the City to authorize, issue, sell and deliver additional Parity Securities.

In connection with the authorization of any such additional securities the Council may on behalf of the City adopt any additional covenants or agreements with the holders of such additional securities; provided, however, that no such covenant or agreement may be in conflict with the covenants and agreements of the City in the Bond Ordinance and no such covenant or agreement may be materially adverse to the interests of the holders of the Bonds. Any finding of the Council to the effect that the foregoing requirements are met shall, if made in good faith, conclusively establish that the foregoing requirements have been met for purposes of the Bond Ordinance.

Subordinate Securities

Nothing in the Bond Ordinance, subject to the limitations stated therein, shall prevent the City from issuing additional securities payable from all or a portion of the Pledged Revenues and constituting a lien thereon subordinate to the lien thereon of the Bonds and any outstanding Parity Securities.

Superior Securities

Nothing in the Bond Ordinance permits the issuance of general obligation (limited tax) (additionally secured by pledged revenues) securities having a lien on all or a portion of the Pledged Revenues superior to the lien thereon of the Bonds. Nothing shall prevent the City from issuing additional securities payable from all or any part of the Pledged Revenues, including, but not limited to, PFC Revenues, and constituting a lien thereon superior to the lien thereon of the Bonds and any outstanding Parity Securities

Refunding Securities

At any time after the Bonds, or any part thereof, are issued and remain Outstanding, if the City shall find it desirable to refund any Outstanding Bonds or other Outstanding Parity or Subordinate Securities, such Bonds or other securities, or any part thereof, may be refunded only if the Bonds or other securities at the time or times of their required surrender for payment shall then mature or shall be then callable for prior redemption for the purpose of refunding them at the City's option upon proper call, unless the owner or owners of all such Outstanding securities consent to such surrender and payment, regardless of whether the priority of the lien for the payment of the refunding securities on the Airport Gross Revenues is changed (except as provided in the Bond Ordinance with respect to superior securities).

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

Any refunding bonds or other refunding securities payable from any Airport Gross Revenues shall be issued with such details as the Council may by ordinance provide, subject to the provisions of this section but without any impairment of any contractual obligation imposed upon the City by any proceedings authorizing the issuance of any unrefunded portion of the Outstanding securities of any one or more issues (including, without limitation, the Bonds).

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

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

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

(3) Unless the refunding bonds or other refunding securities are issued in compliance with the Bond Ordinance with respect to additional parity securities.

Special Facilities

The City may enter into contracts pursuant to which the City will agree to construct Special Facilities related to the Airport System to be financed by the issuance of special obligation bonds or other special obligation securities in accordance with the Bond Ordinance as described in this section (the "Special Facilities" and "Special Facilities Bonds," respectively); and the City may lease such facilities upon the conditions provided in the Bond Ordinance as described in this section.

Special Facilities shall not be constructed and leased for use or occupation under contracts which would provide services, facilities, or supplies whenever such services, facilities, or supplies may be adequately and efficiently made available to the users of the Airport System through the then existing improvements at the Airport System, the revenues from which are required under the Bond Ordinance to be deposited in the Airport Fund; and the City shall not construct and lease any such Special Facilities, the use and occupation of which would result in a reduction of Pledged Revenues below the minimum required to be maintained as provided in the Bond Ordinance.

A Net Rent Lease shall be entered into between the parties to such contract pursuant to which the lessee agrees to pay to the City fixed rentals in periodic installments in each year during the term thereof which shall be sufficient to pay the Bond Requirements of the Special Facilities Bonds to be issued by the City pursuant to the provisions of the Bond Ordinance to pay the cost of the construction, other acquisition, improvement, or equipment, or all or any other combination thereof, of the Special Facilities.

A second Net Rent Lease for the same term as that provided in the lease entered into under the provisions of the Bond Ordinance shall be entered into between the parties to such contract providing for additional rentals for the ground upon which such facilities are located, which lease shall provide for rental payments to the City payable in periodic installments. Such ground rentals shall be firm for the term of the lease entered into under the Bond Ordinance, lease may include provisions for increasing (but not decreasing) such ground rentals during the lease term. When initially established, such ground rental shall not be less than the ground rental for similar ground area then in effect at the Airport System under the schedule established by the Executive Director. All such ground rental payments shall be payable into the Airport Fund.

The City may issue Special Facilities Bonds for the purpose of constructing, otherwise acquiring, improving, or equipping, or all or any other combination thereof, Special Facilities at the Airport System for lease pursuant to the provisions of the Bond Ordinance and subject to the limitations, if any, imposed by the laws pertaining to such leases or the Airport

System. Such Special Facilities Bonds shall be payable solely from all or a part of the rentals under one or more Net Rent Leases payable to the City pursuant to the Bond Ordinance, and shall not be a charge or claim against the Airport Fund, the Bond Fund or the Rebate Fund. After such Special Facilities Bonds have been fully paid and retired or are otherwise no longer Outstanding, all revenues derived from the leasing or other operation or use of such Special Facilities shall be a part of the Airport Gross Revenues of the City derived from the operation of the Airport System, and shall be applied by the City in accordance with the Bond Ordinance, and all costs of operating and maintaining such facilities paid by the City shall be considered as Operation and Maintenance Expenses of the Airport System under the provisions of the Bond Ordinance, and such facilities shall be a part of the Airport System.

Rate Maintenance Covenant

The City shall adopt, from time to time revise, and continue in effect, directly or through leases and other agreements or licenses, a schedule of rentals, fees, and other charges for the use of the Airport System as may be necessary or proper in order that the amount of the Airport Gross Revenues annually which, together with any other funds available therefore, including the 2% Tax, will be in each Fiscal Year of the City at least equal to the sum of:

(1) an amount equal to the annual Operation and Maintenance Expenses for such Fiscal Year;

(2) an amount equal to the debt service due in such Fiscal Year on the then Outstanding Bonds, any outstanding Superior Securities and any Outstanding Parity Securities; and

(3) any other amounts payable from the Pledged Revenues and pertaining to the Airport System, including, without limitation, debt service on any Subordinate Securities and any other securities pertaining to the Airport System, operation and maintenance reserves, capital reserves and prior deficiencies pertaining to any account relating to Airport Gross Revenues and the 2% Tax.

All Bond Requirements must be included in the foregoing rate computations. Such rentals, fees, and other charges must be reasonable in relation to the cost of providing, operating, and maintaining the Airport System and services furnished thereat. Also the foregoing rate maintenance covenant is subject to compliance by the City with any legislation of the United States, the State, or other governmental body, or any regulation or other action taken by the Federal Government, any State agency, or any political subdivision of the State pursuant to such legislation, in the exercise of the police power thereof for the public welfare, which legislation, regulation, or action limits or otherwise inhibits the amounts of any rentals, fees, and other charges due to the City for the use of or otherwise pertaining to any and all services rendered by or at the Airport System, including, without limitation, increases in the amounts of such rentals, fees, or other charges (or any combination thereof).

The City shall cause all rentals, fees, and other charges pertaining to the Airport System to be collected as soon as reasonable, shall prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including, without limitation, the imposition of penalties for any defaults, to the end that the Airport Gross Revenues of the Airport System and the 2% Tax shall be adequate to meet the requirements of this Instrument and any other instruments supplemental thereto. The rentals, fees, and other charges due shall be collected in any lawful manner.

Tax Covenant

2009A Bonds. The City has covenanted in the Bond Ordinance for the benefit of each holder of the 2009A Bonds that it will not take any action or omit to take any action with respect to the 2009A Bonds, the proceeds thereof, any other funds of the City or any facilities financed with the proceeds of the 2009A Bonds if such action or omission (i) would cause the interest on the 2009A Bonds (other than interest on any 2009A Bond held by a "substantial user" of the Airport System or a "related person" as such terms are used in Section 147(a) of the Tax Code) to lose its exclusion from gross income for Federal income tax purposes under Section 103 of the Tax Code or (ii) would cause interest on the 2009A Bonds (other than interest on any 2009A Bond held by a "substantial user" of the Airport System or a "related person" as such terms are used in Section 147(a) of the Tax Code) to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2009A Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

2009B Bonds. The City has covenanted in the Bond Ordinance for the benefit of each holder of the 2009B Bonds that it will not take any action or omit to take any action with respect to the 2009B Bonds, the proceeds thereof, any other funds of the City or any facilities financed with the proceeds of the 2009B Bonds if such action or omission would cause the interest on the 2009B Bonds (other than interest on any 2009B Bond held by a "substantial user" of the Airport System or a "related person" as such terms are used in Section 147(a) of the Tax Code) to lose its exclusion from gross income for Federal income tax purposes under Section 103 of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2009B Bonds until the date on which all obligations of the City in fulfilling the above covenant under the Tax Code have been met.

Defeasance

When all Bond Requirements of any Bond have been duly paid, the pledge, the lien, and all obligations under the Bond Ordinance as to that Bond shall thereby be discharged and the Bond shall no longer be deemed to be outstanding within the meaning of the Bond Ordinance. There shall be deemed to be such due payment when the City has placed in escrow or in trust with a Trust Bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from the Federal Securities in which such amount may be initially invested wholly or in part) to meet all Bond Requirements of the Bond, as the same become due to the final maturity of the Bond, or upon any redemption date as of which the City shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule established and agreed upon between the City and the Trust Bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the holders thereof to assure availability as needed to meet the schedule. For the purpose of this section "Federal Securities" shall include only Federal Securities which are not callable for redemption prior to their maturities except at the option of the owner thereof. When such defeasance is accomplished the Paying Agent shall mail written notice of the defeasance to the registered owner of the Bond at the addresses last shown on the registration records for the Bonds maintained by the Registrar.

Amendments

The Bond Ordinance may be amended or supplemented by instruments adopted by the City, without receipt by the City of any additional consideration, but with the written consent of the owners of 66% in aggregate principal amount of the Bonds outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding bonds which may then be held or owned for the account of the City, but including such refunding securities as may be issued for the purpose of refunding any of the Bonds if the refunding securities are not owned by the City. No such instrument shall permit:

(1) A change in the maturity or in the terms of redemption of the principal or any installment thereof of any outstanding Bond or any installment of interest thereon; or

(2) A reduction in the principal amount of any Bond, the rate of interest thereon, without the consent of the owner of the Bond; or

(3) A reduction of the principal amount or percentages or otherwise affecting the description of Bonds the consent of the owners of which is required for any modification or amendment; or

(4) The establishment of priorities as between Bonds issued and outstanding under the provisions of the Bond Ordinance; or

(5) The modification of, or other action which materially and prejudicially affects the rights or privileges of the owners of less than all of the Bonds then outstanding.

Whenever the City proposes to amend or modify the Bond Ordinance under the provisions thereof, it shall cause notice of the proposed amendment to be mailed within 30 days to each registered owner of each registered Bond. The notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory instrument is on file in the office of the City Clerk for public inspection.

Whenever at any time within one year from the date of such notice there shall be filed in the office of the City Clerk an instrument or instruments executed by the owners of at least 66% in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed amendatory instrument described in the notice and shall specifically consent to and approve the adoption of the instrument; thereupon, but not otherwise, the Council may adopt the amendatory instrument and the instrument shall become effective.

If the owners of at least 66% in aggregate principal amount of the Bonds outstanding, at the time of the adoption of the amendatory instrument, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof, no owner of any Bond, whether or not the owner shall have consented thereto, shall have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the City from taking any action pursuant to the provisions thereof. Any consent given by the holder of a Bond pursuant to the provisions of the Bond Ordinance shall be irrevocable.

Bonds authenticated and delivered after the effective date of any action taken as provided in the Bond Ordinance may bear a notation by endorsement or otherwise in form approved by the City as to the action; and if any Bond so authenticated and delivered shall bear such notation, then upon demand of the owner of any Bond outstanding at such effective date and upon presentation of his Bond, suitable notation shall be made on the Bond as to any such action. If the City so determines, new Bonds so modified as in the opinion of the City to conform to such action shall be prepared, registered and delivered; and upon demand of the owner of any Bond then outstanding, shall be exchanged without cost to the owner for Bonds then outstanding upon surrender of such Bonds.

Replacement of Registrar or Paying Agent

If the Registrar or Paying Agent initially appointed under the Bond Ordinance shall resign, or if the Council shall reasonably determine that said Registrar or Paying Agent has become incapable of performing its duties under the Bond Ordinance, the Council may, upon notice mailed to each owner of any Bond at his address last shown on the registration records, appoint a successor Registrar of Paying Agent, or both. No resignation or dismissal of the Registrar or Paying Agent may take effect until a successor is appointed. It shall not be required that the same person or institution serve as both Registrar and Paying Agent under the Bond Ordinance, but the City shall have the right to have the same person or institution serve as both Registrar and Paying Agent. Any successor by merger with the Registrar and Paying Agent is automatically appointed as Registrar and Paying Agent under the Bond Ordinance without any further action of the Council, as long as the successor otherwise is qualified to act as Registrar and Paying Agent pursuant to this section. Any bank, trust company or national banking association into which the Registrar and/or Paying Agent or its successor may be converted, merged or with which it may be consolidated, or to which it may sell or otherwise transfer all or substantially all of its corporate trust business shall be the successor of the Registrar and/or Paying Agent under the Bond Ordinance with the same rights, powers, duties and obligations and subject to the same restrictions, limitations, and liabilities as its predecessor, all without the execution or filing of any papers or any further act on the part of any of the parties to the Bond Ordinance, anything to the contrary notwithstanding.

APPENDIX F

OFFICIAL NOTICE OF BOND SALE

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APPENDIX F

OFFICIAL NOTICE OF BOND SALE

$1,790,000*
CITY OF ELKO, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
AIRPORT REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2009A (BANK QUALIFIED-NON AMT)
AND
$1,910,000*
CITY OF ELKO, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
AIRPORT REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2009B (AMT)

PUBLIC NOTICE IS HEREBY GIVEN that the City Council of the City of Reno, Nevada (the "Council," the "City," and the "State," respectively), on

WEDNESDAY, NOVEMBER 18, 2009

at the hour of 9:00 a.m., local time, in the office of

SWENDSEID & STERN
A MEMBER IN SHERMAN & HOWARD LLC
50 W. LIBERTY STREET
SUITE 1000
RENO, NEVADA 89501

the City will receive and cause to be received bids for the purchase of the bonds of the City particularly described below. Bids must be delivered electronically via PARITY, a Division of Thomson Financial Municipals Group, Inc. ("PARITY") or hand-delivered (no bids will be received by mail) to the City Administrative Services Director or her designee (the "Administrative Services Director") at the above address by the time and date stated above (See "MANNER OF BID SUBMITTAL" below) or at such other date, time and place as is announced by the City prior to the bid opening and communicated to potential bidders via Bloomberg Financial Markets or Munifacts.

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* Subject to change.

BOND PROVISIONS

THE BONDS: The "City of Elko, Nevada, General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009A" in the aggregate principal amount of $1,790,000* (the "2009A Bonds") and the "City of Elko, Nevada, General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009B" in the aggregate principal amount of $1,910,000* (the "2009B Bonds" and together with the 2009A Bonds, the "Bonds") will be dated as of the date of delivery of the Bonds, will be issued in fully registered form, and will be registered to Cede & Co.

MATURITIES: The Bonds will mature on the dates and in the amount of principal (the "Maturity Schedule") as designated in the preliminary official statement relating to the Bonds (the "Preliminary Official Statement"). The amounts of the Bonds maturing in each year may be changed from those listed in the Maturity Schedule as described in "ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID" and "MANDATORY SINKING FUND REDEMPTION" below.

ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST BID: The aggregate principal amount and the principal amount of each serial maturity of the Bonds described herein are subject to adjustment by the City, after the determination of the best bid.

Changes to be made will be communicated to the successful bidder by the time of award of the Bonds to the successful bidder, and will not reduce or increase the aggregate principal amount of the Bonds by more than fifteen percent (15%). The price bid by a successful bidder may be changed as described below, but the interest rates specified by the successful bidder for all maturities will not change. A successful bidder may not withdraw its bid as a result of any changes made within these limits. The price bid will be changed so that the percentage net compensation to the successful bidder (i.e., the percentage resulting from dividing (i) the aggregate difference between the offering price of the Bonds to the public and the price to be paid to the City (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Bonds) does not increase or decrease from what it would have been if no adjustment was made to the principal amounts shown in the Maturity Schedule.

To facilitate any adjustment in the principal amounts and price bid, the successful bidder is required to indicate by facsimile transmission to Dawn Stout (702) 323-2339 no later than one-half hour after the bid opening, the amount of any original issue discount or premium on each maturity of the Bonds the amount received from the sale of the Bonds to the public that will be retained by the successful bidder as its compensation.

SUCCESSFUL BIDDER'S REOFFERING PRICES: Within one-half hour of the bid opening, the successful bidder (or manager of the successful purchasing account) must notify the City by facsimile transmission to Dawn Stout (775) 323-2339, of the initial offering prices of the Bonds to the public. **The information about the initial offering prices shall be based on the successful bidder's expectations as of the date of sale.** The facsimile notification must be confirmed in

* Subject to change.

writing in the form and substance satisfactory to Swendseid & Stern, a member in Sherman & Howard L.L.C. ("Bond Counsel") prior to the delivery of the 2009A Bonds and the 2009B Bonds, which shall be in substantially the following form as applicable to each series of Bonds: "A bona fide public offering was made for all of the Bonds on this sale date at the initial public offering prices (or yields) shown on the cover page of the Official Statement. As of such sale date (i) based upon our assessment of market conditions, investor demand, sale and offering prices for comparable bonds, and the recent behavior of interest rates, we reasonably expected that the first prices (or yields) at which at least 10% of each maturity of the Bonds would be sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) would be those prices (or yields) and that none of the Bonds would be sold to the public at prices higher than or at yields less than those prices (or yields), and (ii) such initial offering prices (or yields) represented a fair market value for the Bonds."

OPTIONAL PRIOR REDEMPTION: The Bonds, or portions thereof, maturing on and after October 1, 2020, are subject to redemption prior to their respective maturities, at the option of the City, on and after October 1, 2019, in whole or in part at any time from any maturities selected by the City and by lot, or in such other manner in which the Registrar deems fair, within a maturity (giving proportionate weight to Bonds in denominations larger than $5,000), at a price equal to the principal amount of each Bond, or portion thereof, so redeemed, and accrued interest thereon to the redemption date.

Redemption will be made upon not more than sixty (60) and not less than thirty (30) days' prior notice by mail addressed to the registered owner (initially Cede & Co.), in the manner and upon the conditions to be provided in the respective ordinances authorizing the issuance of the Bonds (the "Bond Ordinance").

MANDATORY SINKING FUND REDEMPTION: A bidder may request that one or more Bonds maturing on and after October 1, 2020 be included in a term bond (the "Term Bond(s)"). Amounts included as a Term Bond must consist of consecutive maturities, must bear the same rate of interest and must include the entire principal amount for any maturity included in the Term Bond (i.e., the principal amount maturing in any year may not be divided between a serial maturity and a mandatory sinking fund redemption). Any such Term Bond will be subject to mandatory sinking fund redemption in installments in the same amounts and on the same dates as the Bonds would have matured if they were not included in a Term Bond or Term Bonds. Bonds redeemed pursuant to the mandatory sinking fund redemption provisions will be redeemed at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the redemption date in the manner and as otherwise provided in the Bond Ordinance. Any election to designate Bonds as being included in a Term Bond must be made in the printed official bid form (see "BID PROPOSALS" below).

INTEREST RATES AND LIMITATIONS: The following interest limitations are applicable to the Bonds:

A. Interest on the Bonds will be payable on April 1 and October 1 of each year commencing on April 1, 2010.

B. The interest rate specified for each maturity of the Bonds and the True Interest Cost (see "Basis of Award" below) of the Bonds may not exceed by more than 3% the "Index of Twenty Bonds" which is most recently published in The Bond Buyer before the bids are received.

C. The interest rate specified must be stated in a multiple of 1/8th or 1/20th of 1% per annum.

D. Each Bond as initially issued will bear interest from its date to its stated maturity date at the interest rate stated in the bid. A zero rate of interest may not be named.

E. Only one interest rate can be stated for any maturity, i.e., all Bonds with the same maturity date must be the same rate of interest.

DISCOUNT OR PREMIUM PERMITTED: A bidder may offer to purchase the 2009A Bonds at par, at a discount not to exceed $17,900 or at a premium. A bidder may offer to purchase the 2009B Bonds at par, at a discount not to exceed $19,100 or at a premium.

BOND INSURANCE/RATING LETTERS: A municipal bond insurance policy to insure payment of the principal of and interest on the Bonds when due may be provided at bidder's option and expense. The City will pay for ratings on the Bonds from Standard and Poors' Ratings Services.

PAYMENT: The principal of the Bonds shall be payable at U.S. Bank National Association, in Phoenix, Arizona, as Paying Agent, or such other office as designated by the Paying Agent, to the registered owner thereof as shown on the registration records of U.S. Bank National Association, as Registrar, upon maturity thereof, upon presentation and surrender of such Bond at such Paying Agent. Payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or if such date is not a business day, on the next succeeding business date), to the registered owner thereof at the address as it appears on the registration records of the Registrar as of the close of business on the fifteenth day of the calendar month next preceding each interest payment date (other than a special interest payment date hereafter fixed for payment of defaulted interest) (the "Regular Record Date"). If any Bond is not paid upon presentation at maturity, it will draw interest at the same rate until the principal is paid in full. Alternative arrangements for the payment of interest may be made upon agreement between the Paying Agent and any registered owner. All such payments shall be made in lawful money of the United States of America without deduction for any service charges of the Paying Agent or Registrar.

BOOK ENTRY/TRANSFER AND EXCHANGE: The Bonds will be issued in registered form and one bond certificate for each maturity of the Bonds will be issued to The

Depository Trust Company, New York, New York ("DTC"), registered in the name of its nominee, Cede & Co., and immobilized in their custody. A book entry system will be employed, evidencing ownership of the Bonds in principal amounts of $5,000 or any integral multiple thereof, with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures adopted by DTC and its participants. The successful bidder(s), as a condition to delivery of the Bonds, will be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co. Principal of and interest on the Bonds will be payable by the Paying Agent by wire transfer or in same day funds to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to the beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. Neither the City nor the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

ENABLING ACTS AND AUTHORIZED PURPOSES: The City is operating as a City pursuant to Chapter 276, Statutes of Nevada 1971, as amended (the "Charter").

The Bonds are authorized to be issued pursuant to NRS chapter 496 (the "Airport Act"), NRS Sections 350.500 through 350.720 (the "Bond Act"), NRS Sections 268.672 through 268.740, inclusive (the "City Bond Law") and the Charter

PURPOSE OF BONDS: The Bonds are being issued for the purpose of refunding certain outstanding obligations of the City (the "Project").

SECURITY AND PAYMENT: The Bonds will, in the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., ("Bond Counsel"), be direct general obligations of the City. The principal of and interest on the Bonds ("Bond Requirements") from annual general (ad valorem) taxes (herein "General Taxes") levied against all taxable property within the City (except to the extent certain pledged revenues and other moneys are available therefor) subject to the limitations imposed by the statutes and the Constitution of the State (see "CONSTITUTIONAL TAX LIMITATION", "STATUTORY TAX LIMITATION" and "LEGAL OPINION, BONDS AND TRANSCRIPTS" below). The Bonds will be a debt of the City, and the Council shall pledge the full faith and credit of the City for their payment.

ADDITIONAL SECURITY FOR THE BONDS: The Bond Requirements of the Bonds will be additionally secured with the net revenues (the "Net Revenues") derived from the operation of all or any part of the City of Elko Regional Airport (the "Airport" or "Airport System") for the use and benefit of the public and proceeds derived from license taxes on transient lodging rental businesses at a rate of up to two percent (2%) of the gross income actually received, excluding the lodging tax (the "2% Tax" and together with the Net Revenues, the "Pledged Revenues").

SPECIAL ACCOUNT FOR THE BONDS: As security for the payment of the Bond Requirements of the Bonds there will be irrevocably pledged, pursuant to the Bond Ordinance, special accounts, identified as the "City of Elko, Nevada, General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009, Interest Fund" (the "Interest Fund") and the "City of Elko, Nevada, General Obligation (Limited Tax) Airport Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2009, Principal Fund" (the "Principal Fund") (collectively, the "Bond Fund") into which account the City covenants to pay from the Pledged Revenues sums sufficient to pay when due the Bond Requirements of the Bonds, except to the extent other monies are available therefor.

BOND LIENS ON PLEDGED REVENUES: The Bonds will be equitably and ratably secured by a lien on the Pledged Revenues, and the Bonds will constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Pledged Revenues. The City has issued no parity bonds or parity securities which are now outstanding and to which any Pledged Revenues are pledged.

ADDITIONAL SECURITIES PAYABLE OR SECURED BY PLEDGED REVENUES: Bonds and other securities, in addition to the Bonds may be issued and made payable from the Pledged Revenues having a lien thereon subordinate and junior to the lien or, subject to additional expressed conditions, having a lien thereon superior to or on a parity with the lien of the Bonds.

BOND ORDINANCE: The Bond Ordinance will be considered for adoption on November 10, 2009 and sets forth, among other matters, the form, terms and conditions of the Bonds, the manner and terms of their issuance, the manner of their execution, the method of their payment, the security therefor, and other details concerning the Bonds, the Project and the City, including, without limitation, covenants and agreements in connection therewith. A copy of the Bond Ordinance, in proposed form, will be on file with the City Clerk and will be available for public inspection at her office at City Hall, 1751 College Avenue, Elko, Nevada 89801. The Bond Ordinance shall be in substantially the same form as the proposed Bond Ordinance.

ISSUANCE OF ADDITIONAL SECURITIES: The Council reserves the privilege of issuing additional general obligation bonds at any time and from time to time for any lawful purpose.

FEDERAL TAX EXEMPTION: In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, , interest on the Bonds, except for interest on any 2009B Bond for any period during which it is held by a "substantial user" of the facilities financed with the 2009B Bonds or a "related person" as such terms are used in Section 147(a) of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code; and interest on the 2009A Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code; however interest on the 2009B Bonds is an item of tax preference for purposes of calculating alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See "TAX MATTERS" in the Preliminary Official Statement

STATE TAX EXEMPTION: In the opinion of Bond Counsel, under present laws of the State, the Bonds, their transfer, and the income therefrom are free and exempt from taxation by the State or any subdivision thereof, except for the tax on estates imposed pursuant to Chapter 375A of NRS and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS.

CONSTITUTIONAL TAX LIMITATION: Section 2, article 10, State Constitution, provides:

> "The total tax levy for all public purposes including levies for bonds, within the state, or any subdivision thereof, shall not exceed five cents on one dollar of assessed valuation."

STATUTORY TAX LIMITATION: NRS 361.453 provides:

> . . . the total ad valorem tax levy for all public purposes must not exceed $3.64 on each $100 of assessed valuation, or a lesser or greater amount fixed by the state board of examiners if the state board of examiners is directed by law to fix a lesser or greater amount for that fiscal year.

STATUTORY PRIORITY FOR BONDS: NRS 361.463 provides:

> "1. In any year in which the total taxes levied by all overlapping units within the boundaries of the state exceed the limitation imposed by NRS 361.453, and it becomes necessary for that reason to reduce the levies made by any of those units, the reduction so made must be in taxes levied by those units (including the state) for purposes other than the payment of bonded indebtedness, including interest thereon.
>
> 2. The taxes levied for the payment of bonded indebtedness and the interest thereon enjoy a priority over taxes levied by each such unit (including the state) for all other purposes where reduction is necessary to comply with the limitation imposed by NRS 361.453."

STATUTORY PROVISION FOR TAX LEVIES: NRS 350.592 provides in relevant part:

"1. There must be levied annually in due season a special tax on all property, both real and personal, subject to taxation within the boundaries of the municipality, fully sufficient, together with the revenue which will result from application of the rate to the net proceeds of minerals, without regard to any statutory or charter tax limitation other than the limitation set forth in NRS 361.453, to pay the interest on the general obligation municipal securities and to pay and retire the securities as provided in the Local Government Securities Law and in any act supplemental hereto. The amount of money to be raised by the tax must be included in the annual estimate or budget for each county within the state for each year for which the tax is hereby required to be levied. The tax must be levied and collected in the same manner and at the same time as other taxes are levied and collected.

2. The proceeds thereof levied to pay interest on the securities must be kept by the treasurer in a special fund, separate and apart from all other funds, and the proceeds of the tax levied to pay the principal of the securities must be kept by the treasurer in a special fund, separate and apart from all other funds. The two special funds must be used for no other purpose than the payment of the interest on the securities and the principal thereof, respectively, when due; . . . ."

<u>TIMES OF LEVIES</u>: NRS 350.594 provides:

"Such tax shall be levied immediately after the issuance of any general obligation securities issued in accordance with the provisions of the Local Government Securities Law, and annually thereafter, at the times and in the manner provided by law, until all of the securities, and the interest thereon, have been fully discharged. Such tax may be first levied after the municipality has contracted to sell any securities but before their issuance."

<u>USE OF GENERAL FUND</u>: NRS 350.596 provides:

"Any sums coming due on any general obligations municipal securities at any time when there are not on hand from such tax levy or levies sufficient funds to pay the same shall be promptly paid when due from the general fund of the municipality, reimbursement to be made to such general fund in the sums thus advanced when the taxes herein provided for have been collected."

USE OF OTHER FUNDS: NRS 350.598 provides:

> "Nothing contained in the Local Government Securities Law shall be so construed as to prevent the municipality from applying any funds (other than taxes) that may be available for that purpose to the payment of the interest on or the principal of any general obligation municipal securities as the same respectively mature, and regardless of whether the payment of the general obligation municipal securities is additionally secured by a pledge of revenues, and upon such payments, the levy or levies of taxes provided in the Local Government Securities Law may thereupon to that extent be diminished."

STATUTORY APPROPRIATIONS: NRS 350.602 provides:

> "There is by the Local Government Securities Law, and there shall be by ordinance authorizing the issuance of any indebtedness contracted in accordance with the provisions of the Local Government Securities Law, specially appropriated the proceeds of such taxes to the payment of such principal and interest; and such appropriations shall not be repealed nor the taxes postponed or diminished (except as herein otherwise expressly provided) until the principal of and interest on the municipal securities evidencing such debt have been wholly paid."

NO PLEDGE OF PROPERTY: The payment of the Bonds will not be secured by an encumbrance, mortgage or other pledge of property of the City, and no City property is liable to be forfeited or taken in payment of the Bonds.

IMMUNITY OF INDIVIDUALS: NRS 350.606 provides:

> "No recourse shall be had for the payment of the principal of, any interest on, and any prior redemption premiums due in connection with any bonds or other municipal securities or for any claim based thereon or otherwise upon the ordinance authorizing their issuance or other instrument appertaining thereto, against any individual member of the governing body or any officer or other agent of the municipality, past, present or future, either directly or indirectly through the governing body or the municipality, or otherwise, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any penalty or otherwise, all such

liability, if any, being by the acceptance of the securities and as a part of the consideration of their issuance specially waived and released."

ACTS IRREPEALABLE: NRS 350.610 provides:

"The faith of the state is hereby pledged that the Local Government Securities Law, any law supplemental or otherwise appertaining thereto, and any other act concerning the bonds or other municipal securities, taxes or the pledged revenues or any combination of such securities, such taxes and such revenues shall not be repealed nor amended or otherwise directly or indirectly modified in such a manner as to impair adversely any outstanding municipal securities, until all such securities have been discharged in full or provision for their payment and redemption has been fully made, including without limitation the known minimum yield from the investment or reinvestment of moneys pledged therefor in federal securities."

TERMS OF SALE

EQUAL OPPORTUNITY: IT IS THE POLICY OF THE CITY TO PROVIDE MINORITY BUSINESS ENTERPRISES, WOMEN BUSINESS ENTERPRISES AND ALL OTHER BUSINESS ENTERPRISES AN EQUAL OPPORTUNITY TO PARTICIPATE IN THE PERFORMANCE OF ALL CITY CONTRACTS. BIDDERS ARE REQUESTED TO ASSIST THE CITY IN IMPLEMENTING THIS POLICY BY TAKING ALL REASONABLE STEPS TO ENSURE THAT ALL AVAILABLE BUSINESS ENTERPRISES, INCLUDING MINORITY AND WOMEN BUSINESS ENTERPRISES HAVE AN EQUAL OPPORTUNITY TO PARTICIPATE IN CITY CONTRACTS.

BID PROPOSALS: Bids may be submitted on the official bid form which is available from the Financial Advisor, in a sealed envelope (see "SEALED BIDS" below) or electronically via PARITY (see "ELECTRONIC BIDDING" below). Any bid in any other form may be disregarded. A bidder is required to submit an unconditional bid for all the 2009A Bonds and/or all of the 2009B Bonds specifying:

(1) The lowest rate or rates of interest and the discount or premium at which the bidder will purchase the Bonds.

It is also requested for informational purposes only, but is not required, that each bid disclose:

(2) The True Interest Cost (i.e, actuarial yield) on the bond issue expressed as a nominal annual percentage rate. (See "BASIS OF AWARD" below).

SEALED BIDS: Bids submitted on the official bid forms must be in a sealed envelope marked on the outside:

"**Proposal for Bonds**"

and addressed to:

City of Elko
City of Elko Administrative Services Director

ELECTRONIC BIDDING: By utilizing PARITY, a prospective electronic bidder represents and warrants to the City that such bidder's bid for the purchase of the Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Bonds. Unless submitted by official printed bid form as set forth above, bids must be submitted electronically by means of PARITY for the purchase of the Bonds by 9:00 a.m., local time on November 18, 2009. Once the bids are communicated electronically via the PARITY, each bid will constitute an irrevocable offer to purchase the Bonds on the terms set forth in this Notice and any amendments thereto.

Each prospective electronic bidder shall be solely responsible to register to bid via **PARITY** ***as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access*** **PARITY** ***for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice. Neither the City nor the Financial Advisor shall have any duty or be obligated to provide or assure such access to any qualified prospective bidder, and neither the City nor the Financial Advisor shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by*** **PARITY.** ***The City is using*** **PARITY** ***as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. If any provision of this Notice conflicts with information provided by*** **PARITY,** ***this Notice will control. In the event of a malfunction in the electronic bidding process, bidders may submit their bids by facsimile transmission to the Financial Advisor by facsimile (702) 796-2975. Neither the City nor its Financial Advisor shall be liable for the use of or any malfunction of the PARITY System***.

Each electronic bidder is required to transmit electronically via PARITY an unconditional bid specifying the lowest rate or rates of interest and the premium, as applicable, at which the bidder will purchase the Bonds. Each bid must be for all the Bonds herein offered for sale.

For informational purposes only, the electronic bid will show the effective interest rate for the Bonds represented on a True Interest Cost basis, as described under "BASIS OF AWARD" below, represented by the rate or rates of interest and the bid price specified in the bid. No bid will be received after the time for receiving such bids specified above.

GOOD FAITH DEPOSIT: A good faith deposit ("Deposit") in the form of a certified or cashier's check drawn on a solvent commercial bank or trust company in the United States of America or a federal funds wire transfer to the City, made payable to

City of Elko, Nevada

in the amount of

$20,000 for the 2009A Bonds
and/or
$20,000 for the 2009B Bonds

is required for each bid to be considered. If a check is used, it must accompany each bid. If the winning bidder(s) on the 2009A Bonds and/or the 2009B Bonds is determined to be a bidder utilizing a federal funds wire transfer, then that bidder is required to submit its Deposit to the City in the form of Federal Reserve Bank funds for immediate and unconditional credit to the account of the City for receipt not later than 11:00 a.m. (City's local time) on November 18, 2009 following the bid opening, upon the following instructions:

U.S. Bank, ABA # 12-1201694
City of Elko General Account
For credit to Account # 153700269399

If such Deposit by wire transfer is not received by 11:00 a.m. (City's local time), the City may award such Bonds to another bidder.

No interest on the Deposit will accrue to any bidder. The Deposit of the winning bidder of the Bonds will be applied to the purchase price of the Bonds. In the event a winning bidder fails to honor its accepted bid, the Deposit plus any interest accrued on the Deposit will be retained by the City. Any investment income earned on the good faith deposit will not be paid to a successful bidder in the event the City is unable to deliver the Bonds as provided under "MANNER AND TIME OF DELIVERY", below. Deposits accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bidder.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by a purchaser to accept delivery of any payment for a series of Bonds in accordance with the terms of the purchase contract. All expenses relating to printing the CUSIP numbers on the Bonds will be paid by the City; but the CUSIP Service Bureau charge for the assignment of the numbers will be the responsibility of and must be paid by the purchaser(s).

SALES RESERVATIONS: The Council reserves the privilege:

A. Of waiving any irregularity or informality in any bid;

B. Of rejecting any and all bids; and

C. Of reoffering the Bonds for sale, as provided by law.

In addition, the Council reserves the privilege of changing the date and/or time of sale of the Bonds. Any change in the date and/or time of sale of the Bonds will be communicated via Munifacts. If the City changes the sale date and/or time, this Notice shall remain effective, except as amended by such Munifacts communication or other amendment communicated to potential bidders.

BASIS OF AWARD: The 2009A Bonds and/or the 2009B Bonds, subject to such sale reservations, will be sold by the Council to the responsible bidder(s) making the best bid(s) for all the 2009A Bonds and/or the 2009B Bonds, respectively. The best bid(s) will be determined by computing the actuarial yield on the issue of 2009A Bonds and the 2009B Bonds (i.e., using an actuarial or true interest cost method) for each bid received and an award will be made (if any is made) to the responsible bidder(s) submitting the bid(s) which results in the lowest true interest cost on the 2009A Bonds and/or the 2009B Bonds. "True interest cost" on the 2009A Bonds or the 2009B Bonds as used herein means that yield which if used to compute the present worth as of the date of the 2009A Bonds or the 2009B Bonds, respectively, of all payments of principal and interest to be made on the 2009A Bonds or the 2009B Bonds, respectively, from their date to their respective maturity dates (or mandatory sinking fund redemption dates), using the interest rates specified in the bid(s), produces an amount equal to the principal amount of the 2009A Bonds or the 2009B Bonds, as the case may be, plus any premium bid or less any discount bid. No adjustment shall be made in such calculation for accrued interest on the 2009A Bonds or the 2009B Bonds from their respective dates to the date of delivery thereof. Such calculation shall be based on a 360 day year and a semiannual compounding interval. If there are two or more equal bids and such equal bids are the best bids received, the Council will determine which bid will be accepted.

PLACE AND TIME OF AWARD: Bids will be opened on behalf of the Council at the time and place stated. The Administrative Services Director intends to take action, upon the determination of the best bid(s), awarding the 2009A Bonds and the 2009B Bonds or rejecting all bids for the 2009A Bonds and/or all bids for the 2009B Bonds not later than 36 hours after the time stated for opening bids. A bid may not be withdrawn during the 36 hour period following the bid opening; however, an award may be made after the stated period if the bidder shall not have given to the Administrative Services Director notice in writing of the withdrawal of its bid.

PAYMENT AT AND PLACE OF DELIVERY: The successful bidder(s) will be required to accept delivery of all of the 2009A Bonds and/or all of the 2009B Bonds at DTC in New York, New York. Payment of the balance of the purchase price due for each series of Bonds at the time of their delivery must be made in Federal Reserve Bank funds or other funds acceptable to the City for immediate and unconditional credit to the account of the City, as directed by the

Administrative Services Director, at a bank designated by the Administrative Services Director, so that such bond proceeds may be deposited or invested, as the Administrative Services Director may determine, simultaneously with the delivery of the Bonds. The balance of the purchase price for each series of Bonds must be paid in such funds and not by any waiver of interest, and not by any other concession as a substitution for such funds.

OFFICIAL STATEMENT: The City has prepared a Preliminary Official Statement, which is deemed by the City to be final as of its date for purposes of allowing bidders to comply with Rule 15c2-12(b) of the Securities Exchange Commission (the "Rule"), except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendment and completion in a "Final Official Statement".

The City will prepare a Final Official Statement, dated as of the date of its delivery to the winning bidder(s) as soon as practicable after the date of award to the winning bidder(s). The City will provide to the winning bidder of the 2009A Bonds 25 copies of the Final Official Statement on or before seven business days following the date of the award to the winning bidder. The City will provide to the winning bidder of the 2009B Bonds 25 copies of the Final Official Statement on or before seven business days following the date of the award to the winning bidder. The Final Official Statements will be delivered to the winning bidder(s) at the offices of NSB Bank Public Finance at the address listed in this Notice. If the winning bidder(s) fails to pick up the Final Official Statements at the offices of NSB Public Finance, the Final Official Statements will be forwarded to such winning bidder by mail or another delivery service mutually agreed to between the winning bidder and NSB Public Finance. The winning bidder(s) may obtain additional copies of the Final Official Statement at the expense of the winning bidder.

The City authorizes the winning bidder of the 2009A Bonds and the winning bidder of the 2009B Bonds to distribute the Final Official Statement in connection with the offering of the 2009A Bonds and the 2009B Bonds, respectively.

For a period beginning on the date of the Final Official Statement and ending twenty five days following the date the winning bidder shall no longer hold for sale any of the Bonds (such date shall be the Closing Date unless the winning bidder(s) of the applicable series of Bonds advises the City in writing of another date), if any event concerning the affairs, properties or financial condition of the City shall occur as a result of which it is necessary to supplement the Final Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, at the request of the winning bidder, the City shall forthwith notify the winning bidder(s) of any such event of which it has knowledge and shall cooperate fully in the preparation and furnishing of any supplement to the Final Official Statement necessary, in the reasonable opinion of the City and the winning bidder(s), so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time.

The Official Notice of Bond Sale (the "Notice"), an Official Statement and other information concerning the City and the Bonds may be obtained prior to the sale from:

The City's Financial Advisor:

NSB Public Finance
230 Las Vegas Boulevard South, Suite 200
Las Vegas, Nevada 89101
(702) 796-7080
Attn: Andrew Artusa

or

The City Administrative Services Director:

Dawn Stout
City Hall
1751 College Avenue
Elko, Nevada 89801
(775) 777-7140

DISCLOSURE CERTIFICATES: The final certificates included in the transcript of legal proceedings will include:

1. A certificate, dated as of the Closing Date, and signed by the Mayor of the City, the Administrative Services Director and the City Attorney or a deputy thereof, in which each of them states, after reasonable investigation, that to the best of his or her knowledge (a) no action, suit, proceeding, inquiry, or investigation, at law or in equity, before or by any court, public board, or body, is pending, or, to the best of the knowledge of each of them, threatened, in any way contesting the completeness or accuracy of the Final Official Statement, (b) the Final Official Statement as it pertains to the City and the Bonds does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (c) no event affecting the City has occurred since the date of the Final Official Statement which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however that the City does not make any representation concerning the pricing information contained in the Final Official Statement.

2. A certificate, dated as of the Closing Date, and signed by the Administrative Services Director, stating after reasonable investigation, that, to the best of his knowledge, as of the Closing Date, the information contained in the Final Official Statement relating to revenues and expenditures of the City is true and correct and does not contain any untrue statement of a material fact or omit any information necessary to be included therein in order that the official statement be not misleading for the purpose for which it is to be used.

CONTINUING DISCLOSURE UNDERTAKING. Pursuant to the Rule, the City will undertake in a continuing disclosure certificate which is authorized in the Bond Ordinance, to provide certain ongoing disclosure, including annual operating data and financial information, audited financial statements and notices of the occurrences of certain material events. A copy of the continuing disclosure certificate is included as Appendix D to the Official Statement.

LEGAL OPINION, BONDS AND TRANSCRIPT: The validity and enforceability of the Bonds will be approved by:

Swendseid & Stern
a member in Sherman & Howard L.L.C.
50 W. Liberty Street, Suite 1000
Reno, Nevada 89501
(775) 323-1980

whose unqualified, final, approving opinion in substantially the form set forth in the Official Statement as Appendix C, together with the printed Bonds, a certified transcript of the legal proceedings, including a certificate stating that there is no litigation pending affecting the validity of the Bonds as of the date of their delivery, and other closing documents, will be furnished to the purchaser of the Bonds on or after the Closing Date.

CONSENT TO JURISDICTION: a bid submitted by sealed bid or electronic bidding, if accepted by the Administrative Services Director on behalf of the City, forms a contract between the winning bidder and the City subject to the terms of this Official Notice of Bond Sale. By submitting a bid, the bidder consents to the exclusive jurisdiction of any court of the State of Nevada located in Elko County or the United States District Court for the State of Nevada for the purpose of any suit, action or other proceeding arising as a result of the submittal of the bid, and the bidder irrevocably agrees that all claims in respect to any such suit, action or proceeding may be heard and determined by such court. The bidder further agrees that service of process in any such action commenced in such State or Federal court shall be effective on such bidder by deposit of the same as registered mail addressed to the bidder at the address set forth in the bid.

Dated this November 10, 2009.

CITY OF ELKO, NEVADA

/s/ Dawn Stout
Administrative Services Director