

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 8, 2010

**NEW ISSUE
BOOK-ENTRY ONLY
BANK QUALIFIED**

**RATING: S&P: "A+"
See "RATING"**

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 2010 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2010 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See "TAX MATTERS." The County has designated the 2010 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Tax Code. See "FINANCIAL INSTITUTION INTEREST DEDUCTION."

\$9,935,000*

**ELKO COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
VARIOUS PURPOSE AND REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2010**

Dated: Date of Delivery

Due: June 1, as shown herein

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

The maturity schedule for the 2010 Bonds appears on the inside cover page of this Official Statement.

The 2010 Bonds are subject to optional redemption prior to maturity as described in "THE 2010 BONDS--Prior Redemption." At the option of the winning bidder, certain of the 2010 Bonds also may be subject to mandatory sinking fund redemption.

Proceeds of the 2010 Bonds will be used to (i) finance the cost of acquiring County vehicles and equipment; (ii) refund certain outstanding County bonds, as more particularly described herein; and (iii) pay the costs of issuing the 2010 Bonds. See "SOURCES AND USES OF FUNDS."

The 2010 Bonds constitute direct and general obligations of Elko County, Nevada (the "County") and the full faith and credit of the County is pledged for the payment of principal and interest thereon, subject to the limitations imposed by the constitution and laws of the State of Nevada. The 2010 Bonds are additionally secured by a lien on the Pledged Revenues (defined herein) on a parity with the lien thereon of certain other outstanding bonds of the County and any parity bonds issued in the future and subordinate to any future bonds that have a lien on the Pledged Revenues that is superior to the lien thereon of the 2010 Bonds. See "SECURITY FOR THE BONDS."

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

The 2010 Bonds are offered when, as, and if issued and accepted by the initial purchaser, subject to the approval of legality of the 2010 Bonds by Swendseid & Stern, a member in Sherman & Howard L.L.C., Reno, Nevada, Bond Counsel, and the satisfaction of certain other conditions. Swendseid & Stern, a member in Sherman & Howard L.L.C. also has acted as special counsel to the County in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the County by the Elko County District Attorney. NSB Public Finance, a Division of Zions First National Bank, Las Vegas, Nevada, is acting as Financial Advisor to the County. It is expected that the 2010 Bonds will be available for delivery through the facilities of DTC, on or about June 29, 2010.*

*Subject to change.

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

\$9,935,000*
ELKO COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
VARIOUS PURPOSE AND REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2010

<u>Maturing</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>	<u>Maturing</u> <u>(June 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price</u> <u>or</u> <u>Yield</u>	<u>CUSIP©</u> <u>Issue</u> <u>Number</u>
2011	\$ 265,000				2021	\$ 510,000			
2012	275,000				2022	530,000			
2013	295,000				2023	555,000			
2014	245,000				2024	575,000			
2015	395,000				2025	605,000			
2016	420,000				2026	620,000			
2017	435,000				2027	640,000			
2018	450,000				2028	690,000			
2019	470,000				2029	720,000			
2020	490,000				2030	750,000			

* Subject to change.

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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 2010 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 2010 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by Elko County, Nevada (the "County"). The County maintains an internet website for various purposes; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the 2010 Bonds.

The information set forth in this Official Statement has been obtained from the County and from the sources referenced throughout this Official Statement, which the County believes to be reliable. No representation is made by the County, however, as to the accuracy or completeness of information provided from sources other than the County. 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 2010 Bonds shall, under any circumstances, create any implication that there has been no change in the affairs of the County, 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 2010 Bonds and may not be reproduced or used in whole or in part for any other purpose.

The 2010 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 2010 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 2010 BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL PURCHASER (AND THE YIELDS RESULTING THEREFROM) MAY VARY FROM THE INITIAL PUBLIC OFFERING PRICES OR YIELDS APPEARING ON THE INSIDE COVER PAGE HEREOF. IN ADDITION, THE INITIAL PURCHASER MAY ALLOW CONCESSIONS OR DISCOUNTS FROM SUCH INITIAL PUBLIC OFFERING PRICES TO DEALERS AND OTHERS. IN ORDER TO FACILITATE DISTRIBUTION OF THE 2010 BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE 2010 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

ELKO COUNTY, NEVADA

Board of County Commissioners

Charlie Myers, Chair
Sheri Eklund-Brown, Vice Chair
Demar Dahl, Commissioner
John Ellison, Commissioner
Warren Russell, Commissioner

County Officials

Robert K. Stokes, Manager
Cash A. Minor, Assistant County Manager/Chief Financial Officer
Rebecca Erickson, Treasurer
Debbie Armuth, Comptroller
Win Smith, Clerk
Gary Woodbury, District Attorney

FINANCIAL ADVISOR

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

BOND COUNSEL AND SPECIAL COUNSEL

Swendseid & Stern, a member in Sherman & Howard L.L.C.
Reno, Nevada

REGISTRAR, PAYING AGENT AND ESCROW AGENT

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

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OFFICIAL STATEMENT

\$9,935,000*

**ELKO COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
VARIOUS PURPOSE AND REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2010**

INTRODUCTION

General

This Official Statement, which includes the cover page, the inside cover page and the appendices, provides information concerning the Elko County, Nevada (the “County”) and the County’s \$9,935,000 General Obligation (Limited Tax) Various Purpose and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2010 (the “2010 Bonds”). Unless otherwise defined, all capitalized terms used in this Official Statement shall have the same meanings as used in the ordinance authorizing the issuance of the 2010 Bonds (the “Bond Ordinance”), adopted by the Board of County Commissioners of the County (the “Board”) on June 9, 2010. See Appendix B - Summary of Certain Provisions of the Bond Ordinance.

The offering of the 2010 Bonds is made only by way of this Official Statement, which supersedes any other information or materials used in connection with the offer or sale of the 2010 Bonds. The following introductory material is only a brief description of and is qualified by the more complete information contained throughout this Official Statement. A full review should be made of the entire Official Statement and the documents summarized or described herein. Detachment or other use of this “INTRODUCTION” without the entire Official Statement, including the cover page, the inside cover page and the appendices, is unauthorized.

The County

The County is a political subdivision of the State of Nevada (the “State” or “Nevada”) organized in 1869. The County covers an area of approximately 17,135 square miles in the northeast portion of the State. According to the State Demographer, the County’s estimated population as of July 1, 2009 (most recent estimate available) was 51,325. See “ELKO COUNTY, NEVADA.” As more fully described in “PROPERTY TAX INFORMATION--Property Tax Base and Tax Roll,” the County’s assessed valuation for fiscal year 2009-10 was \$1,274,631,694 excluding the assessed valuation attributable to the City of Elko Redevelopment Agency (the “Redevelopment Agency”). The County’s preliminary assessed valuation for fiscal year 2010-11 (which is subject to change until July 2010) is \$1,434,663,933, excluding the assessed valuation attributable to the Redevelopment Agency.

Authority for Issuance

The 2010 Bonds are being issued by the County pursuant to the constitution and laws of the State, including: the Project Act (Chapters 244A.011 through 244A.065 of Nevada

* Subject to change.

Revised Statutes (“NRS”)); NRS 360.600 to 360.740 (the “Consolidated Tax Act”); NRS 350.500 through 350.720, as amended, designated in section 350.500 thereof as the Local Government Securities Law (the “Bond Act”); Chapter 348 of NRS (the “Supplemental Bond Act”); and the Bond Ordinance.

The 2010 Bonds; Prior Redemption

The 2010 Bonds are issued solely as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The 2010 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 2010 Bonds. Purchases of the 2010 Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the 2010 Bonds. See “THE 2010 BONDS--Book-Entry Only System.” The 2010 Bonds are dated as of the date of their delivery and mature and bear interest (calculated based on a 360-day year consisting of twelve 30-day months) as set forth on the inside cover page hereof. The payment of principal and interest on the 2010 Bonds is described in “THE 2010 BONDS--Payment Provisions.”

The 2010 Bonds are subject to optional redemption prior to maturity as described in “THE 2010 BONDS--Prior Redemption.” At the option of the winning bidder, the 2010 Bonds maturing on and after June 1, 2021, also may be subject to mandatory sinking fund redemption. See Appendix F - Official Notice of Bond Sale.

Purpose

Proceeds of the 2010 Bonds will be used to (i) finance the cost of acquiring County vehicles and equipment (the “Improvement Project”); (ii) refund all of the County’s General Obligation (Limited Tax) Medium-Term Rail Port Bond, Series 2008 (the “Refunded Bonds”), currently outstanding in the aggregate principal amount of \$8,323,000 (the “Refunding Project” and, together with the Improvement Project, the “Project”); and (ii) pay the costs of issuing the 2010 Bonds. See “SOURCES AND USES OF FUNDS.”

Security for the Bonds

General Obligations. The 2010 Bonds are direct and general obligations of the County, payable as to principal and interest from general (ad valorem) taxes (sometimes referred to herein as “General Taxes”) levied against all taxable property within the County (except to the extent any other monies are made available therefor), subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “SECURITY FOR THE BONDS--General Obligations” and “PROPERTY TAX INFORMATION--Property Tax Limitations.”

Pledged Revenues. The 2010 Bonds are additionally secured by an irrevocable pledge of and lien (but not necessarily an exclusive lien) on the Pledged Revenues. “Pledged Revenues” means a 15% portion of all income and revenue derived by the County from the Consolidated Tax (described below) distributed and imposed within the County pursuant to the Consolidated Tax Act. The Consolidated Tax consists of revenues from the following sources: certain sales taxes (the “Basic City/County Relief Tax” and the “Supplemental City/County Relief Tax”); excise taxes on cigarettes and liquor (the “Cigarette Tax” and the “Liquor Tax,” respectively); a tax on the licensing of motor vehicles (the “Governmental Services Tax”); and real property transfer taxes (the “Real Property Transfer Tax”). Pursuant to the State law, the

Consolidated Tax is collected by the State and then remitted monthly to the County. For further descriptions of the Pledged Revenues, see “SECURITY FOR THE BONDS--Pledged Revenues,” “REVENUES AVAILABLE FOR DEBT SERVICE” and Appendix B - Summary of Certain Provisions of the Bond Ordinance - Certain Definitions.

The term “Pledged Revenues” means all or a portion of the Pledged Revenues. The designated term indicates sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification. “Pledged Revenues” include income derived from any additional Consolidated Tax authorized for the County if the Board is authorized to include and elects to include the additional tax in “Pledged Revenues” for the remaining term of the 2010 Bonds.

Lien Priority; Additional Bonds. The 2010 Bonds have a lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with the lien thereon of the County’s General Obligation (Limited Tax) Courthouse Bonds (Additionally Secured by Pledged Revenues), Series 2007, currently outstanding in the aggregate principal amount of \$9,785,000 (the “2007 Bonds”) and any additional bonds or other obligations issued in the future with a lien on the Pledged Revenues which is on a parity with the lien of the 2010 Bonds. The 2010 Bonds, the 2007 Bonds and any additional bonds or other obligations with a lien on the Pledged Revenues that is on a parity with the lien of the 2010 Bonds are referred to together as the “Parity Bonds.”

The lien of the 2010 Bonds on the Pledged Revenues is subordinate to the lien thereon of any additional bonds or other securities issued in the future that have a lien on the Pledged Revenues that is superior to the lien thereon of the 2010 Bonds (“Superior Bonds”). There are no Superior Bonds outstanding, and the County has no current plans to issue Superior Bonds, although it reserves the right to do so upon the satisfaction of all legal conditions. See “SECURITY FOR THE BONDS--Additional Bonds.”

Additional Bonds. The County may issue additional Parity Bonds and Superior Bonds upon compliance with the requirements of the Bond Ordinance. See “SECURITY FOR THE BONDS--Additional Bonds” and Appendix B - Summary of Certain Provisions of the Bond Ordinance.

Professionals

Swendseid & Stern, a member in Sherman & Howard L.L.C., Reno, Nevada, has acted as Bond Counsel and also has acted as Special Counsel to the County in connection with preparation of this Official Statement. The County’s financial advisor in connection with the issuance of the 2010 Bonds is NSB Public Finance, a Division of Zions First National Bank, Las Vegas, Nevada (the “Financial Advisor”). See “FINANCIAL ADVISOR.” The fees of the Financial Advisor will be paid only from 2010 Bond proceeds at closing. The audited basic financial statements of the County (contained in Appendix A to this Official Statement) include the report of Kafoury, Armstrong & Co., certified public accountants, Elko, Nevada. See “INDEPENDENT AUDITORS.” The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, will act as Registrar and Paying Agent for the 2010 Bonds (the “Registrar” and “Paying Agent”) and also will act as the Escrow Agent in connection with the Refunding Project. Certain mathematical computations regarding the Escrow Account will be verified by

Grant Thornton LLP, certified public accountants, Minneapolis, Minnesota. See “SOURCES AND USES OF FUNDS--The Refunding Project - Verification of Mathematical Computations.”

Tax Status

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the 2010 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code and interest on the 2010 Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. See “TAX MATTERS--Federal Tax Matters.”

The County has designated the 2010 Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Tax Code. See “FINANCIAL INSTITUTION INTEREST DEDUCTION.”

Under the laws of the State in effect as of the date of delivery of the 2010 Bonds, the 2010 Bonds, their transfer, and the income therefrom, are free and exempt from taxation by the State or any subdivision thereof except for the tax on estates imposed pursuant to Chapter 375A of NRS, and the tax on generation-skipping transfers imposed pursuant to Chapter 375B of NRS. See “TAX MATTERS--State Tax Exemption.”

Continuing Disclosure Undertaking

The County will execute a continuing disclosure certificate (the “Disclosure Certificate”) at the time of the closing for the 2010 Bonds. The Disclosure Certificate will be executed for the benefit of the beneficial owners of the 2010 Bonds and the County will covenant in the Bond Ordinance to comply with the terms of the Disclosure Certificate. The Disclosure Certificate will provide that so long as the applicable series of 2010 Bonds remains outstanding, the County will annually provide the following information to the Municipal Securities Rulemaking Board, through the Electronic Municipal Market Access (“EMMA”) system: (i) certain financial information and operating data; and (ii) notice of certain material events, as specified in the Disclosure Certificate. The form of the Disclosure Certificate is attached hereto as Appendix D.

The County has not failed to materially comply with any prior continuing disclosure undertakings previously entered into pursuant to Rule 15c2-12 promulgated under the Securities Exchange Act of 1934.

Certain Bondholder Risks

The purchase of the 2010 Bonds involves certain investment risks that are discussed throughout this Official Statement. Each prospective investor should read this Official Statement in its entirety and to give particular attention to the risks described herein which could affect the payment of the 2010 Bonds and could affect the market price of the 2010 Bonds to an extent that cannot be determined at this time.

Forward-Looking Statements

This Official Statement, particularly (but not limited to) any statements referring to budgeted or unaudited interim information for fiscal year 2010, fiscal year 2011 or future

years, contains statements relating to future results that are “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words “estimate,” “forecast,” “intend,” “expect” and similar expressions identify forward-looking statements. Any forward-looking statement is subject to uncertainty. Accordingly, such statements are subject to risks that could cause actual results to differ, possibly materially, from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop forward-looking statements will not occur as assumed or unanticipated events and circumstances may occur. Therefore, investors should be aware that there are likely to be differences between forward-looking statements and actual results. Those differences could be materially adverse to the owners of the 2010 Bonds and could impact the availability of revenues to pay debt service on the 2010 Bonds.

Secondary Market

No guarantee can be made that a secondary market for the 2010 Bonds will develop or be maintained by the Initial Purchaser or others. Thus, prospective investors should be prepared to hold their 2010 Bonds to maturity.

Additional Information

This introduction is only a brief summary of the provisions of the 2010 Bonds and the Bond Ordinance; a full review of the entire Official Statement should be made by potential investors. Brief descriptions of the 2010 Bonds, the Bond Ordinance, the County, the General Taxes, the Pledged Revenues and the Project are included in this Official Statement. All references herein to the 2010 Bonds, the Bond Ordinance and other documents are qualified in their entirety by reference to such documents. *This Official Statement speaks only as of its date and the information contained herein is subject to change.*

Additional information and copies of the documents referred to herein are available from the County and the Financial Advisor at the addresses set forth below:

Elko County, Nevada
Attn: Chief Financial Officer
569 Court Street
Elko, Nevada 89801
Telephone: (775) 753-7073

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

SOURCES AND USES OF FUNDS

Sources and Uses of Funds

The proceeds of the 2010 Bonds are expected to be applied in the manner set forth in the following table.

Sources and Uses of Funds

	<u>Amount</u>
<u>SOURCES:</u>	
Principal amount.....	
Plus: original issue premium	
Total	
<u>USES:</u>	
Deposit to the Escrow Account	
Deposit to the Acquisition Account	
Costs of issuance (including underwriting discount)	
Total	

Source: The Financial Advisor.

The Improvement Project

A portion of the 2010 Bond proceeds will be used to acquire vehicles and equipment to be used by the County, currently expected to include vehicles for the Sheriff's Department, an inmate communication system, fire equipment and other equipment. The County may use the 2010 Bond proceeds for to pay the costs of any qualifying capital project.

The Refunding Project

General. A portion of the 2010 Bond proceeds will be used to advance refund the Refunded Bonds. To accomplish the Refunding Project, the County will deposit with the Paying Agent for the Refunded Bonds a portion of the 2010 Bond proceeds sufficient, when combined with any other available funds, to pay (i) the principal and interest on the Refunded Bonds maturing on December 1, 2010 through December 1, 2014, as it becomes due; and (ii) to pay the principal and interest on the Refunded Bonds maturing on and after December 1, 2015, as it becomes due upon prior redemption on December 1, 2014.

Verification of Mathematical Computations. Grant Thornton LLP, independent certified public accountants, Minneapolis, Minnesota, will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them by the Financial Advisor, relating to the adequacy of the cash and the maturing principal amounts of and interest due on the Federal Securities held in the Escrow Account to pay all of the principal of and interest on the Refunded Bonds when due, which computations support the conclusion of Bond Counsel that the 2010 Bonds are not "arbitrage bonds" under Section 148 of the Tax Code.

THE 2010 BONDS

General

The 2010 Bonds will be issued as fully registered bonds in denominations of \$5,000 and any integral multiple thereof. The 2010 Bonds will be dated as of their date of delivery and will bear interest and mature as set forth on the inside cover page of this Official Statement. The 2010 Bonds initially will be registered in the name of “Cede & Co.,” as nominee for DTC, the securities depository for the 2010 Bonds. Purchases of the 2010 Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the 2010 Bonds. See “Book-Entry Only System” below.

Payment Provisions

Interest on the 2010 Bonds is payable on December 1, 2010, and on each June 1 and December 1 thereafter. The payment of interest on any 2010 Bond shall be made by check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof (i.e., Cede & Co.) at the address shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month next preceding each interest payment date (the “Regular Record Date”); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. Such Special Record Date shall be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the 2010 Bonds not less than 10 days prior thereto by first-class mail to each such registered owner as shown on the Registrar’s registration records on a date selected by the Registrar, stating the date of the Special Record Date and the date fixed for the payment of such defaulted interest. The Paying Agent may make payments of interest on any 2010 Bond by such alternative means as may be mutually agreed upon between the owner of such 2010 Bond and the Paying Agent. The principal of and redemption premium, if any, on the 2010 Bonds are payable to the registered owner upon presentation and surrender at the corporate trust office of the Paying Agent, or such other office designated by the Paying Agent. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of and interest on the 2010 Bonds will be made directly to DTC or its nominee, Cede & Co., by the Paying Agent, so long as DTC or Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to DTC’s Participants (defined in Appendix C) is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners (defined in Appendix C) is the responsibility of DTC’s Participants and the Indirect Participants (defined in Appendix C), as more fully described herein. See “Book-Entry Only System” below.

Prior Redemption

Optional Prior Redemption. The 2010 Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after June 1, 2021, will be subject to redemption prior to their respective maturities at the option of the County on and after June 1, 2020, in whole or in part at any time, from such maturities as are selected by the County and if less than all the 2010 Bonds

of a maturity are to be redeemed, the 2010 Bonds of such maturity are to be selected by lot (giving proportionate weight to 2010 Bonds in denominations larger than \$5,000), at a price equal to the principal amount of each 2010 Bond or portion thereof so redeemed plus accrued interest thereon to the redemption date.

Notice of Redemption. Unless waived by any registered owner of a 2010 Bond to be redeemed, notice of prior redemption shall be given by the Registrar, by registered or certified mail as long as Cede & Co. or a nominee or a successor depository is the registered owner of the 2010 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 2010 Bond (initially Cede & Co.) all or a part of which is called for prior redemption at his or her address as it last appears on the registration records kept by the Registrar. The notice shall identify the 2010 Bonds and state that on such date the principal amount thereof, and premium, if any, thereon will become due and payable at the Paying Agent (accrued interest to the Redemption Date being payable by mail or as otherwise provided in the Bond Ordinance), and that after such Redemption Date interest will cease to accrue. After such notice and presentation of said 2010 Bonds, the 2010 Bonds called for redemption will be paid. Actual receipt of mailed notice by the MSRB or any registered owner of 2010 Bonds shall not be a condition precedent to redemption of such 2010 Bonds. Failure to give such notice by mailing to the MSRB or the registered owner of any 2010 Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other 2010 Bond. A certificate by the Registrar that notice of call and redemption has been given shall be conclusive as against all parties; and no owner whose 2010 Bond is called for redemption or any other owner of any 2010 Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

Notwithstanding the provisions above, any notice of redemption may contain a statement that the redemption is conditional 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 2010 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 2010 Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenant

In the Bond Ordinance, the County covenants for the benefit of the owners of the 2010 Bonds that it will not take any action or omit to take any action with respect to the 2010 Bonds, the proceeds thereof, any other funds of the County or any project financed or refinanced with the proceeds of the 2010 Bonds if such action or omission (i) would cause the interest on the 2010 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 2010 Bonds to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code. The foregoing covenant shall remain in full force and effect notwithstanding the payment in full or defeasance of the 2010 Bonds until the date on which all obligations of the County in fulfilling the above covenant under the Tax Code have been met.

Book-Entry Only System

The 2010 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 2010 Bonds. The ownership of one fully registered 2010 Bond for each maturity, as set forth on the inside cover page of this Official Statement, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co., as nominee for DTC. See Appendix C - Book-Entry Only System.

SO LONG AS CEDE & CO., AS NOMINEE OF DTC, IS THE REGISTERED OWNER OF THE 2010 BONDS, REFERENCES IN THIS OFFICIAL STATEMENT TO THE REGISTERED OWNERS OF THE 2010 BONDS WILL MEAN CEDE & CO. AND WILL NOT MEAN THE BENEFICIAL OWNERS.

None of the County, the Registrar or the Paying Agent will have any responsibility or obligation to DTC's Participants or Indirect Participants (defined in Appendix C), or the persons for whom they act as nominees, with respect to the payments to or the providing of notice for the Direct Participants, the Indirect Participants or the beneficial owners of the 2010 Bonds as further described in Appendix C to this Official Statement.

DEBT SERVICE REQUIREMENTS

The following table sets forth the estimated annual debt service requirements for the 2010 Bonds, the total annual debt service payable on the 2007 Bonds and the estimated combined debt service requirements on the 2010 Bonds and the 2007 Bonds.

Debt Service Requirements(1)*

Fiscal Year Ending <u>June 30</u>	<u>The 2010 Bonds*</u>			<u>Total Debt Service on the 2007 Bonds</u>	<u>Grand Total</u>
	<u>Principal</u>	<u>Interest(2)</u>	<u>Total</u>		
2011	\$ 265,000	\$ 393,305	\$ 658,305	\$ 817,263	\$ 1,475,568
2012	275,000	415,875	690,875	814,988	1,505,863
2013	295,000	404,875	699,875	806,613	1,506,488
2014	245,000	393,075	638,075	804,013	1,442,088
2015	395,000	383,275	778,275	805,813	1,584,088
2016	420,000	367,475	787,475	806,813	1,594,288
2017	435,000	350,675	785,675	807,013	1,592,688
2018	450,000	333,275	783,275	811,413	1,594,688
2019	470,000	315,275	785,275	809,813	1,595,088
2020	490,000	296,475	786,475	812,413	1,598,888
2021	510,000	276,875	786,875	814,013	1,600,888
2022	530,000	253,925	783,925	814,613	1,598,538
2023	555,000	232,725	787,725	819,213	1,606,938
2024	575,000	207,750	782,750	821,781	1,604,531
2025	605,000	181,875	786,875	823,113	1,609,988
2026	620,000	154,650	774,650	827,300	1,601,950
2027	640,000	126,750	766,750	835,000	1,601,750
2028	690,000	97,950	787,950	--	787,950
2029	720,000	66,900	786,900	--	786,900
2030	<u>750,000</u>	<u>34,500</u>	<u>784,500</u>	<u>--</u>	<u>784,500</u>
Total	\$9,935,000	\$5,287,480	\$15,222,480	\$13,851,188	\$29,073,668

(1) Totals may not add due to rounding.

(2) Assumes interest at rates estimated by the Financial Advisor.

Source: The Financial Advisor.

* Subject to change.

SECURITY FOR THE BONDS

General Obligations

General. The 2010 Bonds are direct and general obligations of the County, and the full faith and credit of the County is pledged for the payment of principal and interest, subject to State constitutional and statutory limitations on the aggregate amount of ad valorem taxes. See “PROPERTY TAX INFORMATION--Property Tax Limitations.” The 2010 Bonds are payable by the County from any source legally available therefor at the times such payments are due, including the General Fund of the County. In the event, however, that such legally available sources of funds are insufficient, the County is obligated to levy a general (ad valorem) tax on all taxable property within the County for payment of the 2010 Bonds, subject to the limitations provided in the constitution and statutes of the State.

Limitations on Property Tax Revenues. The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county (including the State, the County, the Elko County School District (the “School District”), the cities, or any special district) in each year. Those limitations are described in “PROPERTY TAX INFORMATION--Property Tax Limitations.” In any year in which the total property taxes levied within the County by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness (including the 2010 Bonds, if a tax levy is necessary to pay them), including interest on such indebtedness. See “PROPERTY TAX INFORMATION--Property Tax Limitations.”

No Repealer. State statutes provide that no act concerning the 2010 Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the 2010 Bonds or their security until all of the 2010 Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Certain Risks Associated With Property Taxes

Delays in Property Tax Collections Could Occur. Although the 2010 Bonds are general obligations of the County, the County may only levy property taxes to pay debt service on the 2010 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 County is required to levy property taxes, there may be a delay in the availability of property tax revenues to pay debt service on the 2010 Bonds. Accordingly, although other County revenues may be available to pay debt service on the 2010 Bonds if Pledged Revenues are insufficient, time may elapse before the County receives property taxes levied to cover any insufficiency of Pledged Revenues.

Certain Risks Related to Property Taxes. Numerous other factors over which the County has no control may impact the timely receipt of ad valorem property tax revenues in the future. These include the valuation of property within the County, the number of homes which are in foreclosure, bankruptcy proceedings of property taxpayers or their lenders, and the ability or willingness of property owners to pay taxes in a timely manner.

Economic conditions have negatively impacted the County as they have the rest of the country; however, because the County did not experience explosive growth in assessed valuation in recent years, it has not experienced the severe negative impacts that have affected other areas of the State and the country. It cannot be predicted at this time what impact economic trends would have on property tax collections should the County be required to levy an ad valorem tax to pay debt service on the 2010 Bonds in the future.

Pledged Revenues

The 2010 Bonds are additionally secured by a lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with the lien thereon of the 2007 Bonds and any additional Parity Bonds issued in the future and subordinate to the lien of any Superior Bonds issued in the future. See “Additional Bonds” below.

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

Certain Risks Associated With Pledged Revenues

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

County Cannot Increase Rates of Taxes. The Consolidated Tax is imposed by the State legislature (the “Legislature”) and the rate of such taxes can be increased only by action of the Legislature. Even if the Legislature were to raise the rate of such taxes, there is no guarantee that the County would be authorized to use the increased revenues to pay debt service on the 2010 Bonds.

Sales Tax Collections Subject to Fluctuation. The Consolidated Tax includes certain sales tax revenues as described in “REVENUES AVAILABLE FOR DEBT SERVICE.” Sales tax collections are subject to fluctuations in spending which is affected by, among other things, general economic cycles. Sales tax revenues may increase along with the increasing prices brought about by inflation, but collections also are vulnerable to adverse economic conditions and reduced spending and may decrease as a result. Consequently, the rate of sales tax collections may be expected to correspond generally to economic cycles. The County has no

control over general economic cycles and is unable to predict what economic factors or cycles will occur while the 2010 Bonds remain Outstanding.

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

Delays in Receipt of Sales Tax Revenues May Negatively Impact Payment of the 2010 Bonds. As described in “REVENUES AVAILABLE FOR DEBT SERVICE--Collection and Enforcement of Revenues Collected Pursuant to the Consolidated Tax,” the Consolidated Tax is collected by the State, which then distributes the monies to the County (less the statutorily defined fee retained by the State) for credit to the appropriate fund. Should there be significant delays between the transfer of tax revenues to the County by the State, the payment of the 2010 Bonds may be negatively impacted.

Bankruptcy and Foreclosure. The ability and willingness of a business owner or operator to remit sales tax revenues included in the Consolidated Tax may be adversely affected by the filing of a bankruptcy proceeding by the business owner or operator. The ability to collect delinquent sales taxes using State law remedies for non-payment of taxes may be forestalled or delayed by bankruptcy, reorganization, insolvency, or other similar proceedings of the owner or operator of a retail business, or by the holder of any liens on the business. The federal bankruptcy laws provide for an automatic stay of foreclosure and sale proceedings, thereby delaying such proceedings, perhaps for an extended period. Delays in the exercise of remedies could result in Pledged Revenue collections that may be insufficient to pay debt service on the 2010 Bonds when due.

Flow of Funds

The Bond Ordinance requires that so long as any of the 2010 Bonds are Outstanding, as to any Bond Requirements (as defined in Appendix B), the entire Pledged Revenues, upon their receipt from time to time by the County, shall be set aside and credited immediately to a special fund designated as the “Elko County, Nevada, Consolidated Tax Pledged Revenues Income Fund” (the “Income Fund”).

The moneys on deposit in the Income Fund shall be applied in the following order of priority:

1. Superior Bond Requirements. First, from any moneys in the Income Fund, i.e., from the Pledged Revenues, transfers shall be made to any bond fund created to pay the principal of, interest on and prior redemption premiums due on any Superior Bonds that are issue in the future, including any reasonable reserves therefor.

2. 2010 Bond Fund Payments. Second, and simultaneously with the transfers required by the ordinances authorizing the issuance of the 2007 Bonds or additional Parity Bonds to the bond funds of the 2007 Bonds or such additional Parity Bonds, the following transfers shall be credited to the Bond Fund:

A. Monthly, commencing on the first of the month following the date of delivery of the 2010 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 2010 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 2010 Bonds then Outstanding.

B. Monthly, commencing on the first of the month following the date of delivery of the 2010 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 installment of principal of the 2010 Bonds coming due at maturity, and monthly thereafter, commencing on each principal payment date, one-twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next installment of principal of the 2010 Bonds coming due at maturity. The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the 2010 Bonds as the Bond Requirements become due, including any mandatory sinking fund payments.

No payment need be made into the Bond Fund if the amount in the Bond Fund totals a sum at least equal to the entire amount of the Outstanding 2010 Bonds as to all Bond Requirements, to their respective maturities, and both accrued and not accrued, in which case moneys in that account in an amount at least equal to such Bond Requirements shall be used solely to pay such Bond Requirements as the same become due; and any moneys in excess thereof and any other moneys derived from the Pledged Revenues shall be applied as described below.

3. Payment of Additional Securities. Third, and subject to the provisions described above, any moneys remaining in the Income Fund may be used by the County for the payment of Bond Requirements of additional bonds or other additional securities payable from the Pledged Revenues and authorized in the future in accordance with the Bond Ordinance (see “Additional Bonds” below) and any other provisions therein supplemental thereto, including reasonable reserves for such securities, as the same accrue. The lien of such additional bonds or other additional securities on the Pledged Revenues and the pledge thereof for the payment of such additional securities shall be superior to, on a parity with or subordinate to the lien and pledge of the 2010 Bonds as provided in the Bond Ordinance and the ordinance authorizing the additional securities. Payments for bond, rebates and reserve funds for superior securities shall be made before the payments described in paragraph (2) above; payments for bond and reserve funds for parity securities shall be made concurrently with the payments described in paragraph (2) above; but payments for bond, rebate and reserve funds for additional subordinate securities shall be made after the payments described in paragraphs (1) and (2) above and paragraph (4) below.

4. Payment of Rebate. Fourth, and simultaneously with transfers required to the rebate accounts for the 2007 Bonds and any Parity Bonds hereafter issued, and subject to the provisions above, there shall be transferred into the “Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010, Rebate Account” created in the Bond Ordinance, after making in full the monthly deposits described above, but

prior to the transfer of any Pledged Revenues to the payment of subordinate securities, such amounts as are required to be deposited therein to meet the County's obligations under the tax covenant made in the Bond Ordinance (described in "THE 2010 BONDS--Tax Covenant") in accordance with Section 148(f) of the Tax Code. Amounts in the Rebate Account 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 Rebate Account in excess of those required to be on deposit therein by the tax covenant and Section 148(f) of the Tax Code may be withdrawn therefrom and used for any lawful purpose.

Use of Remaining Revenues. After the payments described above are made, any remaining Pledged Revenues in the Income Fund may be used at any time during any Fiscal Year whenever in the Fiscal Year there shall have been credited to the Bond Fund, to the Rebate Account, and to each other bond fund, rebate account and reserve fund, if any, for the payment of any other securities payable from the Pledged Revenues, all amounts required to be deposited in those special accounts for such portion of the Fiscal Year, as described above, for any one or any combination of lawful purposes, or otherwise, as the County may from time to time determine.

Additional Bonds

General. The County is authorized to issue additional bonds secured by the Pledged Revenues as described below. To the extent the issuance of additional Superior Bonds or Parity Bonds increases the amount of debt service payable by the County, issuance of such additional bonds will have the effect of diluting the security for the 2010 Bonds.

The County has no current plans to issue additional Parity Bonds or Superior Bonds, although it reserves the right to do so upon the satisfaction of all legal conditions.

Superior Securities Permitted. The Bond Ordinance authorizes the County to issue additional bonds or other securities ("Superior Bonds") payable from the Pledged Revenues and having a lien thereon prior and superior to the lien thereon of the 2010 Bonds upon the satisfaction of the conditions described in "Issuance of Superior or Parity Securities" below; however, such Superior Bonds shall not be issued as general obligations of the County.

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

A. Absence of Default. At the time of the adoption of the supplemental instrument authorizing the issuance of the additional securities, the County shall not be in default in making any payments described in "Flow of Funds" above with respect to any Superior Bonds or Parity Bonds.

B. Earnings Test. Except as hereinafter otherwise provided: (1) the Pledged Revenues derived in the Fiscal Year immediately preceding the date of the issuance of the additional superior securities or parity securities shall have been at least sufficient to pay an amount that is 100% of combined maximum annual principal and interest requirements (to be

paid during any one Bond Year, commencing with the Bond Year in which the Superior Bonds or additional Parity Bonds are issued and ending on the last Bond Year in which any then Outstanding 2010 Bonds last mature) of the Outstanding 2010 Bonds and any other Outstanding Superior Bonds or Parity Bonds of the County and the bonds or other securities proposed to be issued (excluding the reserves therefor); or, (2) the Pledged Revenues estimated by the Chief Financial Officer, independent feasibility consultant or Independent Accountant to be derived in the first five Fiscal Years immediately succeeding the issuance of the other additional Superior Bonds or Parity Bonds proposed to be issued, shall be at least equal to the combined maximum annual principal and interest requirements to be paid during such Comparable Bond Year.

C. Adjustment of Pledged Revenues. In any computation of such earnings test as to whether or not additional Superior Bond or Parity Bonds may be issued as described in paragraph B above, the amount of the Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of any loss or gain conservatively estimated by the Chief Financial Officer, independent feasibility consultant or Independent Accountant making the computations, which loss or gain results from any change in the rate of the levy of that part of the Consolidated Tax constituting a part of the Pledged Revenues which change took effect during the next preceding Fiscal Year or thereafter prior to the issuance of such Superior Bond or Parity Bonds, as such modified rate shall have been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the County before the computation of the designated earnings test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year.

Certification of Revenues. A written certification or written opinion by the Chief Financial Officer, independent feasibility consultant or an Independent Accountant, based upon estimates thereby as described above, that the annual revenues when adjusted as described above are sufficient to pay such amounts as described in paragraph B above, shall be conclusively presumed to be accurate in determining the right of the County to authorize, issue, sell and deliver additional Parity Bonds or Superior Bonds.

Subordinate Securities Permitted. The Bond Ordinance authorizes the County to issue additional bonds or other additional securities payable from the Pledged Revenues and having a lien thereon subordinate, inferior and junior to the lien thereon of the 2010 Bonds.

No Pledge of Property

The payment of the 2010 Bonds is not secured by an encumbrance, mortgage or other pledge of property of the County, except the proceeds of the General Taxes, the Pledged Revenues and any other moneys pledged in the Bond Ordinance for the payment of the 2010 Bonds. No property of the County, subject to such exceptions, shall be liable to be forfeited or taken in payment of the 2010 Bonds.

Limitation of Remedies

Judicial Remedies. Upon the occurrence of an Event of Default under the Bond Ordinance, each owner of the 2010 Bonds is entitled to enforce the covenants and agreements of the County by mandamus, suit or other proceeding at law or in equity. Any judgment will, however, only be enforceable against the Pledged Revenues and other moneys held under the Bond Ordinance (including General Taxes, if any) and not against any other fund or properties of the County.

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

Due to the delays in obtaining judicial remedies, it should not be assumed that these remedies could be accomplished rapidly. Any delays in obtaining judicial remedies to enforce the covenants and agreements of the County under the Bond Ordinance, to the extent enforceable, could result in delays in any payment of principal of and interest on the 2010 Bonds.

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the 2010 Bonds and the obligations incurred by the County in issuing the 2010 Bonds are subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; the power of the federal government to impose liens in certain situations; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings or the exercise of powers by the federal or State government, if initiated, could subject the owners of the 2010 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

No Acceleration. There is no provision for acceleration of maturity of the principal of the 2010 Bonds in the event of a default in the payment of principal of or interest on the 2010 Bonds. Consequently, remedies available to the owners of the 2010 Bonds may have to be enforced from year to year.

Future Changes in Laws

Various State laws apply to the imposition, collection, and expenditure of General Taxes, the Consolidated Tax and to other County revenues as well as to the operation and finances of the County. For example, from time to time, proposals are made (or adopted) by the Legislature to add or remove certain types of transactions from the Consolidated Tax. The Legislature may also increase the administrative fee retained by the State for collecting the Consolidated Tax from time to time; that increase results in a decrease in Pledged Revenues. There is no assurance that there will not be any change in, interpretation of, or addition to the applicable laws, provisions, and regulations which would have a material effect, directly or indirectly, on the affairs of the County and the imposition, collection, and expenditure of revenues, including General Taxes and the Consolidated Tax.

REVENUES AVAILABLE FOR DEBT SERVICE

General Description of Consolidated Tax

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

Sales Taxes. The Supplemental City/County Relief Tax ("SCCRT") and Basic City/County Relief Tax ("BCCRT") are each a component of the combined sales and use tax levied by the State (the tax levied on retail sales and the storage, use or other consumption of tangible property in the County). The SCCRT is levied at a rate of 1.75% and the BCCRT is levied at a rate of 0.50%. The revenues from each of these sources are collected monthly by the State Department of Taxation (the "Department") and, following adjustments for certain rural counties and costs of collections, are remitted to the county of origin, then divided among the local governments within each county according to a formula. In fiscal year 2009, the SCCRT and BCCRT accounted for a combined 84.5% (18.7% and 65.8%, respectively) of the Consolidated Tax distributed within the County.

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

Governmental Services Tax. The Governmental Services Tax ("GST") is levied at a rate of 4 cents per dollar of valuation of motor vehicles, and is assessed at the time of annual registration. The initial valuation of the vehicle is determined at 35% of the manufacturer's suggested retail price. Vehicle value is depreciated to 85% after the first year and graduated down to 5% after 9 years. Ninety-four percent of the proceeds of the GST is distributed to local governments in each county. In fiscal year 2009, the GST accounted for 13.6% of the Consolidated Tax distributed in the County.

Real Property Transfer Tax. The Real Property Transfer Tax ("RPTT") is paid by the buyer in a conveyance of real property. The rate of taxation on transfers of real property in the County is \$2.05 per \$500 of value of the interest in property conveyed, exclusive of any lien or encumbrance upon the property. Of the \$2.05 per \$500 of value, a portion (55 cents) is deposited in the Local Government Tax Distribution Account for distribution to local governments and the rest is retained by the State for various purposes. In fiscal year 2009, the RPTT accounted for 0.8% of the Consolidated Tax distributed in the County.

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

the remainder deposited to the State general fund. The Cigarette Tax is levied at a rate of 4 cents per cigarette, which equates to 80 cents per pack. Of that amount, 10 cents per pack is deposited in the Local Government Tax Distribution Account and distributed to local governments. The Liquor Tax is levied on a per gallon basis and is in addition to the applicable sales tax. Of the \$3.60 per gallon tax levied on liquor with an alcohol content in excess of 22%, 50 cents is deposited in the Local Government Tax Distribution Account and distributed to local governments. Taxes levied upon tobacco products other than cigarettes and upon liquor products with less than a 22% alcohol content are retained by the State general fund. In fiscal year 2009, the Cigarette Tax and the Liquor Tax accounted for 0.9% and 0.2%, respectively, of the Consolidated Tax distributed in the County.

Collection and Enforcement of Revenues Collected Pursuant to the Consolidated Tax Act

The Department administers the collection and enforcement of the Consolidated Tax Act. The taxes comprising the Consolidated Tax are collected as described below and distributions are made monthly.

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

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

The Department administers all sales taxes within the State, including the BCCRT and the SCCRT. Each licensed retailer is required to remit all sales tax directly to the Department. Pursuant to State statute, effective July 1, 2009, the Department retains a collection fee of 1.75% (increased from the 0.75% fee previously retained) of all amounts remitted by retailers. (Notwithstanding the foregoing, the increased fee cannot be applied so as to modify, directly or indirectly, any taxes levied or revenues pledged in such a manner as to impair adversely any outstanding obligations of any political subdivision of this State or other public entity). Every person desiring to conduct business as a retailer within the County must obtain a permit from the Department. Any retailer that fails to comply with State statutes may have its license revoked by the Department after a hearing held upon 10 days' written notice.

Sales taxes are due and payable to the Department monthly on or before the last day of the month next succeeding the month in which such taxes are collected (i.e., sales taxes collected by retailers in March 2010 were due to the Department no later than April 30, 2010). Retailers are allowed to deduct 0.25% of the amount due to reimburse themselves for the cost of collecting the tax. Sales tax remittances to the Department must be accompanied by a return form prescribed by the Department. The Department may require returns and payments for periods other than calendar months. Interest on deficient sales tax payments, exclusive of

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

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

Distribution of Consolidated Tax Act Collections. Amounts collected pursuant to the Consolidated Tax Act are distributed to local governments in accordance with a formula established by State law. The Consolidated Tax Act established a "base year" during the 1997 Legislative session. After that year, each local government receives an annual percentage increase in its base amount according to increases in the prior year's Consumer Price Index. For cities and counties, additional revenues over the base allocations are determined according to a statutory formula that takes into account each local government's relative growth in population and assessed valuation in the prior year. Over the last five years, the County has received an average of 40.8% of the Consolidated Tax Act collections distributed within the County.

Consolidated Tax Revenue Data

Historical Consolidated Tax Revenues and Pro-Forma Debt Service Coverage. The following table sets forth a history of the Pledged Revenues and the associated pro-forma debt service coverage, calculated by dividing the Pledged Revenues by the estimated combined maximum annual principal and interest requirements on the Parity Bonds. The table includes information for fiscal years 2006 through 2009, as well as budgeted information for fiscal year 2010. It is the County's practice to budget revenues conservatively. However, there is no assurance that the Pledged Revenues will continue to be realized in the amounts illustrated below. See "SECURITY FOR THE BONDS--Certain Risks Associated With Pledged Revenues" and other factors described throughout this Official Statement.

Upon issuance of the 2010 Bonds, the combined maximum annual principal and interest requirements on the 2007 Bonds and the 2010 Bonds is \$1,609,988* in fiscal year 2025.* See "THE 2010 BONDS--Debt Service Requirements" for the total debt service due on the 2010 Bonds and the 2007 Bonds.

* Subject to change.

Historical Pledged Revenues and Pro-Forma Debt Service Coverage*

	2006 <u>Actual</u>	2007 <u>Actual</u>	2008 <u>Actual</u>	2009 <u>Actual</u>	2010 <u>Budgeted</u>
Consolidated Tax Receipts	\$10,411,942	\$11,813,785	\$11,269,765	\$11,091,279	\$10,750,000
% change					
Pledged Revenues (15% of Consolidated Tax Receipts)	\$ 1,561,791	\$ 1,772,068	\$ 1,690,465	\$ 1,663,692	\$ 1,612,500
Estimated combined maximum annual principal and interest requirements on the 2007 Bonds and the 2010 Bonds (1)*	\$1,609,988	\$1,609,988	\$1,609,988	\$1,609,988	\$1,609,988
Coverage*	0.97x	1.10x	1.05x	1.03x	1.00x

(1) \$1,609,988* in fiscal year 2025.* See “DEBT SERVICE REQUIREMENTS.”

Source: Derived from the County’s audited financial statements for the fiscal year ended June 30, 2009, and from fiscal year 2010 information provided by the County.

Through March 2010, the County had received total Consolidated Tax receipts of \$7,405,235 and thus Pledged Revenues of \$1,110,785. That figure represents an 11% decline in total Consolidated Tax receipts from the same nine-month period in fiscal year 2009.

The County’s policy is to budget its revenues conservatively, including Consolidated Tax receipts. The County currently expects that Consolidated Tax receipts will remain flat for fiscal year 2011 and, in its fiscal year 2010-11 Final Budget, the County has budgeted Consolidated Tax receipts of \$10,750,000 and thus, Pledged Revenues of \$1,612,500. That budgeted figure results in estimated debt service coverage of 1.00x. If the Pledged Revenues are insufficient to pay the combined debt service on the 2010 Bonds and the 2007 Bonds, the County must use other available revenues to do so.

Monthly Comparison of Consolidated Tax Act Collections. The following table presents a comparison of monthly revenues received by the County pursuant to the Consolidated Tax Act for the twelve-month periods ending March 31, 2010 and 2009. *The data in the following table reflects collection of the full amount of amounts received pursuant to the Consolidated Tax Act; however, the Pledged Revenues are comprised of only 15% of that total amount. The information below is intended to illustrate collection trends only; it is not a representation of amounts available to pay the 2010 Bonds.* This table is presented on an accrual basis; accordingly, revenues are accounted for in the month of the original sales rather than the month of actual collection by the County. For example, revenues recorded for “February 2010” in the following table represent sales made by retailers in February 2010 and are recorded in that month even though retailers remitted those revenues to the State in March 2010 and the moneys were received by the County in April 2010. As of March 31, 2010, the County had experienced a decrease of approximately 9.5% in Consolidated Tax collections as compared to the same twelve-month period for the previous year.

* Subject to change.

Comparison of Monthly Consolidated Tax Act Collections(1)

	<u>Twelve-Month Period</u> <u>Ending March 31, 2010</u>		<u>Twelve-Month Period</u> <u>Ending March 31, 2009</u>		<u>Percent Change</u>	
	<u>Current</u>		<u>Current</u>		<u>Current</u>	
	<u>Month</u>	<u>Cumulative</u>	<u>Month</u>	<u>Cumulative</u>	<u>Month</u>	<u>Cumulative</u>
April	\$ 937,768	\$ 937,768	\$ 903,731	\$ 903,731	3.8%	3.8%
May	881,364	1,819,132	985,919	1,889,650	(10.6)	(3.7)
June	955,833	2,774,965	1,045,224	2,934,874	(8.6)	(5.4)
July	885,912	3,660,877	974,600	3,909,474	(9.1)	(6.4)
August	775,657	4,436,534	909,082	4,818,556	(14.7)	(7.9)
September	904,229	5,340,763	1,001,278	5,819,834	(9.7)	(8.2)
October	842,770	6,183,533	998,165	6,817,999	(15.6)	(9.3)
November	780,526	6,964,059	913,598	7,731,597	(14.6)	(9.9)
December	905,811	7,869,870	956,945	8,688,542	(5.3)	(9.4)
January	744,169	8,614,039	828,373	9,516,915	(10.2)	(9.5)
February	722,386	9,336,425	743,686	10,260,601	(2.9)	(9.0)
March	843,775	10,180,200	990,587	11,251,188	(14.8)	(9.5)

- (1) Reflects collection of the full amount of amounts received pursuant to the Consolidated Tax Act; however, the Pledged Revenues pledged to payment of the 2010 Bonds are comprised of only 15% of that total amount.

Source: County Finance Department (Unaudited).

PROPERTY TAX INFORMATION

Property Tax Base and Tax Roll

General. The State Department of Taxation reports the assessed valuation of property within the County for the fiscal year ending June 30, 2010, to be \$1,274,631,694 (excluding the assessed valuation attributable to the Redevelopment Agency), which represents an increase of 4.3% from the assessed valuation for the prior fiscal year. The preliminary assessed valuation of property within the County for the fiscal year ending June 30, 2011 (which remains subject to change until July 2010), is \$1,434,663,933 (excluding the assessed valuation attributable to the Redevelopment Agency). That assessed valuation represents an increase of 12.6% from the assessed valuation for fiscal year 2010.

State law requires that the County assessor reappraise at least once every five years all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). The law provides that in years in which the property is not reappraised, the County assessor is to apply a factor representing typical changes in value in the area since the preceding year. In the County, property assessments are adjusted annually by the formula and each parcel of property is physically reappraised for assessment purposes every five years, with a portion of the property physically reappraised every year. State law requires that property be assessed at 35% of taxable value, that percentage may be adjusted upward or downward by the Legislature. Based on the assessed valuation for the fiscal year 2010, the taxable value of all taxable property within the County is \$3,641,804,840 (excluding the taxable value attributable to the Redevelopment Agency). Based upon the preliminary assessed valuation for fiscal year 2011, the taxable value of all property within the County is \$4,099,039,809.

“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.

Net Proceeds of Mines. The County is home to several large gold mines. See “ECONOMIC AND DEMOGRAPHIC INFORMATION--Mining.” An ad valorem property tax also is levied on the gross yield of minerals mined or produced in the State (except sand and gravel) which was: sold, exchanged for any thing or service; removed from the State in a form ready for sale or use; or used in a manufacturing process or in providing a service; after the deduction of specified costs (the “net proceeds of mines”). State law allows the deduction from gross yield of specific costs incurred during the year for which tax is being calculated including

but not limited to: the actual cost of extracting the mineral (including the costs of labor, supplies and materials); the actual cost of transporting the mineral to the place of processing and sale; the actual cost of processing; the actual cost of marketing and delivering the mineral; repair and maintenance of equipment; fire insurance on plant and equipment; depreciation of machinery and equipment; industrial insurance premiums; contributions to retirement plans; and royalties. Persons receiving royalty payments also must pay ad valorem taxes on those royalties; such payments are included in the net proceeds of mines tax. The net proceeds of mines tax is separate from (and in addition to) ad valorem property taxes paid on land, equipment and other assets.

Generally, each person extracting minerals must file a statement on or before February 16 of each year showing the gross yield and the claimed net proceeds for each geographically separate operation where a mineral was extracted during the preceding calendar year. State law allows amended statements to be filed within 30 days of February 16. By March 1 of each year, each person extracting minerals also must file a statement showing the estimated gross yield and estimated net proceeds for the current calendar year, and estimated royalties to be paid during the current calendar year. The Department uses the statements to calculate the amount of tax owed, prepares a notice and mails it to the taxpayer no later than April 20 (April 30 for amended statements); the tax is due on or before May 10. Notwithstanding the foregoing, for fiscal years 2010 and 2011, the tax is required to be paid based upon the current year estimates rather than the actual yield and net proceeds in the prior fiscal year. Amounts not paid in a timely fashion are subject to interest at the rate of 1% per month and penalties of 10% of the tax owed.

The rate at which the net proceeds of minerals tax is levied is based upon a ratio of the net proceeds to the gross proceeds of the operation as a whole and ranges from a minimum of 2% to 5%. Royalties are taxed at 5%. Net proceeds of mining tax revenues (and penalty and interest amounts) are apportioned among the State, the County, the school district located in the County and certain local governments impacted mining activity using a statutory formula.

History of Assessed Value

The following table illustrates a history of the assessed valuation in the County. However, due to property tax abatement laws enacted in 2005 (described in “Required Property Tax Abatements” below) the taxes collected by taxing entities within the County will be capped and likely will not change at the same rate as the assessed value.

History of Assessed Value(1)

<u>Fiscal Year Ended June 30,</u>	<u>General Assessed Valuation</u>	<u>Net Proceeds of Mines</u>	<u>Total Assessed Valuation</u>	<u>Percent Change</u>
2006	\$ 865,348,220	\$ 100,000,000	\$ 965,348,220	--
2007	937,053,541	57,000,000	994,053,541	3.0%
2008	980,626,160	80,000,000	1,060,626,160	6.7
2009	1,082,269,103	140,000,000	1,222,269,103	15.2
2010	1,162,403,902	112,227,792	1,274,631,694	4.3
2011(2)	1,198,308,576	236,355,357	1,434,663,933	12.6

(1) Excludes the assessed valuations of the Redevelopment Agency in the following amounts: fiscal year 2010 - \$619,661 and preliminary fiscal year 2011 - \$5,286,368.

(2) Preliminary. Subject to change until July 2010.

Source: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2005-06 through 2009-10, and Fiscal Year 2010-2011 Local Government Revenue Projections - Final (March 15, 2010; revised April 15, 2010).

Property Tax Collections

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

A history of the County's tax roll collection record appears in the following table. *This table reflects all amounts collected by the County, including amounts levied by the County, the school district, the cities within the County and certain special taxing districts. The figures in the following table include property taxes that are not available to pay debt service on the 2010 Bonds.* The table below provides information with respect to the historic collection rates for the County, but may not be relied upon to depict the amounts of ad valorem property taxes available to the County in each year. There is no assurance that collection rates will be similar to the historic collection rates depicted below.

Property Tax Levies and Collections - Secured Property- Elko County, Nevada(1)

<u>Fiscal Year Ending June 30</u>	<u>Net Secured Roll Tax Levy</u>	<u>Total Tax Collections</u>	<u>Total Tax Collections as % of Taxes Levied(2)</u>
2005	\$20,137,083	\$ 19,786,527	98.1%
2006	20,627,505	20,405,270	98.9
2007	22,217,789	21,959,796	98.8
2008	22,556,270	22,165,669	98.3
2009	24,990,819	24,324,155	97.3
2010(3)	26,227,636	25,256,584	96.3

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

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

(3) As of May 25, 2010.

Source: Elko County Treasurer's Office.

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

Largest Taxpayers in the County

The following table represents the ten largest property-owning taxpayers in the County based on fiscal year 2008-2009 assessed valuations. The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (personal property). No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the County.

Ten Largest Taxpayers in the County
Fiscal Year 2008-2009

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>% of Total Assessed Value(1)</u>
1. Peppermill Casinos Inc.	Hotel/Gaming	\$47,701,584	3.74%
2. Sierra Pacific Power Co.	Utility	34,024,794	2.67
3. Union Pacific Railroad	Railroad	27,327,478	2.14
4. Barrick	Mining	24,792,485	1.95
5. Wendover Casinos	Hotel/Gaming	22,304,384	1.75
6. Generation 2000	Hotel/Gaming	19,642,032	1.54
7. CTC of Nevada, Inc.	Utility	19,341,569	1.52
8. Cactus Pete's, Inc.	Hotel/Gaming	18,488,566	1.45
9. Newmont	Mining	12,570,598	0.99
10. PHC - Elko	Hospital	<u>11,907,139</u>	<u>0.93</u>
TOTAL		\$238,100,629	18.68%

(1) Based on the County's fiscal year 2009-2010 assessed valuation of \$1,274,631,694 (which excludes the assessed valuation attributable to the Redevelopment Agency).

Source: County's audited financial statements for the year ended June 30, 2009.

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 of assessed valuation in the case of certain entities that are in financial difficulties; and (b) require that \$0.02 of the statewide property tax rate of \$0.17 per \$100 of assessed valuation is not included in computing compliance with this \$3.64 cap. (This \$0.02 is, however, counted against the \$5.00 cap.) State statutes provide a priority for taxes levied for the payment of general obligation bonded indebtedness in any year in which the proposed tax rate to be levied by overlapping units within a county exceeds any rate limitation, a reduction must be made by those units for purposes other than the payment of general obligation bonded indebtedness, including interest thereon.

Local Government Property Tax Revenue Limitation. State statutes limit the revenues local governments, other than school districts, may receive from ad valorem property taxes for purposes other than paying certain general obligation indebtedness which is exempt from such ad valorem revenue limits. These revenue limitations do not apply to ad valorem taxes levied to repay the 2010 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 levies a tax override 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 statute) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer. To date, the County Treasurer has never received a request to postpone the payment of the property tax as described above.

Required Property Tax Abatements

As described below, taxes levied to pay debt service on the 2010 Bonds are exempt from the application of the Abatement Act (defined below). Nonetheless, in times of assessed value growth, the Abatement Act may constitute a significant limitation on County property tax revenues generally.

General. In 2005, the Legislature approved legislation (the "Abatement Act") that established formulas to determine whether tax abatements are required for property owners in each year. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues owed by taxpayers to a maximum of 3% per year for owner-occupied residential properties (and low-income housing properties) and to 8% (or a lesser amount as determined by the formula) per year for all other properties. The Abatement Act formulas are applied on a parcel-by-parcel basis each year.

Generally, reductions in the amount of ad valorem property tax revenues levied in the County are required to be allocated among all of the taxing entities in the County in the same proportion as the rate of ad valorem taxes levied for that taxing entity bears to the total combined rate of all ad valorem taxes levied for that fiscal year. However, abatements caused by tax rate increases are to be allocated against the entity that would benefit from the tax increase rather than among all entities uniformly. Revenues realized from new or increased ad valorem taxes that are required by any legislative act that was effective after April 6, 2005, generally are exempt from the abatement formulas. The Abatement Act provides for the recapture of previously abated property tax revenues in certain limited situations.

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any

fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. Ad valorem tax rate increases to pay debt service on the 2010 Bonds is exempt from the Abatement Act formulas.

General Effects of Abatement. Limitations on property tax revenues could negatively impact the finances and operations of the taxing entities in the State, including the County, to an extent that cannot be determined at this time. The County reports that to date, the Abatement Act has not had a significant impact on its finances. This is primarily due to the fact that, unlike other areas of the State, the County did not experience explosive growth in assessed value over the last several years and, as a result, the effect of the Abatement Act was mitigated.

Overlapping Tax Rates and General Obligation Indebtedness

Overlapping Tax Rates. The following table presents a history of statewide average tax rates and a representative overlapping tax rate for several taxing districts located in the City of Elko, the County seat and the most populous city in the County. The property within the City of Elko currently has the highest overlapping tax rate within the County. The overlapping rates for incorporated and unincorporated areas within the County vary depending on the rates imposed by applicable taxing jurisdictions.

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

<u>Fiscal Year Ended June 30,</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Average Statewide rate	<u>\$3.1124</u>	<u>\$3.1471</u>	<u>\$3.1526</u>	<u>\$3.1727</u>	<u>\$3.2162</u>
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
Elko Convention & Visitors Authority	0.0392	0.0392	0.0392	0.0392	0.0392
Elko Television District	0.0249	0.0279	0.0289	0.0289	0.0289
State of Nevada (2)	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>	<u>0.1700</u>
Total	\$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, 2005-06 through 2009-10.

Estimated Overlapping General Obligation Indebtedness. In addition to the general obligation indebtedness of the County, other taxing entities are authorized to incur general obligation debt within boundaries that overlap or partially overlap the boundaries of the County. In addition to the entities listed below, other governmental entities may overlap the County but have no general obligation debt outstanding. The following chart sets forth the estimated overlapping general obligation debt (including general obligation medium-term bonds) chargeable to property owners within the County as of June 1, 2010.

Estimated Overlapping Net General Obligation Indebtedness

<u>Entity (1)</u>	<u>Total General Obligation Indebtedness</u>	<u>Presently Self-Supporting General Obligation Indebtedness</u>	<u>Net Direct General Obligation Indebtedness</u>	<u>Percent Applicable(2)</u>	<u>Overlapping Net General Obligation Indebtedness(3)</u>
City of Elko	\$ 7,566,406	\$ 7,566,403	\$ 0	100.00%	\$ 0
State of Nevada	2,274,585,000	684,730,000	1,589,855,000	1.07	<u>16,935,278</u>
TOTAL					\$16,935,278

- (1) Other taxing entities overlap the County and may issue general obligation debt in the future. Other overlapping entities include the Elko County School District, the Elko Convention & Visitors Authority and the Elko Television District.
- (2) Based on fiscal year 2010 assessed valuation in the respective jurisdiction. The percent applicable is derived by dividing the assessed valuation of the County into the assessed valuation of the governmental entity.
- (3) Overlapping Net General Obligation Indebtedness equals total existing general obligation indebtedness less presently self-supporting general obligation indebtedness times the percent applicable.

Source: Debt information compiled by the Financial Advisor; percentages calculated using information from Property Tax Rates for Nevada Local Governments - State of Nevada - Department of Taxation, 2009-10.

The following table sets forth the total net direct and overlapping general obligation indebtedness attributable to the County as of June 1, 2010 (after taking the issuance of the 2010 Bonds and the Refunding Project into account).

Net Direct & Overlapping General Obligation Indebtedness*

Total General Obligation Indebtedness (1)	\$21,655,000*
Less: Self-supporting General Obligation Indebtedness (1)	<u>(19,720,000)*</u>
Net Direct General Obligation Indebtedness	\$ 1,935,000*
Plus: Overlapping Net General Obligation Indebtedness	<u>16,935,278</u>
Net Direct & Overlapping Net General Obligation Indebtedness	\$18,870,278*

- (1) Assumes the issuance of the 2010 Bonds and completion of the Refunding Project. See "COUNTY DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations."

Selected Debt Ratios

The following table sets forth selected debt ratios of the County.

* Subject to change.

Selected Direct General Obligation Debt Ratios*

<u>Fiscal Year Ended June 30</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Population (1)	50,534	50,561	51,325	51,325	51,325
Assessed Value (2)	\$994,053,541	\$1,060,626,160	\$1,222,269,103	\$1,274,631,694	\$1,434,663,933
Taxable Value (2)	\$2,840,152,974	\$3,030,360,457	\$3,492,197,437	\$3,641,804,840	\$4,099,039,809
Per Capita Income (3)	\$35,996	\$37,300	\$37,300	\$37,300	\$37,300
<u>Gross Direct G.O. Debt (4)</u>	\$3,817,000	\$13,576,000	\$21,609,000	\$21,655,000	\$21,655,000
<u>RATIO TO:</u>					
Per Capita	\$75.53	\$268.51	\$421.02	\$421.92	\$421.92
Percent of Per Capita Income	0.21%	0.72%	1.13%	1.13%	1.13%
Percent of Assessed Value	0.38%	1.28%	1.77%	1.70%	1.51%
Percent of Taxable Value	0.13%	0.45%	0.62%	0.59%	0.53%
<u>Net Direct G.O. Debt (5)</u>	\$3,817,000	\$3,076,000	\$11,429,000	\$1,935,000	\$1,935,000
<u>RATIO TO:</u>					
Per Capita	\$75.53	\$60.84	\$222.68	\$37.30	\$37.30
Percent of Per Capita Income	0.21%	0.16%	0.60	0.10%	0.10%
Percent of Assessed Value	0.38%	0.29%	0.94	0.15%	1.13%
Percent of Taxable Value	0.13%	0.10%	0.33	0.06%	0.05%

- (1) For 2007-2009, reflects State Demographer estimates for the County as of July 1 of each year shown. The 2009 population estimate also is used in 2010 and 2011 because it is the most recent estimate available.
- (2) See "Property Tax Base and Tax Roll" for an explanation of Assessed Value and Taxable Value. The assessed valuation of the Redevelopment Agency was not included in calculating debt ratios.
- (3) See "ECONOMIC AND DEMOGRAPHIC INFORMATION--Income." The 2008 figure also is used in 2009 and later years as no information is yet available for those years.
- (4) See "COUNTY DEBT STRUCTURE--Outstanding Bonded Indebtedness and Other Obligations." Fiscal year 2010 and fiscal year 2011 debt is as of June 1, 2010, after taking the issuance of the 2010 Bonds and the Refunding Project into account.
- (5) Includes general obligation bonds and medium-term bonds, but does not include self supporting general obligation bonds, revenue bonds, assessment district bonds, lease purchase agreements or contingent liabilities. Fiscal year 2010 and fiscal year 2011 debt is as of June 1, 2010, after taking the issuance of the 2010 Bonds and the Refunding Project into account.

Sources: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2006-07 through 2009-10; Fiscal Year 2010-2011 Local Government Revenue Projections - Final (March 15, 2010; revised April 15, 2010); the State Demographer; and debt information compiled by the Financial Advisor.

* Subject to change.

ELKO COUNTY, NEVADA

General

The County, a political subdivision of the State, was organized in 1869. The County is located in northeastern Nevada and is the second largest county in the State (17,181 square miles). It is bordered on the north by Idaho, and on the east by Utah. The City of Elko, the County seat, is 290 miles east of Reno, 241 miles west of Salt Lake City, and 246 miles south of Boise.

The land of Elko County consists of mountains interspersed with low, flat valleys. The Humboldt River flows through the County, with the Ruby Mountains stretching across the County in a north-south direction. The County's elevation varies between 5,000 and 11,000 feet, with the Ruby Dome (elevation 11,300 feet) being the highest point in the County. Approximately 71% of the land in Elko County is federally controlled.

The County has four incorporated cities - Carlin, Elko, Wells, West Wendover, and a major unincorporated town, Jackpot. The City of Elko is the major urban area, with the remainder of the County primarily rural.

Board of County Commissioners

The Board of County Commissioners (the "Board") is the governing body of the County. The seven members are elected from County commission election districts for four-year staggered terms. The current members of the Board and their terms of office are as follows:

<u>Commission Member</u>	<u>Years of Service</u>	<u>Expiration of Current Term</u>
Charlie Myers, Chair	7 years	12/2010
Sheri Eklund-Brown, Vice Chair	7 years	12/2010
Demar Dahl, Commissioner	1 year	12/2012
John Ellison, Commissioner	9 years	12/2012
Warren Russell, Commissioner	9 years	12/2012

County Commissioners are subject to term limitations (12 years) pursuant to a constitutional amendment approved by State voters in 1996.

Administration

The County Manager, Robert K. Stokes, is the County's chief executive officer and serves at the pleasure of the Board. Mr. Stokes was appointed County Manager in January 2001. Prior to coming to Elko County, he served as the County Administrator for Greenlee County, Arizona for 15 years. Mr. Stokes received his Bachelor of Science degree from Arkansas Tech University located in Russellville, Arkansas, his home town.

Cash A. Minor is the Assistant County Manager and Chief Financial Officer of the County. Mr. Minor was appointed to his position in March 2004. Before joining Elko County in March 1997, Mr. Minor spent 16 years in public accounting with Kafoury, Armstrong & Co. He received his bachelor's degree from the College of Idaho. Mr. Minor is a licensed,

certified public accountant and a member of the American Institute of Certified Public Accountants and the Nevada CPA Society.

Employee Relations, Benefits and Pension Matters

Employee Relations. The County considers its relations with its employees to be excellent. The County estimates that as of March 31, 2010, there were approximately 279 full-time and 89 part-time employees. The employees of the County (other than its executive officers) are represented by six collective bargaining associations which represent their respective employees in negotiation with the County for employee benefits, including wages. The six bargaining units include the Elko County General Employees Bargaining Association, the Elko County Supervisory Association, the Law Enforcement Management Association, the Chief Deputy Public Lawyers Association, the Public Attorneys Association and the Deputy Sheriffs Association. Each of the contracts expires on June 30, 2011.

Benefits. The County provides health insurance, paid vacation and holidays and sick leave to its employees. The County also provides access to voluntary life and disability insurance and access to a voluntary deferred compensation plan. An additional benefit is provided to appointed and non-represented employees in the form of a 401a plan which is County funded at 3% of salary.

Pension Matters. The State Public Employees' Retirement System ("PERS") covers substantially all public employees of the State, its agencies and its political subdivisions, including the County. PERS, established by the Nevada legislature effective July 1, 1948, is governed by the Public Employees' Retirement Board whose seven members are appointed by the Governor. Retirement Board members serve for a term of four years.

All public employees who meet certain eligibility requirements participate in PERS, which is a cost sharing multiple-employer defined benefit plan. Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months. Benefit payments to which participants may be entitled under PERS include pension benefits, disability benefits, and death benefits.

Regular members of PERS are eligible for retirement benefits at age 65 with 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. During its 2009 session, the Legislature made various changes to PERS, including reducing post-retirement benefit increases and changing the age/years of service calculations, changing the benefit calculation for members hired after January 1, 2010.

PERS has an annual actuarial valuation showing unfunded liability and the contribution rates required to fund PERS on an actuarial reserve basis; however, actual contribution rates are established by the Legislature. The most recent independent actuarial valuation report of PERS was completed as of June 30, 2009. At that time, PERS reported an unfunded actuarial accrued liability ("UAAL") of approximately \$9.10 billion (an increase of approximately 25.4% from the prior year UAAL). A portion of this increase is due to a change to the asset valuation method adopted since the 2008 valuation; the actuarial value of assets was previously limited to not less than 80% or greater than 120% of market value, that limitation has

changed to not less than 70% or greater than 130% of the market value of assets. The amortization method used for the UAAL is the year to year closed method, with each amortization period set at 30 years. The funded ratio for all members is 72.6% in 2009, a decrease from 76.2% in fiscal year 2008.

See Note 8 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 County is obligated to contribute all amounts due under PERS. For fiscal years 2007 and 2008, 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 21.50% for regular members and 37.0% for police and firemen.

The County's contribution to PERS for the years ended June 30, 2009, 2008 and 2007 were \$3,382,126, \$3,176,099 and \$2,864,817, respectively, equal to the required contributions for each year.

Other Post-Employment Benefits

The County contributes to two defined benefit post-retirement health programs: Elko County Employee Health Benefits Plan ("ECEHBP") and Public Employees Benefits Plan ("PEBP"), each of which constitute "other post-employment benefits" ("OPEB"). Each plan provides medical, dental, and vision benefits to eligible active and retired employees and beneficiaries. Benefit provisions for ECEHBP are established and amended through negotiations between the County and the respective associations. PEBP benefit provisions are established by the State Legislature. For a discussion of the plans' benefits and costs, the actuarial valuation of the County's OPEB liabilities, including its UAAL, annual required contributions ("ARC") and funding status as of June 30, 2009, see Note 17 in the audited financial statements attached hereto as Appendix A.

The County has contracted with an actuary to perform an additional study as of July 1, 2009. The County has accumulated approximately \$700,000 in cash for its OPEB liabilities and also has budgeted \$500,000 in fiscal year 2011 to continue to address its OPEB liability on a pay-as-you go basis.

COUNTY FINANCIAL INFORMATION

Annual Reports

The County Comptroller prepares a comprehensive annual financial report ("CAFR") setting forth the financial condition of the County as of June 30 of each fiscal year. The latest audited report is for the year ended June 30, 2009. The basic financial statements come from the CAFR, which is the official financial report of the County. The basic financial statements were prepared following generally accepted accounting principles. See Note 1 in the audited basic financial statements attached hereto as Appendix A for a summary of the County's significant accounting policies. The County's CAFR for the year ended June 30, 2009, can be obtained from the sources listed in "INTRODUCTION--Additional Information."

Budgeting

Prior to April 15 of each year, the County 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 County upon its acceptance of the budget. The County has met all of its statutory deadlines for submitting its budget requirements.

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

The County Manager is authorized to transfer budgeted amounts within functions or funds, but any other transfers must be approved by the Board. Increases to a fund's budget other than by transfers are accomplished through formal action of the Board. 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

All governmental funds are accounted for using the modified accrual basis of accounting in which revenues are recognized when they become measurable and available as net current assets. Sales and use taxes, 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 property taxes are considered measurable when received by the County.

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.

County Investment Policy

NRS 355.170 sets forth investments in which the County Treasurer may invest taxes and other County monies, which currently include United States Treasury notes, bonds and bills, certain federal agency securities, bankers acceptances, commercial paper, money market mutual funds, certificates of deposit of local banks, corporate securities, collateralized mortgage obligations, and repurchase agreements. The County has adopted an investment policy that conforms to State law.

General Fund Information

General. The purpose of the General Fund is to finance the ordinary operations of the County 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. The County also uses the General Fund to account for its debt service payments.

Revenue and Expenditures. The County relies upon the consolidated tax, property taxes and revenue from licenses, permits and fees for the bulk of its General Fund revenues. The County's annual General Fund expenditures are dominated by the funding support of a variety of mandated functions. These include support of the court system, aid and relief to the indigent, public safety functions (i.e., police, fire protection and detention services), and several general government services (assessor, clerk, recorder, treasurer, commission/administration, etc.). Expenditures for aid and relief to the indigent are statutorily capped, while other functions are appropriated for on the basis of the demand for the service, subject to funding constraints.

History of County General Fund Revenues, Expenditures and Changes in Fund Balance

The following table presents a history of the General Fund revenues, expenditures and changes in fund balance for the fiscal years ended June 30, 2006 through 2009. The table also provides the County's fiscal year 2010 and 2011 budget information. No fiscal year 2010 estimated results are available at this time; however, the County does not anticipate any material adverse change in its finances. The County's policy is to budget conservatively. As a result, revenues are budgeted lower and expenses are budgeted higher than anticipated. The County currently expects that property taxes for fiscal year 2010 will be higher than budgeted due to expected increases in net proceeds of mines receipts.

The information for fiscal years 2006 through 2009 was derived from the County's CAFR for each of those years. The 2010 and 2011 budget information was derived from the County's 2010-11 Final Budget. The information in this table should be read together with the County's audited financial statements for the year ended June 30, 2009, and the accompanying notes, which are included as Appendix A hereto. Financial statements for prior years can be obtained from the sources listed in "INTRODUCTION--Additional Information."

The County deposits the majority of the Pledged Revenues into the General Fund. The County also deposits Pledged Revenues into various other funds based upon the needs to be funded. As a result, the amount of Pledged Revenues deposited in the General Fund (included in the "Intergovernmental Revenues" category) varies from year to year.

County General Fund Statement of Revenues, Expenditures and Changes in Fund Balances

<u>Fiscal Year Ended June 30,</u>	<u>2006</u> <u>(Actual)</u>	<u>2007</u> <u>(Actual)</u>	<u>2008</u> <u>(Actual)</u>	<u>2009</u> <u>(Actual)</u>	<u>2010</u> <u>(Budgeted)</u>	<u>2011</u> <u>(Budgeted)</u>
Revenues						
Taxes	\$4,886,165	\$5,663,740	\$5,035,471	\$7,397,130	\$5,818,430	\$7,219,356
Licenses and permits	884,637	1,050,323	779,994	754,793	822,000	830,000
Intergovernmental revenue (1)	9,470,586	11,074,825	9,959,245	8,578,546	8,081,861	7,951,012
Charges for services	2,072,829	2,235,173	2,384,638	2,477,071	2,375,000	2,522,000
Fines & forfeitures	1,139,962	1,244,084	1,387,430	1,495,637	1,225,000	1,350,000
Miscellaneous	<u>1,077,204</u>	<u>1,388,859</u>	<u>2,906,706</u>	<u>1,914,433</u>	<u>1,300,000</u>	<u>1,310,000</u>
Total	<u>19,531,383</u>	<u>22,657,004</u>	<u>22,453,484</u>	<u>22,617,610</u>	<u>19,622,291</u>	<u>21,182,368</u>
Expenditures						
General Government	4,991,160	5,875,578	5,558,702	5,679,011	6,115,330	6,364,858
Judicial	4,822,837	5,046,208	5,289,705	5,208,882	5,981,122	6,302,513
Public Safety	8,341,965	8,880,215	9,578,813	10,024,801	9,953,464	10,583,700
Public Works	735,382	930,463	963,321	1,053,838	1,137,896	1,278,890
Health	132,676	131,195	118,314	206,285	244,360	244,560
Capital outlay	--	--	--	732,907	--	--
Contingency (2)	--	--	--	--	437,032	495,000
Debt Service:						
Principal	150,137	178,930	177,333	85,375	202,000	227,303
Interest	<u>12,284</u>	<u>10,203</u>	<u>12,392</u>	<u>4,935</u>	<u>1,553</u>	<u>20,749</u>
Total	<u>19,186,441</u>	<u>21,052,792</u>	<u>21,698,580</u>	<u>22,996,034</u>	<u>24,072,757</u>	<u>25,517,573</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	344,942	1,604,212	754,904	(378,424)	(4,450,466)	(4,335,205)
Other Financing Sources (Uses)						
Medium Term Note Issued	192,000	150,000	--	--	--	--
Proceeds of Long Term Debt	--	--	--	--	240,000	365,000
Transfers from other funds	1,756,519	1,950,000	2,040,910	1,940,000	2,557,472	2,459,562
Transfers to other funds	<u>(633,881)</u>	<u>(823,345)</u>	<u>(4,643,279)</u>	<u>(1,616,366)</u>	<u>(1,092,498)</u>	<u>(2,097,000)</u>
Total	1,314,638	1,276,655	(2,602,369)	323,634	1,704,974	727,562
Net Change in Fund Balance	1,659,580	2,880,867	(1,847,465)	(54,790)	(2,745,492)	(3,607,643)
Fund Balance - Beginning (3)	<u>5,168,071</u>	<u>6,955,032</u>	<u>9,835,898</u>	<u>7,870,432</u>	<u>7,815,642</u>	<u>5,070,150</u>
Fund Balance - Ending	<u>\$6,827,651</u>	<u>\$9,835,899</u>	<u>\$7,988,433</u>	<u>\$7,815,642</u>	<u>\$5,070,150</u>	<u>\$1,462,507</u>

Footnotes on following page.

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- (1) Includes the portion of the Consolidated Tax revenues deposited into the General Fund in each year. The County also deposits Consolidated Tax revenues into the Bond Income Fund, the Indigent Fund, the Cooperative Extension Fund, the Library Fund and the Juvenile Probation Fund.
 - (2) The County is authorized by law to budget a contingency of not to exceed 3% of total expenditures.
 - (3) The difference between the 2007 beginning fund balance and the 2006 ending fund balance (\$127,381) and the difference between the 2009 beginning fund balance and the 2008 ending fund balance (\$118,001) reflect prior period adjustments for interest earnings that were incorrectly reported in prior years. The difference between the 2008 beginning fund balance and the 2007 ending fund balance is due to rounding.

Source: Derived from the County's CAFR for fiscal years 2006 through 2009, and the 2010-11 Final Budget.

Management's Discussion

An overview of the financial activity and overall financial condition of the County is presented in the County's Management Discussion and Analysis for the fiscal year ended June 30, 2009, included in Appendix A. The County is unaware of any material adverse change in the County's financial condition since June 30, 2009.

The County has not been impacted as severely by the economic downturn as other parts of the State. Nonetheless, taxable sales in the County have declined over the last several years due to the overall economy. The County's budget is monitored by a budget committee consisting of two Commissioners, the County Manager, the Assistant County Manager/Chief Financial Officer and the County Comptroller. The County has engaged in cost containment activities in the last two fiscal years, including a soft hiring freeze, a quarterly review of staffing to determine whether positions will be filled after voluntary departures and a policy of using one-time funds for capital expenditures and not for operating costs.

The County recently opened the Northeastern Nevada Regional Railport (the "Railport"), a 60-acre facility located on the eastern edge of the City of Elko. The Railport includes a transloading facility that allows freight to be moved between rail to trucks. The transloading facility is operated by a private contractor. As planned, the Railport includes an industrial park which is expected to attract businesses in the future. The Railport is expected to generate additional sales tax revenues for the County; however, those revenues cannot be quantified at this time.

In addition, Ruby Pipeline LLC is constructing a natural gas pipeline from Wyoming to Oregon; the pipeline crosses the County. The construction of the pipeline is expected to generate approximately 1,800 construction jobs during the summer of 2010, resulting in increased sales tax revenues in the County. In addition, the pipeline will be subject to ad valorem property taxation in the future.

The County cannot predict what economic conditions will be in the future or what the impact on its finances will be. The State has been experiencing severe financial difficulties; at a special session held in 2009, the Legislature determined to retain for itself certain revenues generally shared with local governments and, in some cases, required reversions of amounts from local governments. Although the County did not revert funds to the State, in fiscal year 2009 the State retained approximately \$1 million of one-time revenue associated with geothermal leases in the County that otherwise would have been retained by the County. The Legislature will convene in early 2011 to formulate its budget for the 2011-13 biennium. It is

not possible to predict whether the State will require reversions of County funds or will seek to retain funds otherwise shared with local governments in the future.

Other County Funds

As shown in Appendix A, the County has numerous other funds, the largest of which are the General County Capital Projects Fund and the Hospital Proceeds Fund. Moneys on deposit in the General County Capital Projects Fund are used for the acquisition of capital equipment or construction of major capital facilities. The Hospital Proceeds Fund is used to account for the proceeds from the sale of Elko General Hospital to a private operator in 1998. The County also maintains two funds to account for the general government and enterprise activity of the unincorporated Town of Jackpot.

Liability Insurance

The County 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 County has joined together with similar public agencies to create a Nevada Public Agency Insurance Pool (“NPAIP”) under the Nevada Interlocal Cooperation Act throughout the State. NPAIP is an intergovernmental public entity risk pool currently operating as a common risk management and insurance program for its members. The County pays an annual premium and specific deductibles, as necessary, to NPAIP for its general insurance coverage.

The County has chosen to establish a risk financing fund for risks associated with its employee 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.

The County also joined together with similar public agencies to create the Public Agency Compensation Trust (“PACT”), an intergovernmental self-insured association for workers compensation insurance. The County pays premiums based on payroll costs to the PACT. The PACT is considered a self-sustaining pool that will provide coverage based on established statutory limits.

See Note 9 in the audited financial statements attached hereto as Appendix A for a description of the County’s insurance coverage as of June 30, 2009. The coverage for fiscal year 2010 is substantially similar and is expected to remain so for fiscal year 2011.

COUNTY DEBT STRUCTURE

Capital Program

The County has implemented a comprehensive capital replacement program to provide for annual departmental capital replacements. Capital replacements as well as new capital needs are addressed in the County's Capital Improvement Plan, which covers a five-year period. Current year capital expenditures are funded through annual appropriations in connection with adoption of the annual budget. Planned expenditures for the next four years consist primarily of technology upgrades and repairs as well as other emergency repairs, and projected annual expenditures range from \$75,000 to \$285,000. These future plans are subject to change by the Board.

Debt Limitation

State statutes limit the aggregate principal amount of the County's general obligation debt to 10% of the County's total reported assessed valuation. Based upon the preliminary assessed valuation for fiscal year 2011 of \$1,439,950,301 (including the assessed valuation of the Redevelopment Agency), the County is limited to general obligation indebtedness in the aggregate amount of \$143,995,030. The County has \$21,655,000* of general obligation debt outstanding as of June 1, 2010 (after taking the issuance of the 2010 Bonds and the Refunding Project into account).

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

County Statutory Debt Limitation*

<u>Fiscal Year Ended June 30,</u>	<u>Assessed Valuation (1)</u>	<u>Debt Limit</u>	<u>Outstanding General Obligation Debt (2)</u>	<u>Statutory Debt Capacity</u>
2006	\$ 965,348,220	\$ 96,534,822	\$ 2,889,000	\$ 93,645,822
2007	994,053,541	99,405,354	3,817,000	95,588,354
2008	1,060,626,160	106,062,616	13,576,000	92,486,616
2009	1,222,269,103	122,226,910	21,609,000	100,617,910
2010	1,275,251,355	127,525,136	21,655,000(4)*	105,870,136*
2011(3)	1,439,950,301	143,995,030	21,655,000(4)*	122,340,030*

- (1) Includes the assessed valuation of the Redevelopment Agency. These values are included for purposes of calculating the debt limit but are not subject to County taxation for the retirement of general obligation bond debt.
- (2) Includes general obligation bonds, general obligation revenue bonds and notes and medium term bonds. Does not include the County's obligation pursuant to the Eureka County Regional Juvenile Facility (described below).
- (3) Preliminary assessed valuation for 2011 is subject to change until July 2010.
- (4) Outstanding as of June 1, 2010. See "Outstanding Indebtedness and Other Obligations" below.

Source: Elko County Comptroller's Office; compiled by the Financial Advisor.

* Subject to change.

Outstanding Indebtedness and Other Obligations

General. The following table presents the outstanding indebtedness and other obligations of the County as of June 1, 2010, after taking issuance of the 2010 Bonds and the Refunding Project into account.

County Outstanding Debt and Other Obligations*

	<u>Dated Date</u>	<u>Original Amount</u>	<u>Outstanding</u>
<u>SELF-SUPPORTING GENERAL OBLIGATION BONDS</u> (1)(2)			
Courthouse Bonds, Series 2007 (the 2007 Bonds)	11/15/07	\$10,500,000	\$ 9,785,000
The 2010 Bonds (this issue)	06/29/10*	9,935,000*	<u>9,935,000*(4)</u>
TOTAL			<u>\$19,720,000*</u>
 <u>MEDIUM-TERM GENERAL OBLIGATION BONDS</u> (3)			
Medium-Term Note (Taxable), Series 2006A	05/05/06	2,095,000	1,388,000
Medium-Term Note	06/28/07	1,435,000	547,000
Medium-Term Rail Port Bonds, Series 2008	12/29/08	9,000,000	<u>0(4)</u>
TOTAL			<u>1,935,000*</u>
 GRAND TOTAL			 <u>\$21,655,000*</u>

- (1) General obligation bonds secured by the full faith, credit and taxing power of the County. The ad valorem tax available to pay these bonds is limited to the \$3.64 statutory and the \$5.00 constitutional limit (see "PROPERTY TAX INFORMATION--Property Tax Limitations").
- (2) General obligation bonds additionally secured by pledged revenues; if revenues are not sufficient, the County is obligated to pay the difference between the revenues and debt service requirements of the respective bonds.
- (3) General obligation bonds secured by the full faith and credit of the County and are payable from any legally available funds of the County. The ad valorem tax rate available to pay these bonds is limited to the statutory and the constitutional limit as well as to the County's maximum operating levy (see "PROPERTY TAX INFORMATION--Property Tax Limitations").
- (4) Includes issuance of the 2010 Bonds and the effect of the Refunding Project.

Source: Elko County Comptroller's Office; compiled by the Financial Advisor.

Other Obligations. The County enters into capital and operating leases from time to time. The County currently has in effect a lease for the Sheriff's Department telephone system. The principal amounts due under that lease is \$26,071; the lease will be fully paid in fiscal year 2012.

The County also is a party to an agreement with Eureka County, Nevada, with respect to shared usage of the Eureka County Regional Juvenile Facility. The principal amount of that agreement is \$185,600; the agreement will be fully paid in fiscal year 2012.

Additional Contemplated Indebtedness

The County may issue general obligation bonds by means of authority granted to it by its electorate or the State Legislature or, under certain circumstances, without an election as provided in existing statutes. The County also may issue additional obligations as allowed by law. The County reserves the right to issue bonds as needed, including general obligation bonds, revenue bonds and refunding bonds.

* Subject to change.

County Annual Debt Service Requirements

The following table illustrates the debt service requirements for the County's outstanding general obligation bonds as of June 1, 2010. *This table does not yet take the issuance of the 2010 Bonds or the effect of the Refunding Project into account.*

Annual Debt Service Requirements - Elko County, Nevada(1) As of June 1, 2010

Fiscal Year Ended <u>June 30</u>	General Obligation <u>Medium-Term Bonds(2)</u>		General Obligation <u>Revenue Bonds(3)</u>		Total Debt Service on <u>2010 Bonds(4)</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2011	\$ 1,186,000	\$ 420,491	\$ 405,000	\$ 412,263		\$ 2,423,754
2012	1,253,000	368,109	425,000	389,988		2,436,096
2013	1,033,000	315,615	440,000	366,613		2,155,228
2014	1,098,000	268,804	455,000	349,013		2,170,816
2015	1,165,000	219,072	475,000	330,813		2,189,884
2016	1,237,000	166,319	495,000	311,813		2,210,132
2017	1,030,000	110,286	515,000	292,013		1,947,298
2018	1,094,000	68,018	540,000	271,413		1,973,431
2019	1,162,000	23,124	560,000	249,813		1,994,936
2020	--	--	585,000	227,413		812,413
2021	--	--	610,000	204,013		814,013
2022	--	--	635,000	179,613		814,613
2023	--	--	665,000	154,213		819,213
2024	--	--	695,000	126,781		821,781
2025	--	--	725,000	98,113		823,113
2026	--	--	760,000	67,300		827,300
2027	--	--	800,000	35,000		835,000
2028	--	--	--	--		--
2029	--	--	--	--		--
2030	--	--	--	--		--
Total	\$10,258,000	\$1,959,838	\$9,785,000	\$4,066,188		\$26,069,021

(1) Totals may not total due to rounding.

(2) General obligation bonds secured by the full faith, credit and payable from all legally available funds of the County. The ad valorem tax rate available to pay these bonds is limited to the statutory and the constitutional limit as well as to the County's maximum operating levy. Includes the debt service associated with the Refunded Bonds.

(3) General obligation bonds secured by the full faith, credit and taxing power of the County. 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 County is obligated to pay the difference between such revenues and debt service requirements of the respective bonds. Does not include the 2010 Bonds.

(4) See "DEBT SERVICE REQUIREMENTS."

Source: Elko County; compiled by the Financial Advisor.

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Population and Age Distribution

Population. The table below shows the population growth of the County and the State since 1970. Between 2000 and 2009, the County's population increased 13.3% and the State's population increased 35.7%.

<u>Population</u>				
Year	Elko County	Percent Change	State of Nevada	Percent Change
1970	13,958	--	488,738	--
1980	17,269	23.7%	800,493	63.8%
1990	33,530	94.2	1,201,833	50.1
2000	45,291	35.1	1,998,257	66.3
2005	47,586	--	2,518,869	--
2006	48,339	1.6	2,623,050	4.1
2007	50,434	4.3	2,718,337	3.6
2008	50,561	0.3	2,738,733	0.8
2009	51,325	1.5	2,711,205	(1.0)

Sources: 1970, 1980, 1990 and 2000 are U.S. census figures which were effective April 1st. Figures for 2005 - 2009 are estimates by the Nevada State Demographer effective July 1st, and are subject to periodic revision.

Age Distribution. The following table sets forth a comparative age distribution profile for the County, the State and the nation as of January 1, 2009.

<u>Age Distribution</u>			
Age	Percent of Population		
	Elko County	State of Nevada	United States
0-17	27.4%	25.6%	24.3%
18-24	10.0	8.4	9.8
25-34	13.4	14.4	13.3
35-44	13.2	14.7	13.9
45-54	15.8	13.9	14.5
55-64	11.8	11.4	11.3
65-74	5.4	6.8	6.7
75 and Older	3.0	4.8	6.2

Source: © 2009 CLARITAS INC.

Income

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

Median Household Effective Buying Income

Year	Elko County	State of Nevada	United States
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
2009	52,350	48,138	42,513

Source: © 2009 CLARITAS INC. (Years prior to 2009 provided by the following Claritas informed publications: Sales & Marketing Management: *2005 Survey of Buying Power*, and Trade Dimensions International Inc. – Demographics USA – County Edition, 2006-2008).

Percent of Households by Effective Buying Income Groups - 2009

Effective Buying Income Group	Elko County Households	State of Nevada Households	United States Households
Under \$24,999	18.2%	20.5%	26.6%
\$25,000 - \$49,999	29.2	31.8	32.8
\$50,000 - \$74,999	28.1	22.8	19.9
\$75,000 - \$99,999	16.0	14.0	10.9
\$100,000 - \$149,999	6.8	7.0	6.4
\$150,000 or more	1.7	3.9	3.4

Source: © 2009 CLARITAS INC.

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

Per Capita Personal Income(1)

Year	Elko County	State of Nevada	United States
2004	\$30,127	\$35,277	\$33,881
2005	30,914	38,117	35,424
2006	32,684	39,231	37,698
2007	35,996	40,930	39,392
2008	37,300	40,936	40,166
2009 ⁽²⁾	n/a	38,578	39,138

(1) County figures revised April 2010; state and national figures revised March 2010. All figures are subject to periodic revisions.

(2) Preliminary.

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

Employment

The average annual labor force summary for the County, as prepared by the State's Department of Employment Training and Rehabilitation, is as follows:

Average Annual Labor Force Summary
Elko County, Nevada (Estimates in Thousands)

Calendar Year	2005	2006	2007	2008	2009	2010 ⁽¹⁾
Total Labor Force ⁽²⁾	22.9	24.5	26.0	28.3	27.8	27.4
Unemployment	0.9	1.0	1.0	1.2	1.8	2.3
Unemployment Rate ⁽³⁾	4.0%	3.9%	3.7%	4.2%	6.6%	8.3%
Total Employment ⁽⁴⁾	22.0	23.5	25.0	27.1	26.0	25.1

(1) Averaged figures for 1st quarter 2010.

(2) All figures are subject to periodic revisions.

(3) The annual average U.S. unemployment rates for the years 2005 through 2009 are 5.1%, 4.6%, 4.6%, 5.8% and 9.3%, respectively.

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

Source: State of Nevada, Department of Employment, Training and Rehabilitation.

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

Establishment Based Industrial Employment⁽¹⁾
Elko County, Nevada

<u>Calendar Year</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009⁽²⁾</u>
Natural Resources and Mining	1,600	2,100	2,110	2,190	1,650
Construction	1,460	1,310	1,320	1,250	1,150
Manufacturing	170	210	220	220	220
Trade, Transportation & Utilities	3,450	3,730	3,890	3,970	3,840
Information	180	190	210	190	160
Financial Activities	580	520	540	540	490
Professional and Business Services	970	920	890	970	1,090
Education and Health Services	1,050	1,100	1,230	1,300	1,330
Leisure and Hospitality (casinos excluded)	1,495	1,537	1,552	1,649	1,640
Casino Hotels and Gaming	4,715	4,513	4,738	4,541	4,210
Other Services	500	570	650	660	630
Government	<u>3,860</u>	<u>3,920</u>	<u>3,940</u>	<u>3,990</u>	<u>3,960</u>
TOTAL ALL INDUSTRIES	<u>20,030</u>	<u>20,630</u>	<u>21,280</u>	<u>21,490</u>	<u>20,370</u>

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

(2) Averaged figures through September 2009.

Source: State of Nevada, Department of Employment Training and Rehabilitation.

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

Elko County's Ten Largest Employers
3rd Quarter 2009

<u>Employer</u>	<u>Employment Range</u>	<u>Industry</u>
Elko County School District	1,000 - 1,499	Public education
Cactus Pete's Inc.	600 - 699	Casino hotels
Rainbow Casino and Hotel	600 - 699	Casino hotels
Peppermill Hotel Casino - Wendover	500 - 599	Casino hotels
Montego Bay Casino Resort	500 - 599	Casino hotels
Wendover Nugget	400 - 499	Casino hotels
Elko County	300 - 399	Local government
Great Basin College	300 - 399	Junior college
Wal-Mart Supercenter	300 - 399	Retail
Red Lion Inn and Casino	300 - 399	Casino hotels

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

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	3 rd Qtr 2009	3 rd Qtr 2008	Percent Change 2009/2008	Employment Totals 3 rd Qtr 2009
TOTAL NUMBER OF WORKSITES	1,308	1,323	(1.1)%	16,838
Less Than 10 Employees	962	956	0.6	2,757
10-19 Employees	173	194	(10.8)	2,359
20-49 Employees	126	117	7.7	3,686
50-99 Employees	25	28	(10.7)	1,712
100-249 Employees	13	19	(31.6)	2,311
250-499 Employees	5	5	0.0	1,603
500-999 Employees	4	4	0.0	2,410
1000+ Employees	0	0	0.0	0

(1) Subject to revisions.

Source: State of Nevada, Department of Employment, Training and Rehabilitation.

Retail Sales

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

Taxable Sales⁽¹⁾

<u>Fiscal Year⁽²⁾</u>	<u>County Total</u>	<u>Percent Change</u>	<u>State Total</u>	<u>Percent Change</u>
2005	\$ 866,701,174	--	\$44,192,447,817	--
2006	1,032,095,694	19.1%	48,581,095,724	9.9%
2007	1,193,448,998	15.6	49,427,707,106	1.7
2008	1,148,378,661	(3.8)	48,196,848,945	(2.5)
2009	1,101,163,907	(4.1)	42,056,614,338	(12.7)
July 08-Mar 09	829,114,442	--	\$32,334,402,188	--
July 09-Mar 10	799,900,879	(3.5)%	28,024,595,646	(13.3)%

(1) Subject to revision.

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

Source: State of Nevada - Department of Taxation.

Construction

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

Residential and Commercial Construction – Unincorporated Elko County

Fiscal Year	Residential Construction		Commercial Construction		Total	Total
	Permits ⁽¹⁾	Value	Permits ⁽²⁾	Value	Permits	Valuation
2006	132	\$15,533,053	13	\$4,290,021	1,516	\$36,795,256
2007	127	14,360,445	10	3,672,083	1,720	31,533,506
2008	54	5,601,236	9	5,327,017	1,003	27,294,749
2009	72	8,897,716	7	2,146,265	979	21,210,114
2010 ⁽³⁾	29	3,644,791	5	1,495,469	330	7,337,155

(1) Count represents applications submitted for new residential structures, including new duplex and multifamily.

(2) Count represents applications submitted for new commercial and industrial structures.

(3) Number of applications submitted through April 2010.

Gaming

General. The economy of the County and 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 five-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⁾

Fiscal Year Ended	Gross Taxable Gaming Revenue ⁽²⁾		% Change Elko County	State Gaming Collection ⁽³⁾		% Change Elko County
	State Total	Elko County		State Total	Elko County	
June 30						
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	1,036,688,550	22,828,504	12.29
2008	11,925,274,493	300,434,718	4.12	980,052,427	23,189,474	1.58
2009	10,244,586,809	278,525,183	(7.29)	858,007,713	21,020,580	(9.35)
July 08 – Mar 09	\$7,798,638,347	\$210,691,888	--	\$587,243,351	\$13,817,449	--
July 09 – Mar 10	7,281,167,740	194,641,272	(7.62)%	554,004,346	13,166,100	(4.71)%

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

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

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

Source: State of Nevada - Gaming Control Board.

Gaming Competition. Different forms of legalized gaming have been authorized by many states, as well as the tribal casinos, across the United States. Other states may authorize

gaming in the future in one form or another. The different forms of gaming range from casino gaming to riverboat gambling to lotteries and internet gaming. As presently operated, lotteries offer a considerably different gaming product than that offered in Nevada. The County cannot predict the impact of legalization of state lotteries and casino gaming in other states on the economy of the County or the State.

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

Tourism

The County, as did most of the tourism industry, saw declines in tourism indicators in 2009 as the combined economic factors of the housing crisis, frozen credit markets, volatile gas prices and increased unemployment translated to reduced consumer confidence and travel spending in much of the country.

The Elko Convention and Visitors Authority operates the Elko Convention Center and tourism promotion programs in 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 is financed with the proceeds of hotel and motel room taxes in the County and its incorporated cities. A history of the room tax revenue collected in the County is set forth in the following table.

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

Fiscal Year	Revenue	Percent Change
2005	\$16,843,514	--
2006	18,582,755	10.3%
2007	22,132,813	19.1
2008	22,270,579	0.6
2009	20,030,827	(10.1)
2010 ⁽²⁾	13,024,887	--

(1) Subject to revision.

(2) Through March 2010.

Source: Elko Convention and Visitors Authority.

Transportation

Elko County's major highways are Interstate 80 which follows an east-west route through the County, connecting the cities of Carlin, Elko, Wells and West Wendover with Salt Lake City, Utah, to the east and the City of Reno to the west. US 93 extends north to south,

through the cities of Wells and Jackpot and connecting travelers with Twin Falls, Idaho, to the north and the cities of Ely and Las Vegas to the south. State route 225 leads north from Interstate 80. The Union Pacific and Burlington Northern Santa Fe Railroads operate a major east-west rail line through the State and offer connections to other major rail networks, as well as provide freight traffic and AMTRAK services to the County.

Elko Regional Airport is owned by the City of Elko and 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 Elko Regional Airport and is the Delta connection that allows passengers to connect with Delta flights to more than 151 cities.

Development Activity

The Elko County Economic Diversification Authority (“ECEDA”) is a nonprofit organization dedicated to the expansion and diversification of Elko County and all of its communities. ECEDA’s member ship is comprised of business-oriented individuals and its primary function is to provide information to companies considering relocation, as well as to firms already doing business in the County. The State does not have corporate or personal income tax, gift tax, unitary franchise on income, admission’s tax, inventory tax, chain-store tax, special intangible tax nor franchise tax, which is an advantage that attracts many businesses to the area.

Complementing the area’s emphasis on economic diversification are the numerous business incentives unique to the State of Nevada. Competitive wage rates, an expanding labor force, low out-bound freight transportation costs to other prominent southwestern markets and a graduated schedule for payment of sales and use tax on new capital equipment combine to give business and industry an attractive advantage. The State has a sales and use tax abatement on capital equipment for qualified relocating or expanding companies.

Mining

Northeast Nevada is home of the largest gold mines in North America. The “Carlin Trend”, 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 Corporation and Barrick Gold Corp., have mines on the Carlin Trend. According to the Nevada Bureau of Mines and Geology, Newmont’s mines on the Carlin Trend produced over 1.3 million ounces of gold in 2008 and employed over 2,000 people. Nevada’s largest surface mine is Barrick’s Betze-Post open pit mine located in Eureka County and the most productive underground mine is Barrick’s Meikle mine located in Elko County. Together, they produced 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.

The following table lists mining activity in Elko County in 2008.

Mining Activity - 2008
Elko County, Nevada

Owner/Mine	Operator	2008 Gold Production	2008 Silver Production
Hollister Mine	Rodeo Creek Gold, Inc. and Great Basin Gold Inc.	41,890 oz	192,000 oz
Jerritt Canyon Mine	Queenstake Resources USA	35,939 oz	4,620 oz
Meikle Mine	Barrick Goldstrike Mines, Inc.	424,687 oz	51,438 oz
Midas Mine	Newmont Mining Corp.	150,608 oz	1,872,883 oz
Storm Mine	Barrick Goldstrike Mines, Inc.	52,000 oz	--

Source: State of Nevada – Commission on Mineral Resources, Division of Minerals.

Agriculture

Agriculture, particularly the livestock industry, plays an important part in the County's economy. Elko County is second among Nevada counties for the value of agricultural sales. According to the Elko County Assessor, privately-owned agricultural land comprises 22% or 2.47 million acres of the total land mass in Elko County. According to the most recent 5 year span census, the 2007 United States Department of Agriculture census, there were 456 ranches/farms in the County and the market value of all agricultural products sold in the County was \$53.5 million, an 18% increase over the 2002 census value.

Cattle raising dominates the agricultural industry in the County, and Elko is the leader in sales of livestock and livestock products in the State. In 2009, the National Agricultural Statistics Service listed an inventory of 130,000 head of cattle and calves in the County, down 8.5% from the 2007 inventory. The 2009 sheep inventory was 13,200 head in the County, down 34.0% from the 2007 inventory. Declines in inventory are influenced by high feed costs, moderating demand and limited forage supplies.

Water

Elko County is currently the largest water user in the State. Current water use in the County is estimated to be approximately 933,041 acre feet annually or 24% of the total State-wide usage. Agricultural use is the largest water user at approximately 97%.

Municipal water supply in most of Elko County is derived from groundwater resources, often tied to the Humboldt River and its tributaries as a recharge source. Three of the County's four incorporated cities, Carlin, Elko and Wells, lie within the Humboldt River basin. The basin encompasses 15% of the State and yields over 9 million acre feet of water per year from rain and snow.

Utilities

Sierra Pacific Power Company provides power services to the City of Elko and surrounding areas, and Wells Rural Electric provides power service to the Carlin-Wells area. Southwest Gas supplies gas service to the City of Elko. The municipalities of Elko, Carlin and Wells provide water, sewer and land fill services within their respective incorporated boundaries. Telephone service is provided for the County by Frontier Communications.

Education

The Elko County School District provides public education services to the residents of the County and operates 22 separate school sites in the fourth largest geographical county in the contiguous 48 states. Higher education is provided by Great Basin College, located in the City of Elko. Great Basin College is a member institution of the Nevada System of Higher Education and offers associate and bachelor degrees and certificates of achievement programs throughout rural Nevada on several satellite rural centers as well as by internet courses. Also located in the County, in the City of Carlin, is the University of Nevada, Reno Fire Science Academy emergency response program and training facility, featuring a 426-acre, state-of-the-art training campus.

TAX MATTERS

Federal Tax Matters

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the 2010 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code, and interest on the 2010 Bonds is excluded from 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 2010 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 2010 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 2010 Bonds. These requirements include: (a) limitations as to the use of proceeds of the 2010 Bonds; (b) limitations on the extent to which proceeds of the 2010 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 2010 Bonds above the yield on the 2010 Bonds to be paid to the United States Treasury. The County 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 2010 Bonds from gross income and alternative minimum taxable income under federal income tax laws in effect when the 2010 Bonds are delivered. Bond Counsel’s opinion as to the exclusion of interest on the 2010 Bonds from gross income and alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the County to comply with these requirements could cause the interest on the 2010 Bonds to be included in gross income, alternative minimum taxable income or both from the date of issuance. Bond Counsel’s opinion also is rendered in reliance upon certifications of the County and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

With respect to 2010 Bonds that were sold in the initial offering at a discount (the “2010 Discount Bonds”), the difference between the stated redemption price of the 2010 Discount Bonds at maturity and the initial offering price of those bonds to the public (as defined in Section 1273 of the Tax Code) will be treated as “original issue discount” for federal income tax purposes and will, to the extent accrued as described below, constitute interest which is excluded from gross income or alternative minimum taxable income under the conditions in the preceding paragraphs. The original issue discount on the 2010 Discount Bonds is treated as accruing over the respective terms of such 2010 Discount Bonds on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on June 1 and December 1 with straight line interpolation between compounding dates. The amount of original issue discount accruing each period (calculated as described in the preceding sentence) constitutes interest which is excluded from gross income or alternative minimum taxable income under the conditions described in the preceding paragraphs and will be added to the owner’s basis in the 2010 Discount Bonds. Such adjusted basis will be used to determine taxable gain or loss upon disposition of the 2010 Discount Bonds (including sale or payment at maturity). Owners should consult their own tax advisors with respect to the tax consequences of the ownership of the 2010 Discount Bonds.

Owners who purchase 2010 Discount Bonds after the initial offering or who purchase 2010 Discount Bonds in the initial offering at a price other than the initial offering price (as defined in Section 1273 of the Tax Code) should consult their own tax advisors with respect to the federal tax consequences of the ownership of the 2010 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 2010 Discount Bonds. It is possible that, under the applicable provisions governing determination of state and local taxes, accrued original issue discount on the 2010 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 2010 Bonds. Owners of the 2010 Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the 2010 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 2010 Bonds may be sold at a premium, representing a difference between the original offering price of those 2010 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 2010 Discount Bonds, original issue discount) on the 2010 Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the 2010 Bonds. Owners of the 2010 Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the 2010 Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to pending or proposed legislation. Amendments to the federal or state tax laws may be pending now or could be proposed in the future that, if enacted into law, could adversely affect the value of the 2010 Bonds, the exclusion of interest (and, to the extent described above for the 2010 Discount Bonds, original issue discount) on the 2010 Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 2010 Bonds or any other date, or that could result in other adverse tax consequences. In addition, future court actions or regulatory decisions could affect the tax treatment or market value of the 2010 Bonds. Owners of the 2010 Bonds are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-

exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the 2010 Bonds. If an audit is commenced, the market value of the 2010 Bonds may be adversely affected. Under current audit procedures the Service will treat the County as the taxpayer and the 2010 Bond owners may have no right to participate in such procedures. The County has covenanted in the Bond Ordinance not to take any action that would cause the interest on the 2010 Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the County, the County, the Financial Advisor, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any 2010 Bond holder with respect to any audit or litigation costs relating to the 2010 Bonds.

State Tax Exemption

The 2010 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.

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 acquired on 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 County.

The County has designated the 2010 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 2010 Bonds. In general, interest expense with respect to obligations incurred or continued to purchase or carry the 2010 Bonds will be in an amount which bears the same ratio as the institution's average adjusted basis in the 2010 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.

LEGAL MATTERS

Litigation

There are various suits pending in courts within the State to which the County is a party. In the opinion of the District Attorney, however, there is no litigation or controversy of

any nature now pending, or to the knowledge of the District Attorney threatened: (i) restraining or enjoining the issuance, sale, execution or delivery of the 2010 Bonds or (ii) in any way contesting or affecting the validity of the 2010 Bonds or any proceedings of the County taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the 2010 Bonds. Further, the District Attorney is of the opinion that current litigation facing the County will not materially affect the County's ability to perform its obligations to the owners of the 2010 Bonds.

Sovereign Immunity

Pursuant to State statute (NRS Section 41.035), an award for damages in an action sounding in tort against the County may not include any amount as exemplary or punitive damages and is limited to \$75,000 per cause of action. The limit will increase to \$100,000 effective October 1, 2011. The increase in the limitation will have the effect of increasing the liability insurance costs for the County. The limitation does not apply to federal actions brought under federal law such as civil rights actions under 42 U.S.C. Section 1983 and actions under The Americans with Disabilities Act of 1990 (P.L. 101-336), or to actions in other states.

Legal Opinions

The approving opinions of Swendseid & Stern, a member in Sherman & Howard L.L.C., as Bond Counsel, will be delivered with the 2010 Bonds. The form of the bond counsel opinion is attached to this Official Statement as Appendix E. Each opinion will include a statement that the obligations of the County are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power inherent in the sovereignty of the State and to the exercise by the United States of the powers delegated to it by the federal constitution, including bankruptcy. Swendseid & Stern, a member in Sherman & Howard L.L.C. has also acted as Special Counsel to the County in connection with this Official Statement.

Police Power

The obligations of the County are subject to the reasonable exercise in the future by the State and its governmental bodies of the police power and powers of taxation inherent in the sovereignty of the State, and to the exercise by the United States of the powers delegated to it by the federal constitution (including bankruptcy).

RATING

Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. ("S&P") has assigned the 2010 Bonds the rating shown on the cover page of this Official Statement. An explanation of the significance of any ratings given by S&P may be obtained from S&P at 55 Water Street, New York, New York 10041.

There is no assurance that such rating will continue for any given period of time after it is 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 County's obligations under the Disclosure Certificate, neither the County nor the Financial Advisor has undertaken any responsibility either to bring to the attention of the owners of the 2010 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 2010 Bonds.

INDEPENDENT AUDITORS

The County's audited basic financial statements as of and for the year ended June 30, 2009, and the report rendered thereon by Kafoury, Armstrong & Co. ("Kafoury"), certified public accountants, Elko, Nevada, have been included herein as Appendix A.

The audited basic financial statements of the County, including the auditors report thereon, are public documents and pursuant to State law, no consent from the auditors is required to be obtained prior to inclusion of the audited basic financial statements in this Official Statement. Since the date of their respective reports, Kafoury has not been engaged to perform or has performed any procedures on the basic financial statements addressed in its report, nor has Kafoury performed any procedures relating to this Official Statement.

FINANCIAL ADVISOR

NSB Public Finance, a Division of Zions First National Bank, is serving as Financial Advisor to the County in connection with the 2010 Bonds. See "INTRODUCTION--Additional Information" for contact information for the Financial Advisor. Zions First National Bank is authorized to bid on the 2010 Bonds. 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 County 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 County expects to offer the 2010 Bonds at public sale on June 15, 2010. See Appendix F - Official Notice of Bond Sale.

OFFICIAL STATEMENT CERTIFICATION

The undersigned official of the County hereby confirms that the execution and delivery of this Official Statement and its use in connection with the offering and sale of the 2010 Bonds have been duly authorized by the Board.

ELKO COUNTY, NEVADA

By: _____
Chief Financial Officer

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APPENDIX A

AUDITED BASIC FINANCIAL STATEMENTS OF THE COUNTY AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE: The audited basic financial statements of the County included in this Appendix A have been excerpted from the County's Comprehensive Annual Financial Report for the year ended June 30, 2009. The combining and individual fund financial statements, introductory section and statistical tables for the fiscal year ended June 30, 2009, were purposely excluded from this Appendix A. Such statements provide supporting details and are not necessary for a fair presentation of the general purpose financial statement of the County.

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Commissioners of Elko County, 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 Elko County, State of Nevada, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Elko County management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in the following paragraph, 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.

The financial statements of the Agricultural Association District No. 4 have not been audited, and we were not engaged to audit the Agricultural District No. 4 financial statements as part of our audit of the County's basic financial statements. The Agricultural District No. 4's financial activities are included in the County's basic financial statements as a discretely presented component unit and represent 100 percent of the assets, net assets, and revenues of the County's aggregate discretely presented component units.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Agricultural District No. 4's financial statements been audited, 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 Elko County as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, Hospital Proceeds Fund, In Lieu of Taxes Trust Fund, and Town of Jackpot General 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 a report dated February 20, 2010, on our consideration of Elko County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and schedule of funding progress – other post employment benefits - on pages 2a through 2j and page 45 are 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 inquiries of management regarding the methods of measurement and presentation of the 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 Elko County's basic financial statements. The combining and individual fund financial statements, schedules and supplementary data section and the secondary disclosure for municipal bond issues 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 Elko County. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards 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 supplementary data section and the secondary disclosures for municipal bond issues have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Elko, Nevada
February 20, 2010

Kafoury, Armstrong & Co.

ELKO COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

The County of Elko's (the "County") discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the County's financial activity, (c) identify changes in the County's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

The Management's Discussion and Analysis ("MD&A") is required as an element of the annual financial report by the Governmental Accounting Standards Board (GASB) and is designed to focus on the current years activities, resulting changes and currently known facts. Please read it and the County's financial statements (beginning on page 3).

FINANCIAL HIGHLIGHTS

The assets of Elko County exceeded its liabilities at the close of the most recent fiscal year by \$119 million (net assets). Of this amount \$56.1million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The auditor's report offers an unqualified opinion on the financial statements, the best opinion that can be attained except for the effects of the discretely presented component unit the Agricultural Association District No. 4.

The County's net assets increased by \$2.7 million. The governmental net assets increased by \$3.1 million primarily related to capital projects, and the business-type net assets decreased by \$.5 thousand.

As of the close of the current fiscal year, Elko County's governmental funds reported the combined ending fund balances of \$59.6 an increase of \$1.4 million in comparison with the prior year. Approximately 90% of the total amount is available for spending at the government's discretion (unreserved, undesignated fund balance).

At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$7,815,642, or 34% of total general fund expenditures. Elko County increased debt for the Northeastern Nevada Railport capital project.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The government-wide financial statements are designed to be corporate-like in that all governmental and business-type activities are consolidated into columns which add to a total for the Primary Government. The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to be similar to bottom line results for the County and its governmental and business-type activities. This statement, combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets (including infrastructure) and long term obligations.

Component Units, which are other governmental units over which the County can exercise influence and/or may be obligated to provide financial subsidy, are presented as a separate column in the government-wide statements. The focus of the statements are clearly on the Primary Government and the presentation allows the user to address the relative relationship with the Component Units.

The Statement of Activities is focused on both the gross and net cost of various functions (including governmental, business-type and component unit) which are supported by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of cost of various governmental services and or subsidy to various business-type activities and/or component unit.

The Governmental Activities reflects the County's basic services, on a functional basis. Departments included within those functions are identified in the General Fund Statement. Ad valorem, consolidated taxes and other identified general revenues support the majority of these services. The Business-type Activities reflect private sector type operations (Water,

ELKO COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

Wastewater, Ambulance and Solid Waste Management), where the fee for service typically covers all or most of the cost of operation, including depreciation.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus is on Major Funds, rather than (the previous financial reporting model's) fund types.

The Governmental Major Fund presentation is presented on a sources and uses of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. Funds are established for various purposes and the Fund Financial Statements allow the demonstration of sources and uses and/or budgeting compliance associated therewith.

The Fund Financial Statements also allow the government to address its Fiduciary (or Trust) Funds summarized by type. While these Funds represent trust responsibilities of the government, these assets are restricted in purpose and do not represent discretionary assets of the government. Therefore, these assets are not presented as part of the Government-Wide Financial Statements.

While the Total column on the Business-type Fund Financial Statements may be the same as the Business-type column at the Government-Wide Financial Statement, the Governmental Major Funds Total column requires a reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financing sources, as well as capital purchases and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligation into the Governmental Activities column (in the Government-wide statements).

Infrastructure Assets

The County implemented the infrastructure portion (related to general governmental activities) for the fiscal year ended June 30, 2007 as required by the Governmental Accounting Standards Board (GASB). Historically, a government's largest group of assets (infrastructure – roads, bridges, traffic signals, cattleguards, etc.) have not been reported and depreciated in governmental financial statements. Additionally, the government must elect to either (a) depreciate these assets over their estimated useful life or (b) develop a system of asset management designed to maintain the service delivery potential to near perpetuity. If the government develops the asset management system (the alternative method), which periodically (at least every third year), by category, measures and demonstrates its maintenance of locally established condition levels, the government may record all expenditures incurred (except for additions and improvements which extend the asset lives) in lieu of depreciation. The County has elected to implement the depreciation method.

ELKO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

The following table reflects a summary of Net Assets compared to prior year:

Table 1
Summary of Net Assets
As of June 30, 2009 and 2008

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$69,184,449	\$64,907,324	\$4,894,655	\$5,061,863	\$74,079,104	\$69,96,187
Capital assets	70,288,086	60,670,075	6,640,001	6,809,264	76,928,087	67,479,339
Total assets	<u>139,472,535</u>	<u>125,577,399</u>	<u>11,534,656</u>	<u>11,871,127</u>	<u>151,007,191</u>	<u>137,448,526</u>
Current and other liabilities	6,791,150	6,143,920	110,881	145,098	6,902,031	6,289,018
Long-term liabilities	24,598,590	14,313,551	404,064	381,095	25,002,654	14,694,646
Total liabilities	<u>31,389,740</u>	<u>20,457,471</u>	<u>514,945</u>	<u>526,193</u>	<u>31,904,685</u>	<u>20,983,664</u>
Net assets:						
Invested in capital assets						
net of related debt	47,587,639	45,523,480	6,271,936	6,518,089	53,859,575	52,041,569
Restricted	9,059,323	5,760,221	2,769	7,596	9,062,092	5,767,817
Unrestricted	51,435,833	53,836,227	4,745,006	4,953,558	56,180,839	58,789,785
Total net assets	<u>\$108,082,795</u>	<u>\$105,119,928</u>	<u>\$11,019,711</u>	<u>\$11,479,243</u>	<u>\$119,102,506</u>	<u>\$116,599,171</u>

For more detailed information see the Statement of Net Assets.

Normal Impacts

There are six basic (normal) transactions that will affect the comparability of the Net Assets summary presentation.

Net Results of Activities – which will impact (increase/decrease) current assets and unrestricted net assets.

Borrowing for Capital – which will increase current assets and long-term debt.

Spending Borrowed Proceeds on New Capital – which will reduce current assets and increase capital assets. There is a second impact, an increase in invested in capital assets and an increase in related net debt which will not change the invested in capital assets, net of debt.

Principal Payment on Debt – which will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested in capital assets, net of debt.

Reduction of Capital Assets through Depreciation – which will reduce capital assets and invested in capital assets, net of debt.

ELKO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Table 2
Summary of Changes in Net Assets
For the Year Ended June 30, 2009

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
REVENUES						
Program Revenues:						
Charges for services	\$ 6,441,856	\$ 6,188,018	\$ 1,521,843	\$ 1,406,755	\$ 7,963,699	\$ 7,594,773
Operating grants and contributions	2,196,264	2,173,839	-	6,309	2,196,264	2,180,148
Capital grants and contributions	290,861	591,496	1,344	319,591	292,205	911,087
General Revenues:						
Ad valorem taxes	12,563,649	9,426,722	-	-	12,563,649	9,426,722
Consolidated taxes	12,180,296	12,383,621	-	-	12,180,296	12,383,621
Other Taxes	4,747,779	2,507,241	-	-	4,747,779	2,507,241
Other intergovernmental	4,172,466	3,757,254	-	-	4,172,466	3,757,254
Investment income	1,616,413	3,252,850	88,712	196,044	1,705,125	3,448,894
Other general revenues	136,316	574,625	2,174	20,233	138,490	594,858
Total Revenues	44,345,900	40,855,666	1,614,073	1,948,932	45,959,973	42,804,598
EXPENSES						
Program Activities						
Primary Government:						
General government	8,064,998	8,137,159	-	-	8,064,998	8,137,159
Judicial	9,075,758	8,082,297	-	-	9,075,758	8,082,297
Public safety	11,514,492	10,643,097	-	-	11,514,492	10,643,097
Public works	7,435,754	5,735,364	-	-	7,435,754	5,735,364
Health	213,332	112,976	-	-	213,332	112,976
Welfare	1,741,972	1,079,699	-	-	1,741,972	1,079,699
Culture and recreation	2,149,776	2,016,787	-	-	2,149,776	2,016,787
Community support	307,848	284,641	-	-	307,848	284,641
Interest	791,102	507,491	-	-	791,102	507,491
Business-type Activities:						
Water	-	-	411,553	408,447	411,553	408,447
Sewer	-	-	214,673	254,392	214,673	254,392
Ambulance	-	-	1,112,520	989,185	1,112,520	989,185
Solid Waste	-	-	253,019	228,437	253,019	228,437
Total Expenses	41,295,032	36,599,511	1,991,765	1,880,461	43,286,797	38,479,972
Excess (Deficiency) of revenues over expenses before transfers	3,050,868	4,256,155	(377,692)	68,471	2,673,176	4,324,626
Transfers	30,000	200,000	(30,000)	(250,000)	-	(50,000)
Change in Net Assets	3,080,868	4,456,155	(407,692)	(181,529)	2,673,176	4,274,626
Net Assets, Beginning of Year, as Previously Reports	105,119,928	100,806,256	11,479,243	11,660,772	116,599,171	112,467,028
Prior Period Adjustment	(118,001)	(142,483)	(51,840)	-	(169,841)	(142,483)
Net Assets - Beginning of Year, as Restated	105,001,927	100,663,773	11,427,403	11,660,772	116,429,330	112,324,545
Net Assets - End of Year	\$ 108,082,795	\$ 105,119,928	\$ 11,019,711	\$ 11,479,243	\$ 119,102,506	\$ 116,599,171

ELKO COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

Total Revenues

Total revenue increased from the prior year revenue by 7%. Total governmental activity revenue rose 8.5%, while total business-type activity revenues fell by 17%. The decrease in business-type revenues is due to capital grants reductions during the year. General revenues, mainly comprised of taxes and investment earnings, represent 96% of total revenue. Program revenues are revenues directly related to service activities of a function and include charges for services, grants and contributions, and related investment earnings, when restricted for use in programs.

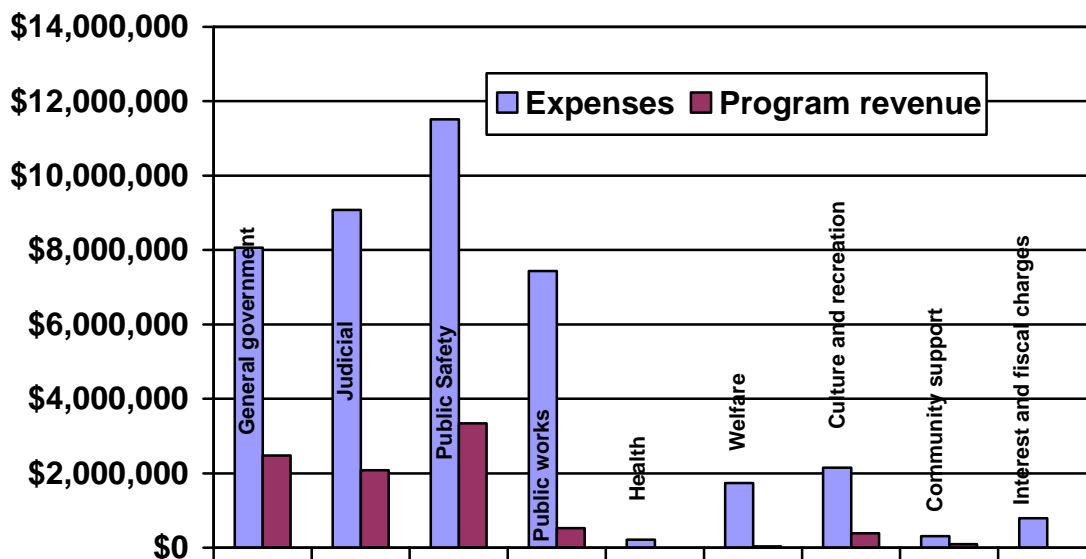
Total General Revenues

General revenues increased significantly when compared to the prior fiscal year primarily related to full funding of the Payment in Lieu of Taxes program, the renewal of the Secure Rural Schools Act and the Geothermal Leasing Act. Federal and State grant revenue were static for various capital projects and homeland security grants. Investment earnings decreased due to a decrease in the national economy which have a direct impact based upon decisions made by the Federal Reserve Board. Also, County investments are written up or down to a fair market value basis (mark to market rule). This mark to market rule will fluctuate with the changes in interest rates.

Program revenues

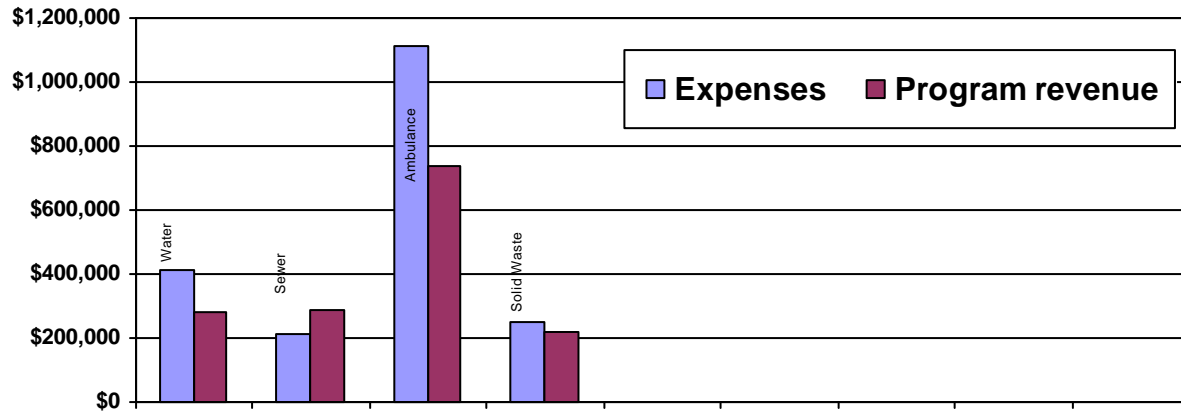
Total program revenues related to specific functions provided an average of 24% of the resources necessary to pay costs of providing program services. The remaining program costs were financed from general revenues. The graphs on this and the following page demonstrate governmental and business-type program revenue expense coverage on a functional and segment basis.

Governmental Activities – Program Revenues and Expenses



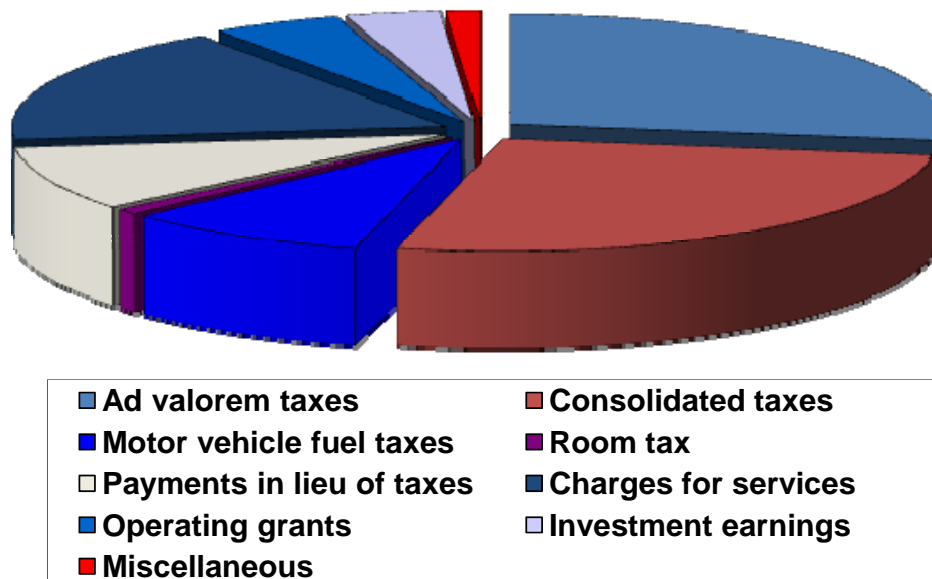
**ELKO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

Business-type Activities – Program Revenues and Expenses



Business-type activity charges for services provided 76% of the resources to finance the operations. The value of capital contributions from developers for water and sewer infrastructure assets is included in program revenues for the Water and Wastewater Funds.

Total Revenues by Source – Governmental Activities



Governmental Activities:

The two largest revenue sources for the County are ad valorem taxes and consolidated taxes, which comprise 56% of total revenues.

**ELKO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

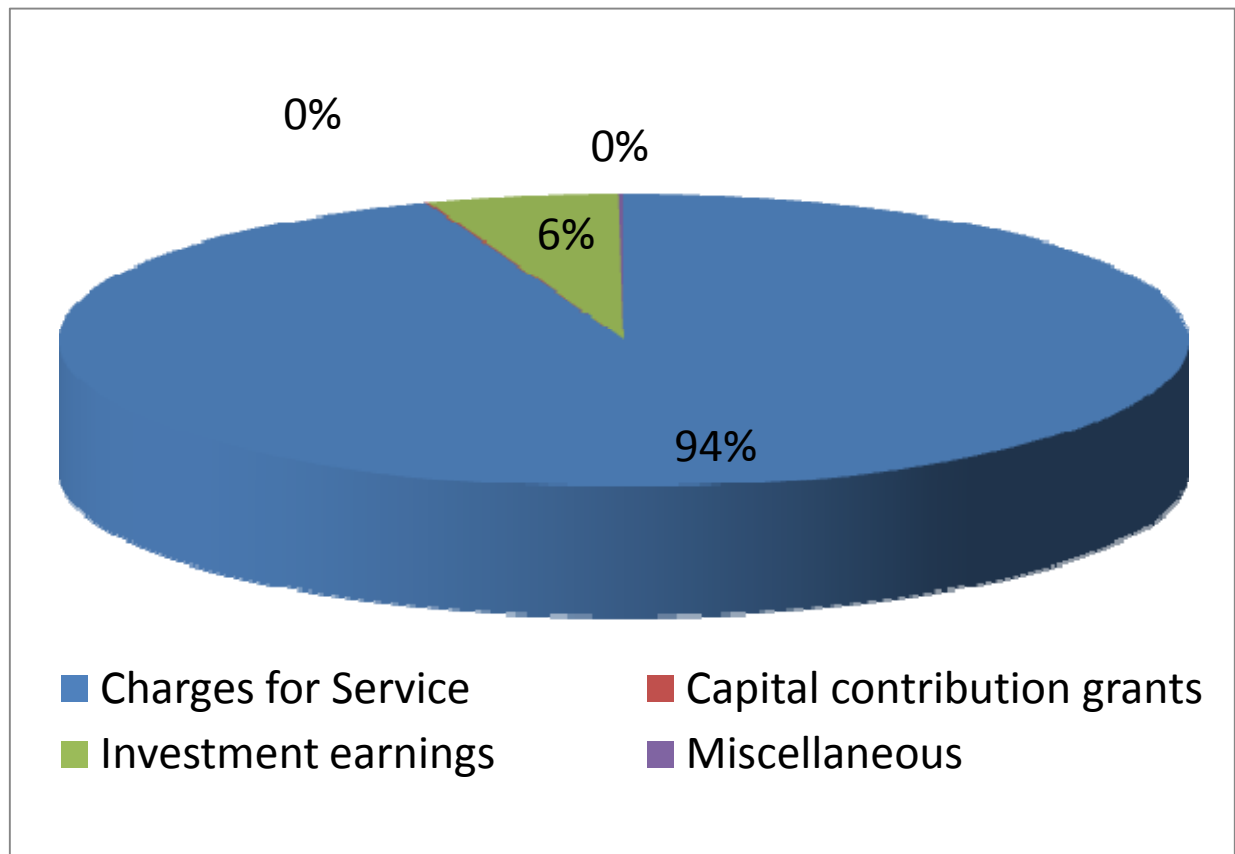
Ad valorem taxes increased 33.2% from the prior year due to an increase in Treasurer Trustee property sales in prior years and the expansion of mining operations within the County. Geothermal lease revenue of \$1,017,907 was received in FY2009.

Consolidated taxes declined 2% due to decreased taxable sales related to the overall economic activity in the United States, State of Nevada and Elko County.

Investment income declined 50% due to decreasing interest rates, sales tax receipts and adjustments to fair market value. Elko County holds the majority of investments to maturity thereby reducing the market risk and receiving full interest earnings and investment value.

Payment in Lieu of Taxes received from the Federal Government increased for FY2009 due to Congress passing a bill providing for full funding thru 2012. The additional revenue received for FY2009 totaled \$1,133,579.

Total Revenues by Source – Business-type Activities



Business Type Activities:

Charges for services increased by 28% or \$115 thousand. These increases are related to rate adjustments in business type activities. Rate increases will be monitored and potentially adjusted each fiscal year.

Capital contributions consist of contributions from customers in the form of hookup fees and grant funds related to water construction projects.

ELKO COUNTY MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2009

Expenses

Salaries and wages comprise 50% of total expenses. Elko County has five employee associations which negotiate periodically for salary adjustments related to merit.

Employee benefits average 23% of salaries and wages. Health insurance costs were not increased for the year due to aggressive renewal pricing which negated the rising medical inflation and costs. The merit increases also impacted employee benefit costs due to negotiated contractual increases.

Services and supplies comprise 25% of total expenses. Details regarding variances on a fund level are available in separate reports.

Depreciation expense represents the cost of using capital assets over their estimated useful lives. This is the sixth year that this information has been provided and is included in the various functions in order to more closely approximate the cost of providing services. More detail is provided in the footnotes to the financial statement.

Interest/issuance cost expense includes interest and other fiscal charges paid on outstanding debt.

Financial Analysis of Elko County Major Funds

Elko County uses fund accounting and budgetary integration to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of Elko County's governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's current funding requirements. In particular, unreserved fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

As of the current fiscal year the County's governmental funds reported combined ending fund balances of \$59.6 million, an increase of \$1.4 million from the prior year. Of this total, approximately \$51 million, or 90%, constitutes unreserved, undesignated fund balance, which is available for spending at the County's discretion. The remainder of fund balance is designated and is not available for spending because it has already been committed.

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$7.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance to total fund expenditures. Unreserved fund balance represents 34% of total fund expenditures.

The fund balance of the General Fund decreased by \$50 thousand. Key factors in this change are as follows:

Total revenues decreased due to economic recession of our national and state economy which resulted in decreased consolidated tax revenue.

The Hospital Proceeds Fund accounts for resources set aside in the event Elko County must exercise its option of first right of refusal to repurchase Northeastern Nevada Regional Hospital. The Fund has a total unreserved fund balance of \$21 million. Transfers of investment earnings from this fund support the debt service. A transfer out to the Debt Service Fund of \$1,045,396 was provided in FY2009.

In Lieu of Taxes Trust Fund accounts for resources received from the Federal government for property tax payments to Elko County. These resources are utilized primarily in the General Fund of the County to offset services provided to the public on Federal lands. The Fund has a total unreserved fund balance of \$7.2 million. A transfer out to the General Fund of \$1.7 million was provided in FY2009.

Town of Jackpot, General Fund is the primary operating fund of the Town of Jackpot Nevada. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$821 thousand. As a measure of the Town General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 59.4% of total fund expenditures.

ELKO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009

The fund balance of the General Fund decreased by \$170 thousand. Key factors in this change are as follows:

Total revenues decreased due to economic recession of our national and state economy which resulted in decreased consolidated tax revenue.

General County Capital Projects Fund accounts for resources received from the General Fund and bond proceeds for the purpose of constructing capital projects as determined by the Board of County Commissioners. Currently, Elko County is constructing a 40,000 square foot office building. The Fund has a fund balance of \$6.0 million. A transfer in from the General Fund of \$800,000 was provided in FY2009.

Northeastern Nevada Regional Railport Fund accounts for resources received from bond proceeds and the General Fund for the construction of the Northeastern Nevada Regional Railport east of Elko. The Fund has a fund balance of \$5.3 million. Bond proceeds of \$9 million were received for FY2009

Proprietary Funds: The proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The **Town of Jackpot Sewer Fund** was established for the purpose of accounting for the Town of Jackpot-owned and operated sewer system. Unrestricted net assets at the end of the year amounted to \$2.1million.

General Fund Budgetary Highlights

Functions represent the legal level of budgetary control. The final amended budget appropriations are greater than the original budget. The main factor in the increase in appropriations were related to receipt of State and Federal grant funds.

Capital Assets and Debt Administration

Capital Assets: The County's investment in capital assets for its governmental and business-type activities as of June 30, 2009 amounts to \$77 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, construction in progress and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was 15%.

Table 4
Elko County Capital Assets
(Net of Depreciation)

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Land	\$ 6,905,475	\$ 540	\$ 6,906,015
Construction in progress	9,028,688	192,999	9,221,687
Buildings / improvements	31,460,750	9,496,095	40,956,845
Machinery and equipment	14,933,434	2,095,039	17,028,473
Infrastructure	62,483,562	-	62,483,562
Accumulated depreciation	(54,523,823)	(5,144,672)	(59,668,495)
	<u>\$ 70,288,086</u>	<u>\$ 6,640,001</u>	<u>\$ 76,928,087</u>

Major additions for the current fiscal year for Elko County were the Elko County Office Building \$7,436,298 and the Northeastern Nevada Regional Railport \$4,202,080.

Additional information on the County's capital assets can be found in Note 5.

**ELKO COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2009**

**Table 5
Elko County Outstanding Debt
General Obligation Bonds, Revenue Bonds, Leases and Notes**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
General Obligation Bonds Medium Term	\$ 9,000,000	\$ -	\$ 9,000,000
General Obligation Revenue Backed	10,180,000	340,278	10,520,278
Leases Payable	38,351	-	38,351
Notes Payable	2,695,278	27,787	2,723,065
	<u>\$ 21,913,629</u>	<u>\$ 368,065</u>	<u>\$ 22,281,694</u>

Elko County's general obligation debt increased during the current fiscal year due to the issuance of bonds for the construction of the Northeastern Nevada Regional Railport project for \$9,000,000.

State statute (NRS 244A.059 limits the amount of general obligation debt a government entity may issue to 10% of its total assessed valuation. The current limitation for Elko County is \$127 million, which is significantly in excess of Elko County's outstanding general obligation debt.

Additional information on Elko County's long- term debt can be found in Note 11 which is included in this report.

Economic Factors

The County's primary revenue sources are ad valorem property taxes and consolidated taxes.

Property taxes have increased in the last fiscal year due to a strong mining economy within our region. The 2009 assessed valuation is \$1,222 billion and has increased over the last year. The County's current operating tax rate is below the statutorily allowed rate.

Consolidated tax consists of six different tax sources, the largest being city/county sales taxes. Gross taxable sales have been flat in prior years and are now starting to slightly decrease. Projections for FY2010 indicate a 10% to 12% reduction of this revenue source.

Elko County is in the process of constructing a new county building of approximately 40,000 square feet and additional parking spaces. Construction is expected to be completed during February 2010.

The Board of County Commissioners are constructing a Rail Port with an attached rail served industrial park to further assist in diversifying the economic base of Elko County by expanding job availability for this region. Construction will be substantially complete during December 2009.

These and other factors were taken into consideration in the preparation of the 2010 fiscal year budget. At this time Elko County is not proposing any new revenue sources for future operations except for proprietary operations where user rates fund the operations.

Requests for Information

This report is designed to provide a general overview of Elko County's finances for all interested parties. Questions concerning the information provided in this report or requests for additional financial information should be addressed to Cash A. Minor, Assistant County Manager / Chief Financial Officer, 540 Court Street, Elko, Nevada 89801.

Questions concerning the information provided in this report or requests for additional financial information concerning the Agricultural Association District No. 4 component unit should be addressed to the District at P.O. Box 1167, Elko, Nevada 89803.

ELKO COUNTY
STATEMENT OF NET ASSETS
JUNE 30, 2009

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	AGRICULTURAL ASSOCIATION DISTRICT NO. 4 (UNAUDITED)
ASSETS				
Cash and investments	\$ 61,147,155	\$ 4,565,674	\$ 65,712,829	\$ 154,186
Restricted cash	3,309,376	7,946	3,317,322	-
Interest receivable	310,756	16,952	327,708	-
Accounts receivable	405,106	413,383	818,489	-
Taxes receivable, delinquent	223,947	-	223,947	24,056
Internal balances	109,300	(109,300)	-	-
Due from other governments	3,678,809	-	3,678,809	191,677
Prepaid expenses	-	-	-	11,022
Capital assets:				
Land and construction in progress	15,934,163	193,539	16,127,702	-
Other capital assets (net of accumulated depreciation)	54,353,923	6,446,462	60,800,385	1,018,647
Total Assets	139,472,535	11,534,656	151,007,191	1,399,588
LIABILITIES				
Accounts payable	4,311,056	69,887	4,380,943	44,445
Accrued interest	276,451	6,900	283,351	-
Accrued liabilities	890,052	25,257	915,309	4,396
Due to other governments	166,621	674	167,295	-
Deposits	-	5,177	5,177	-
Unearned revenue	1,111,717	2,986	1,114,703	1,186
Funds held in trust	35,253	-	35,253	-
Noncurrent liabilities				
Annual required contribution	770,000	24,362	794,362	-
Due within one year	2,255,293	65,382	2,320,675	7,952
Due in more than one year	21,573,297	314,320	21,887,617	16,171
Total Liabilities	31,389,740	514,945	31,904,685	74,150
NET ASSETS				
Invested in capital assets, net of related debt	47,587,639	6,271,936	53,859,575	994,524
Restricted for:				
Regional street and highway	1,658,332	-	1,658,332	-
Self-insured group health insurance	2,805,182	-	2,805,182	-
Special purposes	2,767,643	-	2,767,643	-
Debt service	1,828,166	2,769	1,830,935	-
Unrestricted	51,435,833	4,745,006	56,180,839	330,914
Total Net Assets	\$ 108,082,795	\$ 11,019,711	\$ 119,102,506	\$ 1,325,438

See accompanying notes.

ELKO COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Primary government:				
Governmental activities:				
General government	\$ 8,064,998	\$ 1,872,184	\$ 464,410	\$ 137,844
Judicial	11,559,938	1,127,047	937,166	17,200
Public safety	9,393,659	3,121,923	79,457	135,817
Public works	7,082,407	70,901	452,616	-
Health	203,332	-	-	-
Welfare	1,741,972	-	34,634	-
Culture and recreation	2,149,776	249,801	134,875	-
Community support	307,848	-	93,106	-
Debt service:				
Interest on long-term debt	791,102	-	-	-
Total governmental activities	41,295,032	6,441,856	2,196,264	290,861
Business-type activities:				
Water	411,553	278,434	-	-
Sewer	214,673	287,285	-	-
Ambulance	1,112,520	737,265	-	1,344
Solid waste	253,019	218,859	-	-
Total business-type activities	1,991,765	1,521,843	-	1,344
Total primary government	\$ 43,286,797	\$ 7,963,699	\$ 2,196,264	\$ 292,205
Component Unit - Agricultural District No. 4 (Unaudited)	\$ 1,275,303	\$ 433,300	\$ -	\$ 218,660

GENERAL REVENUES AND TRANSFERS:

Taxes
 Ad valorem taxes
 Consolidated tax
 Motor vehicle fuel taxes
 Room tax
 Payments in lieu of taxes
Gaming licenses
Investment earnings
Miscellaneous
Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS - BEGINNING OF YEAR, as previously reported

Prior period adjustments

NET ASSETS - BEGINNING OF YEAR, as restated

NET ASSETS - END OF YEAR

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS			COMPONENT UNIT
PRIMARY GOVERNMENT			AGRICULTURAL ASSOCIATION DISTRICT NO. 4 (UNAUDITED)
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	
\$ (5,590,560)	\$ -	\$ (5,590,560)	\$ -
(9,478,525)	-	(9,478,525)	-
(6,056,462)	-	(6,056,462)	-
(6,558,890)	-	(6,558,890)	-
(203,332)	-	(203,332)	-
(1,707,338)	-	(1,707,338)	-
(1,765,100)	-	(1,765,100)	-
(214,742)	-	(214,742)	-
(791,102)	-	(791,102)	-
(32,366,051)	-	(32,366,051)	-
-	(133,119)	(133,119)	-
-	72,612	72,612	-
-	(373,911)	(373,911)	-
-	(34,160)	(34,160)	-
-	(468,578)	(468,578)	-
(32,366,051)	(468,578)	(32,834,629)	-
(623,343)	-	(623,343)	(623,343)
12,563,649	-	12,563,649	87,353
12,180,296	-	12,180,296	-
4,172,466	-	4,172,466	-
382,072	-	382,072	85,150
4,215,644	-	4,215,644	-
150,063	-	150,063	589,865
1,616,413	88,712	1,705,125	4,580
136,316	2,174	138,490	8,888
30,000	(30,000)	-	-
35,446,919	60,886	35,507,805	775,836
3,080,868	(407,692)	2,673,176	152,493
105,119,928	11,479,243	116,599,171	1,172,945
(118,001)	(51,840)	(169,841)	-
105,001,927	11,427,403	116,429,330	1,172,945
\$ 108,082,795	\$ 11,019,711	\$ 119,102,506	\$ 1,325,438

See accompanying notes.

**ELKO COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	GENERAL	HOSPITAL PROCEEDS FUND	IN LIEU OF TAXES TRUST FUND
ASSETS			
Cash and investments	\$ 6,656,320	\$ 20,770,957	\$ 7,186,835
Interest receivable	55,718	171,445	59,321
Accounts receivable	237,339	-	-
Taxes receivable, delinquent	134,607	-	-
Due from other funds	460,601	-	-
Due from other governments	1,846,588	-	-
	<u>9,391,173</u>	<u>20,942,402</u>	<u>7,246,156</u>
Total Assets	\$ <u>9,391,173</u>	\$ <u>20,942,402</u>	\$ <u>7,246,156</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 371,360	\$ 810	-
Accrued liabilities	722,039	-	-
Compensated absences	-	-	-
Due to other funds	-	-	-
Due to other governments	99,209	-	-
Deferred revenue	371,544	-	-
Funds held in trust	11,379	-	-
	<u>1,575,531</u>	<u>810</u>	<u>-</u>
Total Liabilities	<u>1,575,531</u>	<u>810</u>	<u>-</u>
Fund Balances:			
Unreserved, reported in:			
General fund	7,815,642	-	-
Special revenue funds	-	20,941,592	7,246,156
Debt service funds	-	-	-
Capital project funds	-	-	-
	<u>7,815,642</u>	<u>20,941,592</u>	<u>7,246,156</u>
Total Fund Balances	<u>7,815,642</u>	<u>20,941,592</u>	<u>7,246,156</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>9,391,173</u>	\$ <u>20,942,402</u>	\$ <u>7,246,156</u>

See accompanying notes.

TOWN OF JACKPOT GENERAL FUND	GENERAL COUNTY CAPITAL PROJECTS FUND	NORTHEASATERN NEVADA REGIONAL RAILPORT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 586,353	\$ 7,242,596	\$ 6,952,995	\$ 11,751,099	\$ 61,147,155
-	-	-	24,272	310,756
81,079	-	-	86,226	404,644
10,443	-	-	78,897	223,947
-	-	-	-	460,601
178,281	-	-	1,653,940	3,678,809
<u>\$ 856,156</u>	<u>\$ 7,242,596</u>	<u>\$ 6,952,995</u>	<u>\$ 13,594,434</u>	<u>\$ 66,225,912</u>
\$ 13,057	1,289,368	\$ 1,626,408	\$ 505,397	\$ 3,806,400
10,543	-	-	157,470	890,052
-	-	-	-	-
-	-	-	351,301	351,301
929	-	-	66,483	166,621
10,443	-	-	955,566	1,337,553
-	-	-	23,874	35,253
<u>34,972</u>	<u>1,289,368</u>	<u>1,626,408</u>	<u>2,060,091</u>	<u>6,587,180</u>
-	-	-	-	7,815,642
821,184	-	-	9,626,207	38,635,139
-	-	-	1,828,166	1,828,166
-	5,953,228	5,326,587	79,970	11,359,785
<u>821,184</u>	<u>5,953,228</u>	<u>5,326,587</u>	<u>11,534,343</u>	<u>59,638,732</u>
<u>\$ 856,156</u>	<u>\$ 7,242,596</u>	<u>\$ 6,952,995</u>	<u>\$ 13,594,434</u>	<u>\$ 66,225,912</u>

ELKO COUNTY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009

TOTAL FUND BALANCES FOR THE GOVERNMENTAL FUNDS AS SHOWN ON THE BALANCE SHEET	\$ 59,638,732
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	70,288,086
Deferred revenue represents amount that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds.	225,836
An Internal Service Fund is used by management to charge the costs of the self-funded health insurance program for County employees, dependents and retirees. The assets and liabilities of the Internal Service Fund are included in Governmental Activities in the Statement of Net Assets.	2,805,182
Long-term liabilities, the related accrued interest payable and the annual required contribution for postemployment healthcare are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.	<u>(24,875,041)</u>
TOTAL NET ASSETS FOR GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF NET ASSETS	\$ <u>108,082,795</u>

See accompanying notes.

ELKO COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2009

	GENERAL	HOSPITAL PROCEEDS FUND	IN LIEU OF TAXES TRUST FUND
REVENUES			
Taxes	\$ 7,397,130	\$ -	\$ -
Other taxes	-	-	-
Licenses and permits	754,793	-	-
Intergovernmental	8,578,546	-	4,215,644
Charges for services	2,477,071	-	-
Fines and forfeitures	1,495,637	-	-
Miscellaneous	1,914,433	577,558	113,455
Total Revenues	22,617,610	577,558	4,329,099
EXPENDITURES			
Current:			
General government	5,679,011	2,051	-
Judicial	10,024,801	-	-
Public safety	5,208,882	-	-
Public works	1,053,838	-	-
Health	206,285	-	-
Welfare	-	-	-
Culture and recreation	-	-	-
Community support	-	-	-
Capital outlay	732,907	-	-
Debt service:			
Service and supplies	-	-	-
Principal	85,375	-	-
Interest	4,935	-	-
Total Expenditures	22,996,034	2,051	-
Excess (Deficiency) of Revenues Over Expenditures	(378,424)	575,507	4,329,099
OTHER FINANCING SOURCES (USES)			
General obligation bond issued	-	-	-
Transfers in	1,940,000	-	-
Transfers out	(1,616,366)	(1,045,396)	(1,700,000)
Total Other Financing Sources (Uses)	323,634	(1,045,396)	(1,700,000)
Net Change in Fund Balances	(54,790)	(469,889)	2,629,099
FUND BALANCES, as previously reported, July 1	7,988,433	21,411,481	4,617,057
Prior Period Adjustment	(118,001)	-	-
FUND BALANCES, as restated	7,870,432	21,411,481	4,617,057
FUND BALANCES, June 30	\$ 7,815,642	\$ 20,941,592	\$ 7,246,156

See accompanying notes.

TOWN OF JACKPOT GENERAL FUND	GENERAL COUNTY CAPITAL PROJECTS FUND	NORTHEASTERN NEVADA REGIONAL RAILPORT FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 162,323	\$ -	\$ -	\$ 3,733,198	\$ 11,292,651
-	-	-	382,072	382,072
175,923	-	-	1,883	932,599
1,090,721	-	-	9,910,816	23,795,727
-	-	-	871,778	3,348,849
-	-	-	66,008	1,561,645
1,997	-	328,923	321,580	3,257,946
<u>1,430,964</u>	<u>-</u>	<u>328,923</u>	<u>15,287,335</u>	<u>44,571,489</u>
211,148	400,508	115,379	1,115,098	7,523,195
776,017	-	-	198,793	10,999,611
363,347	-	-	2,970,432	8,542,661
(5,205)	-	-	3,842,327	4,890,960
-	-	-	-	206,285
-	-	-	1,731,847	1,731,847
-	-	-	1,953,282	1,953,282
-	-	-	307,848	307,848
36,945	7,436,299	4,202,080	1,319,524	13,727,755
-	-	-	40,348	40,348
-	-	-	1,350,253	1,435,628
-	-	-	840,882	845,817
<u>1,382,252</u>	<u>7,836,807</u>	<u>4,317,459</u>	<u>15,670,634</u>	<u>52,205,237</u>
<u>48,712</u>	<u>(7,836,807)</u>	<u>(3,988,536)</u>	<u>(383,299)</u>	<u>(7,633,748)</u>
-	-	9,000,000	-	9,000,000
60,000	800,000	-	4,333,705	7,133,705
(160,000)	(500,000)	-	(2,081,943)	(7,103,705)
<u>(100,000)</u>	<u>300,000</u>	<u>9,000,000</u>	<u>2,251,762</u>	<u>9,030,000</u>
<u>(51,288)</u>	<u>(7,536,807)</u>	<u>5,011,464</u>	<u>1,868,463</u>	<u>1,396,252</u>
872,472	13,490,035	315,123	9,665,880	58,360,481
-	-	-	-	(118,001)
<u>872,472</u>	<u>13,490,035</u>	<u>315,123</u>	<u>9,665,880</u>	<u>58,242,480</u>
\$ <u><u>821,184</u></u>	\$ <u><u>5,953,228</u></u>	\$ <u><u>5,326,587</u></u>	\$ <u><u>11,534,343</u></u>	\$ <u><u>59,638,732</u></u>

ELKO COUNTY
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, 2009

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	\$ 1,396,252
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.	9,926,761
The net effect of various miscellaneous transaction involving capital assets (i.e. sales, disposal, and trade-ins) is to decrease net assets.	(308,750)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	83,161
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.	(7,470,715)
Long-term liabilities are not due and payable in the current period, therefore they are not reported in governmental funds. This amount is related to the current year change in the annual required contribution for postemployment healthcare costs.	(770,000)
Internal service funds are used by management to charge the costs of the self-funded health insurance program for County employees, dependents and retirees to individual funds.	<u>224,159</u>
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 3,080,868</u>

See accompanying notes.

ELKO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 5,705,510	\$ 5,705,510	\$ 7,397,130	\$ 1,691,620
Licenses and permits	917,000	917,000	754,793	(162,207)
Intergovernmental resources	7,689,097	8,209,047	8,578,546	369,499
Charges for services	2,138,000	2,138,000	2,477,071	339,071
Fines and forfeits	1,150,000	1,150,000	1,495,637	345,637
Miscellaneous	1,305,000	1,305,000	1,914,433	609,433
Total Revenues	18,904,607	19,424,557	22,617,610	3,193,053
EXPENDITURES				
Current:				
General government	5,744,036	6,451,186	5,922,985	528,201
Public safety	9,636,676	9,720,676	10,104,818	(384,142)
Judicial	5,784,576	5,814,576	5,588,920	225,656
Public works	1,148,234	1,148,234	1,082,716	65,518
Health	200,000	207,200	206,285	915
Debt service	159,310	159,310	90,310	69,000
Total Expenditures	22,672,832	23,501,182	22,996,034	505,148
Excess (Deficiency) of Revenues Over Expenditures	(3,768,225)	(4,076,625)	(378,424)	3,698,201
OTHER FINANCING SOURCES (USES)				
Contingency	(477,000)	(88,600)	-	88,600
Transfers in	1,960,910	1,960,910	1,940,000	(20,910)
Transfers out	(1,536,366)	(1,616,366)	(1,616,366)	-
Proceeds of Long Term Debt	289,550	289,550	-	(289,550)
Total Other Financing Sources (Uses)	237,094	545,494	323,634	(221,860)
Net Change in Fund Balances	(3,531,131)	(3,531,131)	(54,790)	3,476,341
FUND BALANCE, as previously reported, July 1	5,154,341	5,154,341	7,988,433	2,834,092
Prior Period Adjustment	-	-	(118,001)	(118,001)
FUND BALANCE, July 1, as restated	5,154,341	5,154,341	7,870,432	2,716,091
FUND BALANCES, June 30	\$ 1,623,210	\$ 1,623,210	\$ 7,815,642	\$ 6,192,432

See accompanying notes.

ELKO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HOSPITAL PROCEEDS FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGET			VARIANCE TO
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
REVENUES				
Miscellaneous	\$ 600,000	\$ 600,000	\$ 577,558	\$ (22,442)
EXPENDITURES				
Current:				
General government	20,198,395	20,198,395	2,051	(20,196,344)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,598,395)	(19,598,395)	575,507	20,173,902
OTHER FINANCING SOURCES (USES)				
Transfers out				
General County Debt Service Fund	(1,045,396)	(1,045,396)	(1,045,396)	-
Net Change in Fund Balances	(20,643,791)	(20,643,791)	(469,889)	20,173,902
FUND BALANCES, July 1	20,643,791	20,643,791	21,411,481	767,690
FUND BALANCES, June 30	\$ -	\$ -	\$ 20,941,592	\$ 20,941,592

See accompanying notes.

ELKO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
IN LIEU OF TAXES TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGET			VARIANCE TO
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET
REVENUES				
Intergovernmental Resources	\$ 1,700,000	\$ 1,700,000	\$ 4,215,644	\$ 2,515,644
Miscellaneous	100,000	100,000	113,455	13,455
Total Revenues	1,800,000	1,800,000	4,329,099	2,529,099
EXPENDITURES				
Current:				
General Government:	4,464,399	4,464,399	-	(4,464,399)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,664,399)	(2,664,399)	4,329,099	6,993,498
OTHER FINANCING SOURCES (USES)				
Transfers out				
General County General Fund	(1,700,000)	(1,700,000)	(1,700,000)	-
Net Change in Fund Balances	(4,364,399)	(4,364,399)	2,629,099	6,993,498
FUND BALANCES, July 1	4,364,399	4,364,399	4,617,057	252,658
FUND BALANCES, June 30	\$ -	\$ -	\$ 7,246,156	\$ 7,246,156

See accompanying notes.

ELKO COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
TOWN OF JACKPOT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGET		ACTUAL	VARIANCE TO FINAL BUDGET
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 168,751	\$ 168,751	\$ 162,323	\$ (6,428)
Licenses and permits	250,500	250,500	175,923	(74,577)
Intergovernmental resources	1,100,000	1,114,735	1,090,721	(24,014)
Miscellaneous	-	-	1,997	1,997
Total Revenues	1,519,251	1,533,986	1,430,964	(103,022)
EXPENDITURES				
Current:				
General government	274,304	289,039	232,888	56,151
Public safety	750,787	770,787	776,017	(5,230)
Public works	548,570	548,570	363,347	185,223
Health	10,000	10,000	10,000	-
Contingency	20,000	-	-	-
Total Expenditures	1,603,661	1,618,396	1,382,252	236,144
Excess (Deficiency) of Revenues Over Expenditures	(84,410)	(84,410)	48,712	133,122
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	60,000	60,000	-
Transfers out	(160,000)	(160,000)	(160,000)	-
Total Other Financing Sources (Uses)	(100,000)	(100,000)	(100,000)	-
Net Change in Fund Balances	(184,410)	(184,410)	(51,288)	133,122
FUND BALANCES, July 1	318,346	318,346	872,472	554,126
FUND BALANCES, June 30	\$ 133,936	\$ 133,936	\$ 821,184	\$ 687,248

See accompanying notes.

ELKO COUNTY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	MAJOR FUND - TOWN OF JACKPOT - SEWER	TOTAL NONMAJOR FUNDS	TOTAL ENTERPRISE FUNDS	ACTIVITIES - INTERNAL SERVICE FUND
ASSETS				
Current assets:				
Cash and investments	\$ 2,053,608	\$ 2,512,066	\$ 4,565,674	\$ -
Interest receivable	16,952	-	16,952	-
Accounts receivable	19,162	394,221	413,383	-
Total Current Assets	2,089,722	2,906,287	4,996,009	-
Noncurrent assets:				
Restricted:				
Cash restricted for customer deposits and connection fees	112	5,065	5,177	-
Cash restricted for insurance rate stabilization	-	-	-	3,309,376
Cash restricted for future revenue bond retirement	-	2,769	2,769	-
Accounts receivable restricted for claims				462
	112	7,834	7,946	3,309,838
Capital assets, net				
Land and Construction in progress	540	192,999	193,539	
Other capital assets (net of accumulated depreciation)	1,287,605	5,158,857	6,446,462	-
	1,288,145	5,351,856	6,640,001	-
Total Noncurrent Assets	1,288,257	5,359,690	6,647,947	3,309,838
Total Assets	3,377,979	8,265,977	11,643,956	3,309,838
LIABILITIES				
Current liabilities:				
Accounts payable	2,103	67,784	69,887	504,656
Accrued interest	6,440	460	6,900	-
Accrued liabilities	646	36,248	36,894	-
Due to other governments	45	629	674	-
Customer deposits	112	5,065	5,177	-
Unearned revenue	-	2,986	2,986	-
Due to other funds	-	109,300	109,300	-
Current maturities of revenue bond payable	53,450	1,475	54,925	-
Current maturities of note payable	-	5,069	5,069	-
Total Current Liabilities	62,796	229,016	291,812	504,656
Noncurrent liabilities:				
Annual required contribution	-	24,362	24,362	-
Note payable	-	22,718	22,718	-
Revenue bond payable	268,539	16,814	285,353	-
Total Noncurrent Liabilities	268,539	63,894	332,433	-
Total Liabilities	331,335	292,910	624,245	504,656
NET ASSETS				
Invested in capital assets, net of related debt	966,156	5,305,780	6,271,936	-
Restricted for group health insurance claims	-	-	-	2,805,182
Restricted for debt service	-	2,769	2,769	-
Unrestricted	2,080,488	2,664,518	4,745,006	-
TOTAL NET ASSETS	\$ 3,046,644	\$ 7,973,067	\$ 11,019,711	\$ 2,805,182

See accompanying notes.

ELKO COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	MAJOR FUND - TOWN OF JACKPOT - SEWER	TOTAL NONMAJOR FUNDS	TOTAL ENTERPRISE FUNDS	ACTIVITIES INTERNAL SERVICE FUND
OPERATING REVENUES				
Charges for services	\$ 267,682	\$ 1,254,161	\$ 1,521,843	\$ 2,614,434
Grants	-	1,344	1,344	-
Total Operating Revenues	267,682	1,255,505	1,523,187	2,614,434
OPERATING EXPENSES				
Salaries and wages	16,478	540,572	557,050	-
Employee benefits	6,986	189,122	196,108	2,390,275
Services and supplies	64,552	631,046	695,598	-
Depreciation	75,673	451,376	527,049	-
Total Operating Expenses	163,689	1,812,116	1,975,805	2,390,275
Operating Income (Loss)	103,993	(556,611)	(452,618)	224,159
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	25,819	62,893	88,712	-
Connection fees	550	1,609	2,159	-
Miscellaneous income (expense)	-	15	15	-
Interest expense	(13,398)	(2,562)	(15,960)	-
Total Nonoperating Revenues (Expenses)	12,971	61,955	74,926	-
Income (Loss) Before Capital Contributions and Transfers	116,964	(494,656)	(377,692)	224,159
TRANSFERS IN	-	30,000	30,000	-
TRANSFERS OUT	(20,000)	(40,000)	(60,000)	-
Total Capital Contributions and Transfers	(20,000)	(10,000)	(30,000)	-
Change in Net Assets	96,964	(504,656)	(407,692)	224,159
TOTAL NET ASSETS, as previously reported, July 1	2,949,680	8,529,563	11,479,243	2,581,023
Prior Period Adjustment	-	(51,840)	(51,840)	-
TOTAL NET ASSETS, as restated, July 1	2,949,680	8,477,723	11,427,403	2,581,023
TOTAL NET ASSETS, June 30	\$ 3,046,644	\$ 7,973,067	\$ 11,019,711	\$ 2,805,182

See accompanying notes.

ELKO COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL
	MAJOR FUND -	TOTAL	TOTAL	ACTIVITIES -
	TOWN OF	NONMAJOR	ENTERPRISE	INTERNAL
	JACKPOT - SEWER	FUNDS	FUNDS	SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 248,565	\$ 1,139,829	\$ 1,388,394	\$ -
Cash received from grants	-	1,344	1,344	-
Cash received from group insurance premiums	-	-	-	2,624,239
Cash payments to suppliers for goods and services	(70,026)	(604,669)	(674,695)	-
Cash payments to employees for services and benefits	(23,428)	(704,122)	(727,550)	(2,297,852)
Net Cash Provided (Used) by Operating Activities	155,111	(167,618)	(12,507)	326,387
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Other Income	-	15	15	-
Advances to/from other funds	-	8,751	8,751	-
Transfers in/out	(20,000)	(10,000)	(30,000)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	(20,000)	(1,234)	(21,234)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal payments on debt	(51,374)	(6,045)	(57,419)	-
Interest payments on debt	(14,425)	(2,562)	(16,987)	-
Proceeds from grants	-	20,631	20,631	-
Acquisition of capital assets	(36,883)	(186,596)	(223,479)	-
Receipts of customer contributions	550	1,609	2,159	-
Net Cash Provided (Used) by Financing Activities	(102,132)	(172,963)	(275,095)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	49,464	62,893	112,357	-
Net Cash Provided (Used) for Investing Activities	49,464	62,893	112,357	-
Net Increase (Decrease) in Cash and Cash Equivalents	82,443	(278,922)	(196,479)	326,387
CASH AND CASH EQUIVALENTS, July 1	1,971,277	2,798,822	4,770,099	2,982,989
CASH AND CASH EQUIVALENTS, June 30	<u>\$ 2,053,720</u>	<u>\$ 2,519,900</u>	<u>\$ 4,573,620</u>	<u>\$ 3,309,376</u>
CASH AND CASH EQUIVALENTS CONSISTS OF THE FOLLOWING:				
Unrestricted cash and cash equivalents	\$ 2,053,608	\$ 2,512,066	\$ 4,565,674	\$ -
Restricted cash and cash equivalents	112	7,834	7,946	3,309,376
Total Cash and Cash Equivalents	<u>\$ 2,053,720</u>	<u>\$ 2,519,900</u>	<u>\$ 4,573,620</u>	<u>\$ 3,309,376</u>

ELKO COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009
(Page 2 of 2)

	BUSINESS-TYPE ACTIVITIES			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
	MAJOR FUND - TOWN OF JACKPOT - SEWER	TOTAL NONMAJOR FUNDS	TOTAL ENTERPRISE FUNDS	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 103,993	\$ (556,611)	\$ (452,618)	\$ 224,159
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	75,673	451,376	527,049	-
(Increase) decrease in:				
Accounts receivable	(19,162)	(115,065)	(134,227)	9,805
Increase (decrease) in:				
Accounts payable	(5,474)	26,243	20,769	92,423
Accrued liabilities	36	1,142	1,178	-
Annual required contribution	-	24,362	24,362	-
Due to other governments	45	629	674	-
Customer deposits	-	306	306	-
Net Cash Provided (Used) by Operating Activities	\$ <u>155,111</u>	\$ <u>(167,618)</u>	\$ <u>(12,507)</u>	\$ <u>326,387</u>

See accompanying notes.

ELKO COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	INVESTMENT TRUST FUND	AGENCY FUNDS
ASSETS		
Cash	\$ <u>8,622,797</u>	\$ <u>2,500,660</u>
LIABILITIES		
Due to other governments and organizations	<u>-</u>	<u>2,500,660</u>
NET ASSETS		
Held in Trust for Pool Participants	\$ <u><u>8,622,797</u></u>	\$ <u><u>-</u></u>

See accompanying notes.

ELKO COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>INVESTMENT TRUST FUND</u>
ADDITIONS	
Investment earnings	\$ 173,045
Net increase in fair value of investments	16,253
Capital Share Transactions	<u>3,471,542</u>
Change in net assets	3,660,840
NET ASSETS, July 1	<u>4,961,957</u>
NET ASSETS, June 30,	\$ <u><u>8,622,797</u></u>

See accompanying notes.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

1. - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Elko County (the "County") 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 County is a municipal corporation governed by a five member Board of County Commissioners. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the governments' operations, and so, data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Each blended and discretely presented component unit has a June 30, year end.

Blended Component Units: The Board of County Commissioners, by statute, act as the governing board for the unincorporated towns of Jackpot, Montello, Jarbidge and Mountain City. Their financial activity is included in this reporting entity.

Discretely Presented Component Unit: Agricultural Association District No. 4 is responsible for the improvement of the material industries associated with agriculture. The members of the District's governing board are appointed by Elko County Board of Commissioners. The District is fiscally dependent upon the government because the government's Board of Commissioners influences operations, budgeting and has the ability to remove appointed officials. The District is a discretely presented component unit. Complete financial statements of the component unit may be obtained at the entity's administrative offices, Agricultural Association District No. 4, P.O. Box 1167, Elko, Nevada 89803. The District is exempt under State of Nevada statute for an audit.

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 County'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.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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 County 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 County 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, other post employment benefits and claims and judgments, are recorded only when payment is due.

Property taxes, consolidated tax revenue (sales taxes, cigarette taxes, motor vehicle privilege taxes, 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County 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 the County's policy is to use restricted resources first and then unrestricted resources as needed.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

The County reports the following major governmental funds:

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

The **Hospital Proceeds Fund** is used to account for the proceeds from the sale of the Elko General Hospital and the interest earned from these proceeds.

The **In Lieu of Taxes Trust Special Revenue Fund** is used to account for the proceeds from federal payments in lieu of taxes and interest earned from these proceeds.

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

The **General County Capital Projects Fund** is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The **Northeastern Nevada Regional Railport Capital Projects Fund** is used to account for the acquisition and construction of the Northeastern Nevada Regional Railport.

The County reports the following major enterprise fund:

The **Town of Jackpot – Sewer Fund** accounts for the provision of sanitary sewer services to the residents of the Town of Jackpot. 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 County reports the following fund types:

Internal Service Fund accounts 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 County holds for others in an agency capacity.

Investment Trust Funds are the external investment pool administered by Elko County. Voluntary participants include the Elko County School District.

CASH, CASH EQUIVALENTS AND INVESTMENTS:

The County'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 County administration as permitted by law. Investments are recorded at fair value. The County maintains pooled operating and investment accounts to facilitate efficient management of County resources unless cash is restricted and required to be maintained separately or is held by other custodians on behalf of the County such as imprest bank and petty cash accounts. 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 County policy.

State statutes authorize the County 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.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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.

Pursuant to NRS 355.167, Elko County may also invest in the Local Government Pooled Investment Fund administered by the State Treasurer. Investment in the Local Government Investment Pool and other investment types are carried at fair value, which is the same as the value of the pool shares. The Local Government Pooled Investment Fund is an external investment pool administered by the Treasurer of the State of Nevada, with oversight provided by the Board of Finance.

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, except for the nonmajor Elko Ambulance Fund accounts receivable is shown net of the provision for doubtful accounts.

TAXES RECEIVABLE, DELINQUENT:

Secured roll property taxes receivable reflect only those taxes receivable from the delinquent roll years. Delinquent taxes from all roll years prior to 2006-2007 have been written off. No provision for uncollectible accounts has been established since management does not anticipate any material collection loss in respect to the remaining balances.

Personal property taxes, gas, oil and geothermal lease receivables reflect only those taxes collected within 60 days of year end. Delinquent taxes from all other prior years have been written off.

PROPERTY TAXES:

All real property in Elko County is assigned a parcel number 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 valuation of the property and its improvements is 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 \$5.00 per hundred dollars of assessed valuation; however, as a result of legislation, the tax rate has been further limited to \$3.64 per hundred dollars of assessed value except in cases of severe financial emergency as defined in NRS 354.705. In 2005 the Nevada State Legislature passed Assembly Bill 489 which provides for a partial abatement of the ad valorem taxes levied on qualified property. For qualified property, the abatement will limit the increase of property taxes based on the previous year's assessed value.

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 on property are due on the third Monday in August; however, they may be paid in four

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

installments payable on the third Monday in August, and the first Mondays in October, January and March. 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, 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 and 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 and the tax is computed using percentages of taxable values established by the Department of Taxation and tax rates described above. The major classifications of personal property are commercial and mobile homes.

NET PROCEEDS OF MINES:

Net proceeds of mines are paid on an annual basis. For the year ended June 30, 2009, net proceeds of mines received on actual business from January 1, 2008 through December 31, 2008 are reflected in the financial statements. In addition, due to legislative changes occurring during the year ended June 30, 2009, the payments of net proceeds received on estimated business from January 1, 2009 through December 31, 2009 are reflected in the financial statements.

Additional amounts due, based on actual business for the January 1, 2009 through December 31, 2009 in comparison to estimated payments, are applied to future tax payments in accordance with NRS 362.130. The overall financial impact to the County of future additional amounts due or future credits is not determinable at June 30, 2009 and are not reflected in these financial statements.

CAPITAL ASSETS:

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of \$5,000 or more and an estimated useful life of more than one year. All purchased capital assets are valued at cost or estimated historical costs. Donated assets are recorded at their estimated fair 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	50 to 130 years
Improvements other than buildings	10 to 50 years
Machinery and equipment	5 to 50 years
Infrastructure	20 to 50 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 County 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 and proprietary fund 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 column in the

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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.

UNEMPLOYMENT INSURANCE:

The County and its unincorporated towns have elected to adopt the "reimbursement method" of providing for unemployment benefits to its eligible employees. Under this self-insurance method, the employer must reimburse the State of Nevada Employment Security Department for all paid claims which are attributable to former employees. In conjunction with the foregoing, the "Unemployment Insurance Liability Reserve Funds" for the County of Elko and the Town of Jackpot were created to reserve the accumulation of monies necessary to defray anticipated claims.

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 years' 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

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

in order to be consistent with the current year's presentation.

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* as reported in the government wide statement of net assets. 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 this difference is as follows:

General Obligation Bond Payable	\$19,180,000
Notes payable	2,695,278
Leases payable	38,351
Other obligations	786,818
Accrued interest	276,451
Annual Required Contribution	770,000
Compensated absences	1,128,143
	<hr/>
Net Difference in Reporting Long-Term Liabilities	<u>\$ 24,875,041</u>

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 are as follows:

Capital outlay	\$ 13,727,755
Disposition of capital assets	(308,750)
Depreciation expense	(3,282,623)
	<hr/>
Net Difference in Reporting Capital Asset Activity	<u>\$ 10,136,382</u>

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 are as follows:

Accrued interest	\$ 54,715
Proceeds from general obligation bond payable	(9,000,000)
Change in compensated absences	28,422
Principal repayments:	
Revenue bonds	379,000
General Obligation Bonds	320,000
Notes payable and other obligations	747,148
	<hr/>
Net Difference in Reporting Long-Term Debt Transactions	<u>\$ (7,470,715)</u>

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

BUDGETARY INFORMATION:

Budgets are adopted on a basis consistent with generally accepted accounting principles. Elko County adheres to the Local Government Budget Act, incorporated within state statutes, which includes the following major procedures to establish the budgetary data that is reflected in these financial statements:

1. On or before April 15, the Elko County Board of Commissioners files a tentative budget with the Nevada Department of Taxation for all funds other than Agency Funds, which are not required to be budgeted, for the fiscal year commencing the following July 1. The tentative budget includes proposed expenditures and the means of financing them.
2. Public budget hearings on the tentative budget are held prior to the adoption of the budget to obtain taxpayer comments.
3. Prior to June 1, at a public hearing, the Board indicates changes, if any, to be made to the tentative budget and adopts a final budget by a majority vote of the Board. The final budget must then be forwarded to the Nevada Tax Commission for review and approval. The above dates may be adjusted as necessary during legislative years.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principals (GAAP). All appropriations lapse at the end of the fiscal year.
5. Budgeted amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers are to be approved by the budget officer and/or the Board of County Commissioners, depending on established criteria. Budget augmentations in excess of original budgetary amounts require prior approval of the Elko County Board of Commissioners, 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 Board of County Commissioners must approve the budget augmentation with a majority vote and adopt a resolution providing therefore.
6. Budgeted amounts reflected in the accompanying financial statements recognize budget amendments made during the year in accordance with the above procedures.
7. 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 Projects 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/expenses exceeded those budgeted for the year in the following funds:

Major Fund:

General Fund – Public Safety	\$ 384,142
Town of Jackpot General Fund – Public Safety	5,230

Non-major Funds:

Forensic Services Fund – Public Safety	13,103
Road Construction Fund – Public Works	10,510
Tuscarora Water Enterprise Fund	9,172
Jarbidge Water Fund	34,387
General County Solid Waste Fund	32,803
Town of Montello Water Fund	12,757
Town of Jackpot Waste Disposal Fund	2,635

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Town of Montello Sewer Fund

986

The above are potential violations of Nevada Revised Statute 354.626. The County plans to monitor expenditures/expenses in 2009-2010 to help prevent potential violations.

DEFICIT FUND BALANCES/NET ASSETS:

As of June 30, 2009, the following funds had deficit fund balances/net assets:

Nonmajor Funds:

Sheriff's Grant Fund	\$ 12,968
Town of Jackpot Recreation Fund	2,934
Town of Jackpot Capital Projects Fund	72,398
Town of Jackpot Ad Valorem Capital Project Fund	228,632

The County plans to monitor these funds in 2009-2010 and eliminate the deficit fund balances.

4. – CASH AND INVESTMENTS

The cash reflected in the balance sheet is the carrying amount of deposits comprised of the individual funds' equity in the pooled cash balances. A summary schedule of cash and investments for the County as of June 30, 2009, follows:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
Balances Classified by Fund:			
Governmental Activities	\$ 61,147,155	\$ 3,309,376	\$ 64,456,531
Business Type Activities	4,565,674	7,946	4,573,620
Total Primary Government	65,712,829	3,317,322	69,030,151
Investment Trust Fund	-	8,622,797	8,622,797
Agency Funds	-	2,500,660	2,500,660
Component Unit – Agricultural District No. 4	154,186	-	154,186
Total Reporting Entity	<u>\$ 65,867,015</u>	<u>\$ 14,440,779</u>	<u>\$ 80,307,794</u>
		<u>CARRYING AMOUNT</u>	<u>BANK BALANCE</u>
<u>Deposits:</u>			
Insured or collateralized with securities held by the County or by its agent in the County's name		\$ 12,006,786	\$ 12,398,621
Cash on hand		14,125	-
Total Deposits		<u>\$ 12,020,911</u>	<u>\$ 12,398,621</u>

Nevada Revised Statutes (NRS 355.170) sets forth acceptable investments for Nevada local governments. The County 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.

Risk Category

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 County 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. The County restricts notes, bonds, and other unconditional obligations at the time of purchase to have a remaining term to maturity of not more than 5 years as described by Nevada state law.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Credit Risk - Nevada state law limits investments in commercial paper and corporate bonds. Corporate or depository institution commercial paper purchased from a registered dealer must have a credit rating of A-1, P-1, or better. Investments in money market mutual funds that invest in federal securities must have a credit rating of "AAA" and investments in obligations of state and local governments must rate A or higher. The County's investments in U.S. Treasury Notes and U.S. Government Securities are rated AAA by Moody's Investor Services and by Standard and Poor's. The Local Government Investment Pool is an unrated external investment pool, however, the County's policy allows this type of investment.

Custodial Credit Risk – the risk that in the event of a bank failure, the County's deposits may not be returned. The County's bank deposits are covered by Federal Deposit Insurance Corporation (FDIC), and collateralized by the Office of the State Treasurer/Nevada Collateral Pool or collateralized by securities held by the County's agent in the County's name.

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of outside parties. Of the County's \$68,132,697 in investments, \$2,500,000 is insured by the Securities Investor Protection Corporation (SIPC), \$11,530,409 is insured by the Federal Deposit Insurance Corporation (FDIC), \$17,540,310 is collateralized by the Office of the State Treasurer / Nevada Collateral Pool, and \$35,887,492 is uninsured and unregistered, with securities held by the investment's counterparty, or by its trust department or agent but not in the name of the County. The local government pooled investment is not required to be collateralized.

INVESTMENTS:

INVESTMENT TYPE	FAIR VALUE	INVESTMENTS MATURITIES (IN YEARS)		
		< 1	1-5	5-10
Demand Deposits	\$ 17,061,495	\$ 17,061,495	\$ -	\$ -
Certificates of Deposits	12,009,223	12,009,223	-	-
Money Market Mutual Funds	1,378,220	1,378,220	-	-
U.S. Treasury Notes and Bonds	2,674,914	658,494	1,491,284	525,136
U.S. Government Securities	34,334,359	999,800	25,303,841	8,030,718
Local Government Pooled Investment Fund	674,486	674,486	-	-
	<u>\$ 68,132,697</u>	<u>\$ 32,781,718</u>	<u>\$ 26,795,125</u>	<u>\$ 8,555,854</u>

EXTERNAL INVESTMENT POOL:

The County administers an external investment pool combining the County funds with involuntary investments from Elko County School District. The Board of County Commissioners has overall responsibility for investment of funds including the external investment pool in accordance with NRS 355.175. The Elko County Treasurer is delegated investment responsibilities. Monthly, the State of Nevada Local Government Pooled Investment Fund determines the fair value of the pool's investments held by them. The fair value of other types of investments is determined as statements from the various companies are received, but no less often than annually. Each participant's share is equal to their original investment plus or minus monthly allocations of interest income, and realized and unrealized gains and losses. The County has not provided nor obtained any legally binding guarantees to support the value of shares.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Summary of investments held in the external investment pool at June 30, 2009:

<u>INVESTMENT TYPE</u>	<u>FAIR VALUE</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
Demand Deposits	\$ 17,061,495	\$ 17,061,495	Variable
Certificates of Deposits	12,009,223	12,009,223	Variable
Money Market Mutual Funds	1,378,220	1,378,220	Variable
U.S. Treasury Notes and Bonds	2,674,914	2,624,372	Variable
U.S. Government Securities	34,334,359	34,291,156	Variable
Local Government Pooled Investment Fund	<u>674,486</u>	<u>674,486</u>	Variable
Total Pooled Investments	<u>\$ 68,132,697</u>	<u>\$ 68,038,898</u>	

External Investment Pool Condensed Financial Statements
Statement of Net Assets
June 30, 2009

Assets:

Investments in securities	
U.S. Treasury notes and bonds	\$ 2,674,914
U.S. Government securities	34,334,359
Money Market mutual funds	1,378,220
Demand deposits	17,061,495
Certificates of Deposit	12,009,223
Local Government Pooled Investment Fund	674,486
Interest receivable	<u>327,707</u>

Total Assets	<u><u>\$ 68,460,404</u></u>
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Net assets held in trust for pool participants:

Net assets consist of:	
Internal participants	\$ 59,837,607
External participants	<u>8,622,797</u>

Total net assets held in trust for pool participants (Participants units outstanding, \$1.00/par)	<u><u>\$ 68,460,404</u></u>
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Statement of Changes in Net Assets
For the Year Ended June 30, 2009

Additions:	
Investment earnings	\$ 1,791,470
Net increase in fair value of investments	<u>125,021</u>
Net increase in net assets resulting from operations	1,916,491
Capital share transactions	<u>5,587,020</u>
Total increase	7,503,511
Net assets, July 1	<u>60,956,893</u>
Net assets, June 30	<u><u>\$ 68,460,404</u></u>

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Addition and Transfers In
Governmental Activities:		
Capital assets, not being depreciated:		
Land	\$ 3,419,012	\$ 3,713,421
Construction in progress	<u>2,719,904</u>	<u>7,933,657</u>
Total capital assets, not being depreciated	<u>6,138,916</u>	<u>11,647,078</u>
Capital assets, being depreciated:		
Buildings and improvements	29,982,015	542,048
Equipment and motor vehicles	14,132,648	1,080,467
Infrastructure	<u>62,025,400</u>	<u>458,162</u>
Total capital assets, being depreciated	<u>106,140,063</u>	<u>2,080,677</u>
Total accumulated depreciation		
Buildings and improvements	9,002,453	815,307
Equipment and motor vehicles	6,767,054	972,087
Infrastructure	<u>35,839,397</u>	<u>1,495,229</u>
Total accumulated depreciation	<u>51,608,904</u>	<u>3,282,623</u>
Total capital assets, being depreciated, net	<u>54,531,159</u>	<u>(1,201,946)</u>
Governmental activities capital assets, net	\$ <u><u>60,670,075</u></u>	\$ <u><u>10,445,132</u></u>
Business-Type Activities:		
Capital assets, not being depreciated:		
Land and water rights	\$ 540	\$ -
Construction in progress	<u>133,769</u>	<u>92,318</u>
Total capital assets, not being depreciated	<u>134,309</u>	<u>92,318</u>
Capital assets, being depreciated:		
Buildings and improvements	9,461,138	1,869
Machinery and equipment	<u>1,965,749</u>	<u>129,290</u>
Total capital assets, being depreciated	<u>11,426,887</u>	<u>131,159</u>
Total accumulated depreciation		
Buildings and improvements	3,455,746	365,569
Machinery and equipment	<u>1,161,877</u>	<u>161,480</u>
Total accumulated depreciation	<u>4,617,623</u>	<u>527,049</u>
Total capital assets, being depreciated, net	<u>6,809,264</u>	<u>(395,890)</u>
Business-type activities capital assets, net	\$ <u><u>6,943,573</u></u>	\$ <u><u>(303,572)</u></u>

<u>Deletions and Transfers Out</u>	<u>Balance June 30, 2009</u>
\$ (226,958)	\$ 6,905,475
<u>-</u>	<u>9,028,688</u>
<u>(226,958)</u>	<u>15,934,163</u>
 (688,186)	 31,460,750
(279,681)	14,933,434
<u>-</u>	<u>62,483,562</u>
<u>(967,867)</u>	<u>108,877,746</u>
 (200,570)	 9,617,190
(167,134)	7,572,007
<u>-</u>	<u>37,334,626</u>
<u>(367,704)</u>	<u>54,523,823</u>
 (600,163)	 54,353,923
<u>\$ (827,121)</u>	<u>\$ 70,288,086</u>
\$ -	\$ 540
<u>-</u>	<u>192,999</u>
<u>-</u>	<u>193,539</u>
 -	 9,496,095
<u>-</u>	<u>2,095,039</u>
<u>-</u>	<u>11,591,134</u>
 -	 3,821,315
<u>-</u>	<u>1,323,357</u>
<u>-</u>	<u>5,144,672</u>
<u>-</u>	<u>6,446,462</u>
<u>\$ -</u>	<u>\$ 6,640,001</u>

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

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

Governmental Activities:	
General government	\$ 339,265
Judicial	100,526
Public safety	622,171
Public works	2,050,734
Culture and recreation	<u>169,927</u>
Total depreciation expense-governmental activities	<u>\$ 3,282,623</u>
Business-Type Activities:	
Tuscarora Water	\$ 16,868
Jarbidge Water	92,447
Solid Waste	17,950
Town of Jackpot Water	55,797
Town of Jackpot Sewer	75,673
Town of Jackpot Waste Disposal	36,213
Town of Montello Water	64,907
Town of Montello Sewer	18,304
Elko Ambulance	<u>148,890</u>
Total depreciation expense-business-type activities	<u>\$ 527,049</u>

6 – INTERFUND BALANCES:

The composition of interfund balances as of June 30, 2009 is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund:		Nonmajor Governmental Funds:	
General Fund	\$ 460,601	Forensic Services Fund	\$ 12,295
		Sheriff's Grant Fund	37,976
		Local Emergency Planning	72,398
		Commission Fund	<u>228,632</u>
		Town of Jackpot -	351,301
		Capital Projects Fund	<u>109,300</u>
		Town of Jackpot -	
		Ad Valorem Capital Projects Fund	<u>460,601</u>
		Nonmajor Proprietary Fund:	
		Solid Waste Fund	<u>460,601</u>
Due from other funds	<u>\$ 460,601</u>	Due to other funds	<u>\$ 460,601</u>

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, (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization, and (4) to transfer residual balances of discontinued funds.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

The composition of transfers as of June 30, is as follows:

Transfers Out	Transfers In			
	General Fund	Town of Jackpot - General Fund	General County Capital Projects Fund	Non Major Governmental Funds
General Fund	\$ -	\$ -	\$ 800,000	\$ 786,366
Hospital Proceeds Fund	-	-	-	1,045,396
Town of Jackpot General Fund	-	-	-	160,000
In Lieu of Taxes Trust Fund	1,700,000	-	-	-
General County Capital Projects Fund	-	-	-	500,000
Jackpot Sewer Fund	-	20,000	-	-
Non-major Governmental Funds	240,000	-	-	1,841,943
Non-major Business-type Funds	-	40,000	-	-
	<u>\$ 1,940,000</u>	<u>\$ 60,000</u>	<u>\$ 800,000</u>	<u>\$ 4,333,705</u>

7 – CAPITAL LEASES

The County has entered into a lease agreement as a lessee for financing the acquisition of a new phone system for the Elko County Sheriff's Department. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	\$ 74,845
Less: Accumulated depreciation	(14,969)
Total	<u>\$ 59,876</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

	Governmental Activities
<u>Year Ending June 30:</u>	
2010	\$ 13,934
2011	13,934
2012	<u>13,934</u>
Total minimum lease payments	41,802
Less: amount representing interest	<u>(3,451)</u>
Present value of minimum lease payments	<u>\$ 38,351</u>

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Transfers In	
Non Major Proprietary Funds	Total
\$ 30,000	\$ 1,616,366
-	1,045,396
-	160,000
-	1,700,000
-	500,000
-	20,000
-	2,081,943
-	40,000
<u>\$ 30,000</u>	<u>\$ 7,163,705</u>

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

8. – PENSION PLAN

Plan Description - Elko County 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 participant 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 - Benefits for plan members are funded under the following method: Under the employer pay contribution plan, the County is required to contribute all amounts due under the plan. The contribution requirements of plan members and the County are established by Chapter 286 of Nevada Statutes. The County's contribution rates and amounts contributed, which equaled required contributions, for the last three years are as follows:

<u>FISCAL YEAR</u>	<u>CONTRIBUTION RATE</u>		<u>TOTAL CONTRIBUTION</u>
	<u>REGULAR MEMBERS</u>	<u>POLICE AND FIREMEN</u>	
2008-09	20.50%	33.50%	\$ 3,382,126
2007-08	20.50%	33.50%	3,176,099
2006-07	19.75%	32.00%	2,864,817

9. – RISK MANAGEMENT

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

The County 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 sub-limits established for earthquake, flood, equipment breakdown and money and securities. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The County has chosen to establish a risk financing fund for risks associated the employee 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). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation and changes in legal doctrines. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of payout), and other economic and social factors. Changes in the balances of claim liabilities during the past two fiscal years are as follows:

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

	Unpaid Claims, Beginning of Fiscal Year	Incurred Claims (Including IBNRs)	Claim Payments	Unpaid Claims, End of Fiscal Year
2007-08	\$ 381,892	\$ 2,348,873	\$ 2,318,531	\$ 412,233
2008-09	412,234	2,390,275	2,297,853	504,656

The County also joined together with similar public agencies effective April 1, 1996, to create a pool under the Nevada Interlocal Cooperation Act. The Public Agency Compensation Trust (PACT) is an intergovernmental self-insured association for workers compensation insurance.

The County pays premiums based on payroll costs to the PACT. The PACT is considered a self-sustaining pool that will provide coverage based on established statutory limits.

10. – DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County 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.

The assets of the plan are held in trust and for the exclusive benefit of plan participants and their beneficiaries. Therefore, in accordance with GASB 32, the assets are not recorded as an agency fund of the County.

11. – UNRESERVED, DESIGNATED FUND BALANCE OF MAJOR FUNDS:

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

	General Fund	Hospital Proceeds Fund	In Lieu of Taxes Trust Fund
Designated for:			
Subsequent years expenditures	\$ 4,905,008	\$ 21,061,085	\$ 4,150,636
	Town of Jackpot General Fund	General County Capital Projects Fund	Northeastern Nevada Regional Railport Fund
Designated for:			
Subsequent years expenditures	\$ 532,102	\$ 5,016,620	\$ 7,935,123

The designated fund balance is less than the 2009/2010 budget opening fund balance by the following amounts:

Hospital Proceeds Fund	\$ 119,493
Northeastern Nevada Regional Railport Fund	2,608,536
Library Special Federal Fund	30,541
Road Construction Fund	494,942
Forensic Services Fund	887
Sheriff's Grant Fund	12,968
Local Emergency Planning Committee Fund	40
Inmate Communication Fund	202
Budgetary Incentive Fund	203
Secure Rural Schools	100,000
General Debt Service Fund	39,951
Town of Jackpot Recreation Fund	103,205
Town of Jackpot Capital Projects Fund	65,000
Town of Montello General Fund	1,670
Town of Montello Ad Valorem Capital Projects Fund	3,818

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

11. – LONG-TERM OBLIGATIONS:

	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE AMOUNT</u>	<u>INTEREST RATE</u>	<u>YEAR OF FINAL PAYMENT</u>
Revenue Bond:				
General County, Regional Street and Highway Funds:				
Motor Vehicle Fuel Tax Revenue Refunding Bonds-Series 2003	1/23/2003	\$ 2,111,000	3.15%	2009
General Obligation Bond:				
General County, Debt Service Fund:				
General Obligation (Limited Tax) Courthouse Bonds (Additionally Secured by Pledged Revenues), Series 2007	10/4/2007	10,500,000	4.00-5.50%	2027
General Obligation (Limited Tax) Rail Port Bond, Series 2008	12/29/2008	9,000,000	3.98%	2019
Notes and Leases:				
Nevada State Bank				
Medium-Term Note Taxable Series 2006A: Railport Land Purchase	4/25/2006	2,095,000	6.08%	2016
Nevada State Bank Medium-Term Note Series 2007 - Sheriff Vehicles, Fire Truck and related equipment, Highway Maintenance and Repair Shop	5/2/2007	1,435,000	3.98%	2012
Nevada State Bank Medium-Term Note Tax-Exempt Series 2006B:				
Sheriff Vehicles	4/25/2006	100,000	3.99%	2009
Motor Pool Vehicles	4/25/2006	92,000	3.99%	2009
Eureka County Regional Juvenile Facility	1994	1,000,000	4.50-6.50%	2012
Nevada State Bank, Medium-Term Note: Computer Equipment	6/29/2005	407,000	3.43%	2009
Lease Payable:				
Phone System, Sheriff's Department	11/8/2007	74,845	4.65%	2012
Annual Required Contribution	N/A	N/A	N/A	N/A
Compensated Absences	N/A	N/A	N/A	N/A
Other Obligations:				
Commitment payable, Eureka County, juvenile detention facility, repayment from detention charges	1994	1,000,000	N/A	N/A
Total Governmental Activities				

<u>PRINCIPAL OUTSTANDING JULY 1, 2008</u>	<u>ISSUED DURING PERIOD</u>	<u>PRINCIPAL PAID DURING PERIOD</u>	<u>PRINCIPAL OUTSTANDING JUNE 30, 2009</u>	<u>PRINCIPAL DUE IN 2009 - 2010</u>
<u>\$ 379,000</u>	<u>\$ -</u>	<u>\$ 379,000</u>	<u>\$ -</u>	<u>\$ -</u>
<u>10,500,000</u>	<u>-</u>	<u>320,000</u>	<u>10,180,000</u>	<u>395,000</u>
<u>-</u>	<u>9,000,000</u>	<u>-</u>	<u>9,000,000</u>	<u>677,000</u>
1,754,000	-	179,000	1,575,000	187,000
1,149,000	-	295,000	854,000	307,000
34,375	-	34,375	-	-
31,625	-	31,625	-	-
343,272	-	76,994	266,278	80,678
107,000	-	107,000	-	-
<u>50,330</u>	<u>-</u>	<u>11,979</u>	<u>38,351</u>	<u>12,280</u>
<u>3,469,602</u>	<u>-</u>	<u>735,973</u>	<u>2,733,629</u>	<u>586,958</u>
<u>-</u>	<u>770,000</u>	<u>-</u>	<u>770,000</u>	<u>-</u>
<u>1,156,565</u>	<u>530,319</u>	<u>558,741</u>	<u>1,128,143</u>	<u>585,160</u>
<u>797,993</u>	<u>-</u>	<u>11,175</u>	<u>786,818</u>	<u>11,175</u>
<u>\$ 16,303,160</u>	<u>\$ 10,300,319</u>	<u>\$ 2,004,889</u>	<u>\$ 24,598,590</u>	<u>2,255,293</u>

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

	<u>DATE OF ISSUE</u>	<u>ORIGINAL ISSUE AMOUNT</u>	<u>INTEREST RATE</u>	<u>YEAR OF FINAL PAYMENT</u>
<u>Business-Type Activities</u>				
Revenue Bonds:				
General County, Tuscarora Water Enterprise Fund:				
Water System Improvement Bonds	6/18/1980	\$ 40,500	5.00%	2019
Town of Jackpot, Sewer Enterprise Fund:				
Sewer Bond	7/1/1994	900,000	4%	2014
Note Payable:				
USDA Grant, payable annually	2/5/2004	50,000	4.25%	2014
Annual Required Contribution	N/A	N/A	N/A	N/A
Compensated Absences	N/A	N/A	N/A	N/A
Total Business-Type Activities				

<u>PRINCIPAL OUTSTANDING JULY 1, 2008</u>	<u>ISSUED DURING PERIOD</u>	<u>PRINCIPAL PAID DURING PERIOD</u>	<u>PRINCIPAL OUTSTANDING JUNE 30, 2009</u>	<u>PRINCIPAL DUE IN 2009 - 2010</u>
\$ 19,669	\$ -	\$ 1,380	\$ 18,289	\$ 1,475
<u>373,363</u>	<u>-</u>	<u>51,374</u>	<u>321,989</u>	<u>53,450</u>
<u>393,032</u>	<u>-</u>	<u>52,754</u>	<u>340,278</u>	<u>54,925</u>
<u>32,452</u>	<u>-</u>	<u>4,665</u>	<u>27,787</u>	<u>5,069</u>
<u>-</u>	<u>24,362</u>	<u>-</u>	<u>24,362</u>	<u>-</u>
<u>14,811</u>	<u>3,957</u>	<u>7,131</u>	<u>11,637</u>	<u>5,388</u>
<u>\$ 440,295</u>	<u>\$ 28,319</u>	<u>\$ 64,550</u>	<u>\$ 404,064</u>	<u>\$ 65,382</u>

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

12. – DEBT SERVICE REQUIREMENTS TO MATURITY:

The annual requirements to pay principal and interest on all bonds, notes and leases payable are as follows:

Year Ended June 30,	Debt Supported by Special Revenues		General Obligation Bonds	
	Principal	Interest	Principal	Interest
Governmental Activities:				
2010	\$ -	\$ -	\$ 1,072,000	\$ 778,716
2011	-	-	1,124,000	729,210
2012	-	-	1,188,000	677,444
2013	-	-	1,250,000	622,766
2014	-	-	1,316,000	571,913
2015-2019	-	-	7,755,000	1,994,956
2020-2024	-	-	3,190,000	892,033
2025-2028	-	-	2,285,000	200,413
	<u>-</u>	<u>-</u>	<u>19,180,000</u>	<u>6,467,451</u>
Business-type Activities:				
2010	54,925	12,170	-	-
2011	57,159	9,893	-	-
2012	59,486	7,521	-	-
2013	61,906	5,054	-	-
2014	64,427	2,485	-	-
2015 - 2019	<u>42,375</u>	<u>1,334</u>	<u>-</u>	<u>-</u>
	<u>340,278</u>	<u>38,457</u>	<u>-</u>	<u>-</u>
	<u>\$ 340,278</u>	<u>\$ 38,457</u>	<u>\$ 19,180,000</u>	<u>\$ 6,467,451</u>

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

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

To provide for the next years payment of principal and interest for the Series 2007 General Obligation Courthouse Bonds, the County has pledged revenues for this payment. The County held \$1,782,283 from consolidated tax revenues specifically for these payment, these funds are held in the Bond Income Fund. Total consolidated tax revenue for Elko County for the year ended June 30, 2008 was \$11,091,279, the pledged amount represents 15% of this total. The total principal and interest remaining to be paid on the bonds is \$14,680,176 and the fiscal year ending June 30, 2010 principal and interest requirements are \$828,988, the debt will be paid in full in fiscal year ending June 30, 2027. For fiscal year ending 2010 and until the bonds are paid in full, the consolidated tax revenues pledged for the bonds will be held in the Bond Income Fund.

Notes and Leases Payable		Total Debt	
Principal	Interest	Principal	Interest
\$ 586,958	\$ 143,212	\$ 1,658,958	\$ 921,928
565,822	114,873	1,689,822	844,083
594,934	84,899	1,782,934	762,343
230,915	59,504	1,480,915	682,270
237,000	45,905	1,553,000	617,818
518,000	47,728	8,273,000	2,042,684
-	-	3,190,000	892,033
-	-	2,285,000	200,413
2,733,629	496,121	21,913,629	6,963,572
5,069	1,101	59,994	13,271
5,285	882	62,444	10,775
5,510	654	64,996	8,175
5,744	417	67,650	5,471
6,179	170	70,606	2,655
-	-	42,375	1,334
27,787	3,224	368,065	41,681
\$ 2,761,416	\$ 499,345	\$ 22,281,694	\$ 7,005,253

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

14. – AVAILABLE BORROWING CAPACITY:

The lawful General County government general obligation debt limit at June 30, 2009, was \$127,432,012 (NRS 244A.059). Total general obligation debt of Elko County (excluding general obligations of the unincorporated towns) was \$21,875,278 leaving a legally available borrowing capacity of \$105,556,734.

The lawful general obligation debt limit (NRS 269.425) outstanding general obligation debt and available borrowing capacity at June 30, 2009, of the respective unincorporated towns within Elko County appears below:

	<u>TOWN OF JARBIDGE(1)</u>	<u>TOWN OF JACKPOT</u>	<u>TOWN OF MONTELO</u>	<u>TOWN OF MOUNTAIN CITY</u>
Town general obligation debt limit	\$ 440,560	\$ 7,553,140	\$ 234,554	\$ 498,877
General obligation debt outstanding	<u>27,788</u>	<u>-</u>	<u>-</u>	<u>-</u>
Available Borrowing Capacity	<u>\$ 412,772</u>	<u>\$ 7,553,140</u>	<u>\$ 234,554</u>	<u>\$ 498,877</u>

(1) The unincorporated town cannot assess a tax rate nor incur debt per Elko County resolution.

15. - AD VALOREM CAPITAL PROJECTS FUND:

Pursuant to NRS 354.598155(4) the audit report must disclose in detail the projects that have been funded with money from this fund. Following is a description of the projects funded by the various Ad Valorem Capital Project Funds:

- General County – \$95,497 was transferred to the Debt Service Fund and \$143,157 was paid from this fund, both were for payment of annual obligations on debt incurred in connection with the juvenile detention facility, computer upgrade debt, and land acquisition cost for the fire academy; \$48,145 was used for emergency maintenance and improvements to the Senior Center, Elko Clinic, and other County facilities; \$5,000 for paving the library parking lot. The remaining balance of \$286,528 represents settlements to cities and towns for their portion of the levy.
- Jackpot – \$13,837 for an irrigation project at the Golf Course.
- Montello – \$4,000 for a road improvement project
- Mountain City – no expenditures

16. – FUND CHANGES:

New Funds:

On September 3, 2008, the Elko County Sheriff Garnishment Fund was created as an Agency Fund.

On February 18, 2009 the Elko Redevelopment District Fund was created as an Agency Fund.

On February 19, 2009, the Secure Rural Schools Title III Fund was created as a Special Revenue Fund.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

17. – POST EMPLOYMENT HEALTH CARE PLANS:

Plan Descriptions: The County administers a single-employer defined benefit healthcare plan, Elko County Employee Health Benefits Plan (ECEHBP). Additionally, the County contributes to an agent multiple-employer defined benefit postemployment healthcare plan, Public Employees' Benefits Plan (PEBP). Each plan provides medical, vision, dental, and life insurance benefits to eligible retired County employees and beneficiaries.

Benefit provisions for the ECEHBP are established pursuant to NRS 287.023 and amended through negotiations between the County and the respective associations. The plan provides healthcare insurance for eligible retirees and their beneficiaries through the District's group health insurance plan, which covers both active and retired members. Under NRS 287.023, eligible retirees are able to participate in the plan with blended rates, thereby benefitting from an implicit subsidy. Retirees are required to pay 100% of their premiums under the plan. As of June 30, 2009, three retirees were using this plan. The ECEHBP does not issue a publicly available financial report.

Benefit provisions for the PEBP are administered by the State of Nevada. NRS 287.041 assigns the authority to establish and amend benefit provisions to the PEBP nine-member board of trustees. County employees who met the eligibility requirements effective September 1, 2008 for retirement within the Nevada Public Employee Retirement System had the option upon retirement to enroll in coverage under the PEBP. NRS 287.023 sunsetted the option to join PEBP for County employees who retired after November 29, 2008. Local governments are required to pay the same portion of the cost of coverage for their retirees joining PEBP that the State of Nevada pays for state retirees participating in the plan. As of June 30, 2009, one hundred and forty four County retirees were utilizing this benefit. The PEBP issues a publicly available financial report that includes financial statements. That report may be obtained by writing to Public Employee's Benefits Program, 901 S. Stewart Street, Suite 1001, Carson City, NV 89701, by calling (775)684-7000, or by accessing the website at www.pebp.state.nv.us/informed/financial.htm.

Funding Policy: For ECEHBP, contribution requirements of the plan members and the County are established and may be amended through negotiations between the County and the associations. Retirees pay 100% of the pay-as-you-go premiums based on a blended rate that blends active participants and retirees. The County's contribution requirements for retirees relate to the implicit subsidy that results from using the blended rates and is determined in actuarial studies contracted for by the District. The implicit subsidy as determined by the actuary is \$25,711. The County did not prefund any future benefits. The County has designated \$679,253 of ending fund balance at June 30, 2009 for other post employment benefits (OPEB) in the Post Employment Benefit Special Revenue Fund.

For the PEBP, NRS 287.046 establishes the subsidies to be contributed toward the premium costs of the eligible retired County employees. The contribution requirements of plan members and the County may be amended by the PEBP board. Premium rates determined by PEBP are the same for all participating members. The unsubsidized nonstate retiree plan premiums in effect for fiscal year 2009 ranged from \$138 to \$736, depending on the type of plan chosen. Plan members receiving benefits have their monthly contribution deducted from their pension checks based on the health plan chosen by the retiree, as reduced by the amount of the subsidy; therefore, their contributions are not available. For the plan year ended June 30, 2009, retirees qualified for a subsidy of \$91 at five years of service and \$503 at twenty years of service, with incremental increases for years of service in between. As a participating employer, the County is billed for the subsidy on a monthly basis and is legally required to provide for it. For fiscal year 2009, the County contributed \$439,189 to the plan, equal to required contributions. The County did not prefund future benefits.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Annual OPEB Cost and Net OPEB Obligation. The County's annual other postemployment benefit (OPEB) cost (expense) for the plans is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plans, and the net OPEB obligations, by plan, for fiscal year 2008-09 were as follows:

	<u>Fiscal Year End</u>	<u>Annual OPEB Cost (Entry Age Normal Cost Method)</u>	<u>Employer Contributions</u>	<u>Percentage of Annual OPEB Contributed</u>	<u>Net OPEB Obligation</u>
ECEHBP	June 30, 2009	\$ 742,915	\$ 25,711	3%	\$ 717,204
PEBP	June 30, 2009	<u>516,346</u>	<u>439,188</u>	85%	<u>77,158</u>
		<u>\$ 1,259,261</u>	<u>\$ 464,899</u>		<u>\$ 794,362</u>

Note that fiscal year 2009 is the first year of prospective implementation of GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans*; therefore, prior year information is unavailable.

The net OPEB obligation (NOPEBO) as of June 30, 2009, was calculated as follows:

	<u>ECEHBP</u>	<u>PEBP</u>	<u>Total</u>
Annual Required Contribution (ARC)	\$ 742,915	\$ 516,346	\$1,259,261
Interest on net OPEB obligation	-	-	-
Adjustment to annual required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Annual Required Contribution	742,915	516,346	1,259,261
Contributions made	<u>25,711</u>	<u>439,188</u>	<u>464,899</u>
Increase in net OPEB obligation	717,204	77,158	794,362
Net OPEB obligation – beginning of the year	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB obligation – end of year	<u>\$ 717,204</u>	<u>\$ 77,158</u>	<u>\$ 794,362</u>

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Funded Status and Funding Progress: The funded status of the plans as of June 30, 2009 were as follows:

	<u>ECEHBP</u>	<u>PEBP</u>	<u>Total</u>
Accrued actuarial liability (a)	\$ 4,695,761	\$9,285,842	\$13,981,603
Actuarial value of plan assets (b)	-	-	-
Unfunded Actuarial Accrued Liability (a) – (b)	<u>\$ 4,695,761</u>	<u>\$9,285,842</u>	<u>\$13,981,603</u>
Funded Ratio (b) / (a)	<u>0%</u>	<u>0%</u>	<u>0%</u>
Covered payroll (c)	<u>\$ 14,251,988</u>	<u>N/A</u>	
Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll $[(a) - (b)] / (c)$	<u>33%</u>	<u>N/A</u>	

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Multiyear information will be provided as it becomes available.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members to that point. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and actuarial value of assets.

Significant methods and assumptions used in the October 1, 2007 actuarial valuation were as follows:

	<u>ECEHBP</u>	<u>PEBP</u>
Actuarial valuation date	October 1, 2007	October 1, 2007
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Level Percentage of Payroll	Level Percentage of Payroll
Amortization period (open)	30 years	30 years
Asset valuation method	Market Value	Market Value

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

Actuarial Assumptions:		
Investment rate of return	4%	4%
Projected overall salary increase		
Regular	6.5%	6.5%
Police/fire	8%	8%
Medical Healthcare inflation rate*	12%	12%
Dental Healthcare inflation rate**	7%	7%
PEBP Subsidy inflation rate***	-	12%

*Decreasing 1% each year until ultimate rate of 5% is reached in 2015.

**Decreasing .5% each year until ultimate trend rate of 4.5% is reached in 2015.

***Decreasing 1% each year until ultimate trend rate of 5% is reached in 2015.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

18. – COMMITMENTS AND CONTINGENT LIABILITIES:

The following events are Elko County commitments at June 30, 2009:

- 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 a water-line extension project 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 completed in the 2002-2003 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 provided 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 committed 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.
- On June 5, 2008, the County awarded a construction contract for the Elko County Office Complex for \$11,990,000, \$7,191,718 has been included in construction in progress as of June 30, 2009.
- On October 29, 2008, the County awarded a bid for \$7,585,000 for the Northeastern Nevada Regional Railport Team Track Facility, \$3,512,133 has been included in land as of June 30, 2009. On September 2, 2009 the County approved a change order for \$1,860,950 for the Project.

Claims and Lawsuits Involving Elko County:

- Legal counsel for the County is aware of several pending lawsuits against Elko County and various instances of threatened litigation. The ultimate effect to Elko County has not been determined.

19. - SUBSEQUENT EVENTS:

- On July 23, 2009, the County awarded a bid for \$269,116 for a 140 motor grader for the Road Department.
- On July 23, 2009, the County awarded a bid for \$252,124 for the Jackpot Airport Fending and Dust Control Project contingent upon FAA funding.
- On August 5, 2009, the County approved a contract for \$223,410 for the Rural Interoperability Plan for \$223,410, to be paid for with grant funds and a \$55,000 Elko County match.
- On August 19, 2009, the County approved a change order for exterior painting of the existing Courthouse and Annex Building for \$122,346.
- On September 2, 2009, the County awarded a contract for \$275,138 for engineering services for the Jackpot Wastewater System Improvement Project.
- On October 21, 2009, the County awarded a bid for \$156,000 for Phase IV of the rehabilitation of Tuscarora Tavern.

ELKO COUNTY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

- On November 9, 2009, the County awarded a bid for \$97,379 for the Voice Over Internet Protocol (VOIP) Phone System for the Elko County Complex Offices.
- On November 9, 2009, the County began the process to obtain USDA/RD financing totaling \$695,000 for the Jackpot Water Improvement Project.
- On February 11, 2010, the County approved a resolution to issue general obligation (limited tax) various purpose and refunding bonds (additionally secured by pledged revenues) for the purpose of financing the cost of acquiring county vehicles and related equipment and refunding certain outstanding medium-term bonds for the Northeastern Nevada Regional Railport.
- On February 1, 2010, the County awarded a bid for \$1,565,000 for the Town of Jackpot Wastewater System Project, contingent upon NDEP approval.

20. – PRIOR PERIOD ADJUSTMENTS:

The government wide beginning fund balance for governmental activities was decreased by \$118,001, which is due to interest in the General Fund being overstated in the prior year financial statements.

The government wide beginning fund balance for the business-type activities was decreased by \$51,840, which is due to expenses relating to the prior year that were to be reimbursed by grant funding were deemed ineligible and the grant did not reimburse the County. This amount was recorded as a due from other government and revenue in the prior year.

REQUIRED SUPPLEMENTARY INFORMATION

ELKO COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2009

Schedules of Funding Progress - Other Postemployment Benefits

	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Normal Age Entry (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
ECEHBP	10/1/2007	\$ -	\$ 4,695,761	\$ 4,695,761	0.00%	\$ 14,251,988	32.95%
PEBP	10/1/2007	\$ -	\$ 9,285,842	\$ 9,285,842	0.00%	\$ -	0.00%

Note: GASB 45 was prospectively implemented FYE June 30, 2009; therefore prior year information is not available

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND RESOLUTION

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

Definitions

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

“acquire” or “acquisition” means the opening, laying out, establishment, purchase, construction, securing, installation, reconstruction, lease, gift, grant from the Federal Government, the State, any body corporate and politic therein, or any other Person, the endowment, bequest, devise, transfer, assignment, option to purchase, other contract, or any combination thereof, of any properties relating to the Project, or an interest therein, or any other properties herein designated.

“Acquisition Account” means the “Elko County, Nevada General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010, Project Acquisition Account” created in Section 401 of the Bond Ordinance.

“annual principal and interest requirements” means the sum of the principal of and interest on the Outstanding Bonds and any other Outstanding designated securities payable from the Pledged Revenues having a lien thereon superior to or on a parity with the lien thereon of the Bonds, to be paid during any Bond Year, but excluding any reserve requirements to secure such payments unless otherwise expressly provided and excluding any amount payable from capitalized interest. In calculating this amount, the principal amount of bonds required to be redeemed prior to maturity pursuant to a mandatory redemption schedule contained in the ordinance or other instrument authorizing the issuance of such bonds (e.g., the schedule, if any, set forth in the Certificate of the Chief Financial Officer) shall be treated as maturing in the Bond Year in which such bonds are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such bonds occurs.

“Board” means the Board of County Commissioners of Elko County, in the State of Nevada, including any successor of the County.

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

“Bond Fund” means the special accounts designated as the “Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010, Principal Account,” and “Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010, Interest Account,” created in the Bond Ordinance.

“Bond Requirements” means the principal of, any prior redemption premiums due in connection with, and the interest on, the 2010 Bonds and any additional bonds or other additional securities payable from the Pledged Revenues and hereafter issued, or such part of such securities or such other securities as may be designated, as such principal, premiums and

interest become due at maturity or on a Redemption Date designated in a mandatory redemption schedule, in a notice of prior redemption, or otherwise.

“Bonds” or “2010 Bonds” means the securities issued pursuant to the Bond Ordinance and designated as the “Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2010.”

“2007 Bonds” means the securities issued pursuant to a County ordinance and designated as the “Elko County, Nevada, General Obligation (Limited Tax) Courthouse Bonds (Additionally Secured by Pledged Revenues), Series 2007.”

“Bond Year” means the 12 months commencing on July 1 of any calendar year and ending on June 30 of the next succeeding calendar year.

“Chief Financial Officer” means the de jure or de facto chief financial officer of the County and designated as such by the County. The Chief Financial Officer is the chief financial officer for purposes of NRS 350.165.

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

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

“commercial bank” means a state or national bank or trust company which is a member of the Federal Deposit Insurance Corporation and which is located within the United States; and such term includes without limitation, any “trust bank” as herein defined.

“Comparable Bond Year” means, in connection with any Fiscal Year, the Bond Year which ends in the Fiscal Year.

“Consolidated Tax” means certain proceeds of liquor taxes, tobacco taxes, real property transfer taxes, basic governmental services tax and basic and supplemental sales taxes distributed to and imposed within the County as provided in the Consolidated Tax Act.

“Consolidated Tax Act” means, collectively, NRS 360.600 to 360.740, inclusive, as amended from time to time, as implemented by the County pursuant to the Elko County Code, as amended from time to time.

“Cost of the Project” means all or any part designated by the County of the cost of the Project, which cost, at the option of the County, except as limited by law, may include all or any part of the incidental costs relating to the Project, including, without limitation:

(a) Preliminary expenses advanced by the County from funds available for use therefor or from any other source, or advanced with the approval of the County from funds available therefor or from any other source by the State, the Federal Government, or by any other Person with the approval of the County (or any combination thereof);

(b) The costs in the making of surveys, audits, preliminary plans, other plans, specifications, estimates of costs, and other preliminaries;

(c) The costs of premiums on builders’ risk insurance and performance bonds, or a reasonably allocable share thereof,

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

(e) 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;

(f) The costs of contingencies;

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

(h) The costs of amending any ordinance, resolution or other instrument authorizing the issuance of or otherwise relating to the Outstanding Bonds or other securities relating to the Project;

(i) The costs of funding any medium-term obligations, emergency loans, construction loans and other temporary loans of not exceeding 10 years relating to the Improvement Project and of the incidental expenses incurred in connection with such loans;

(j) The costs of any properties, rights, easements or other interests in properties, or any licenses, privileges, agreements and franchises;

(k) The costs of demolishing, removing or relocating any buildings, structures or other facilities on land acquired for the Project, and of acquiring lands to which such buildings, structures or other facilities may be moved or relocated; and

(l) All other expenses necessary or desirable and relating to the Project, as estimated or otherwise ascertained by the County.

“County” means the County of Elko in the State, and constituting a political subdivision thereof, or any successor municipal corporation.

“Escrow Account” means the “Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010 Escrow Account created herein, to be held by the Escrow Bank pursuant to the Escrow Agreement.

“Escrow Agreement” means the agreement between the County and the Escrow Bank authorized herein relating to the Refunding Project.

“Escrow Bank” means The Bank of New York Mellon Trust Company, N.A. or any successor thereto.

“Events of Default” means the events stated in Section 1103 of the 2010 Bond Ordinance. See “Events of Default” below.

“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 County, the Fiscal Year shall conform to such modified statutory fiscal year from the time of each such modification, if any.

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

“hereby”, “herein”, “hereinabove”, “hereinafter”, “hereinbefore”, “hereof,” and any similar terms refer to the Bond Ordinance and not solely to the particular portion thereof in which the word is used; “heretofore” means before adoption of the Bond Ordinance; and “hereafter” means after the adoption of the Bond Ordinance.

“Improve” or “improvement” means the acquisition, construction, reconstruction, improvement, and equipment or any combination thereof, of the Project, or the acquisition of any properties, structures, fixtures, furniture and equipment relating to the Project, or an interest therein, but does not mean reconditioning, patching, general maintenance, or other minor repair occurring periodically at annual or shorter intervals.

“Income Fund” means the special account designated as the “Elko County, Nevada, Consolidated Tax Pledged Revenues Income Fund” created in Section 602 of the Bond ordinance authorizing the issuance of the 2007 Bonds.

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

(i) Who or which is, in fact, independent and not under the domination of the county.

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

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

“Interest Account” means the “Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010, Interest Account,” created in Section 501 of the Bond Ordinance.

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

(i) Except any Bond or other security canceled by the County, by the Paying Agent or otherwise on the County’s behalf, at or before such date;

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

(iii) Except any Bond or other security for the payment or the redemption of which moneys at least equal to the County’s Bond Requirements to the date of maturity or to any Redemption Date, shall have heretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in Section 1001 of the Bond Ordinance; and

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

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

“parity bonds” or “parity securities” means the 2007 Bonds and any bonds hereafter issued which have a lien on the Pledged Revenues that is on a parity with the lien thereon of the Bonds.

“Paying Agent” means The Bank of New York Mellon Trust Company, N.A. or any successor which may be appointed from time to time 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 County), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

“Pledged Revenues” means a 15% portion of all income and revenue derived by the County from the levy of the Consolidated Tax distributed and imposed pursuant to the Consolidated Tax Act in the County.

The Pledged Revenues means all or a portion of the Pledged Revenues. The designated term indicates sources of revenues and does not necessarily indicate all or any portion or other part of such revenues in the absence of further qualification. “Pledged Revenues” includes income derived from any supplemental Consolidated Tax imposed by the County if the Board is authorized to include and elects to include the additional tax in “Pledged Revenues” for the remaining term of the Bonds.

“Principal Account” means the “Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010, Principal Account,” created in Section 501 of the Bond Ordinance.

“Project” means the cost of acquiring County vehicles and equipment (the Improvement Project”) and refunding the County’s General Obligation (Limited Tax) Medium-Term Rail Port Bond, Series 2008 (the “Refunding Project”).

“Project Act” means NRS 244A.011 through 244.065, as amended from time to time.

“Rebate Account” means the “Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010, Rebate Account” created in Section 607 of the Bond Ordinance.

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

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

“Registrar” means The Bank of New York Mellon Trust Company, N.A. or any successor which may be appointed from time to time as registrar for the Bonds.

“Special Record Date” means a special date fixed by the Paying Agent to determine the names and addresses of owners of the Bonds for the payment of any defaulted interest on any of the Bonds, as further provided in Section 302 of the Bond Ordinance. At least 10 days’ notice will be given by the Paying Agent by first-class regular mail to each owner of a Bond as stated on the Registrar’s registration list at the close of business on a date fixed by the Paying Agent, stating the date of the Special Record Date and the due date fixed for the payment of such defaulted interest

“subordinate bonds” or “subordinate securities” means bonds or securities which have a lien on the Pledged Revenues that is subordinate and junior to the lien thereon of the Bonds authorized in the Bond Ordinance.

“superior bonds” or “superior securities” means bonds or securities which have a lien on the Pledged Revenues that is superior to the lien thereon of the Bonds authorized in the Bond Ordinance.

“Tax Code” means the Internal Revenue Code of 1986, as amended.

“Taxes” means General Taxes.

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

Pledge Securing Bonds

Subject only to the right of the County to cause amounts to be withdrawn to pay the Cost of the Project as provided in the Bond Ordinance, the Pledged Revenues and all moneys and securities paid or to be paid to or held or to be held in any account under the Bond Ordinance, excluding, however, all amounts held in the Rebate Account, are hereby pledged to secure the payment of the Bond Requirements of the Bonds; and this pledge shall be valid and binding from and after the date of the first delivery of any Bonds, and the moneys, as received by the County and hereby pledged, 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 and the obligation to perform the contractual provisions made in the Bond Ordinance shall have priority over any or all other obligations and liabilities of the County and, except for the 2007 Bonds and any Outstanding securities hereafter authorized the liens of which on the Pledged Revenues are superior to or on a parity with the lien thereon of the Bonds; 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 County (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Application of Proceeds

Bond proceeds, together with any other available monies, in an amount sufficient to refund, pay and discharge the Refunded Bonds shall be deposited in the Escrow Account hereby created, to be held by the Escrow Bank and used as set forth in the Escrow Agreement to effect the Refunding Project.

The remainder of the proceeds of the Bonds shall be credited to a separate account hereby created and to be known as the “Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010, Project Acquisition Account” and used to effect the Improvement Project, including paying the costs of issuance of the Bonds.

Flow of Funds

So long as any of the Bonds shall be Outstanding, as to any Bond Requirements, the entire Pledged Revenues shall be set aside and credited immediately to the Income Fund.

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

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

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

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

(b) Second, the following transfers will be credited to the Bond Fund concurrently with the transfers to any bond funds for the 2007 Bonds and any parity securities hereafter issued in accordance with the provisions of bond ordinances authorizing the parity securities:

(i) Monthly, commencing on the first of the month following the date of delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys available therefor, to pay the next maturing installment of interest on the Bonds, then Outstanding.

(ii) Monthly, commencing on the first of the month following the date of delivery of the Bonds, an amount in equal monthly installments necessary, together with any other moneys available therefor, to pay the next installment of principal of the Bonds, coming due at maturity, or pursuant to mandatory sinking fund requirements, if any.

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

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

reserve funds for additional parity securities will be made concurrently with the payments for the Bonds required above, but payments for bond and reserve funds for additional subordinate securities will be made after the payments required above for superior or parity securities.

(d) Fourth, and subject to the above provisions and concurrently with the deposits to any rebate accounts for any additional parity securities required by any bond ordinances authorizing the issuance of the 2007 Bonds and such parity securities hereafter authorized, but prior to the transfer of any Pledged Revenues to the payment of subordinate securities, there will be transferred into the Rebate Account such amounts as are required to be deposited therein to meet the County's obligations under "Tax Covenant" below with respect to the Bonds and any superior or parity securities and in accordance with Section 148(f) of the Tax Code. Amounts in the Rebate Account will be used for the purpose of making the payments to the United States required by such covenant and Section 148(f) of the Tax Code. Any amounts in the Rebate Account in excess of those required to be on deposit therein by such covenant and Section 148(f) of the Tax Code may be withdrawn therefrom and used for any lawful purpose.

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

Lien on the Bonds

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

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

Superior or Parity Securities

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

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

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

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

Subordinate Securities

Nothing in the Bond Ordinance prevents the County 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.

Refunding Securities

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

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

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

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

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

Rate Maintenance Covenant

The County covenants in the Bond Ordinance to impose and collect the Consolidated Tax, of which 15% is expected to generate an amount sufficient to produce Pledged Revenues to pay in each Fiscal Year:

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

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

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

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

Bondowner’s Remedies

Each owner of any Bond shall be entitled to all of the privileges, rights and remedies provided or permitted in the Project Act and the Bond Act, and as otherwise provided or permitted by law or in equity or by other statutes, except as provided in Sections 207 through 211 of the Bond Ordinance, through but subject to the provisions in the Bond Ordinance

concerning the pledge of and the covenants and the other contractual provisions concerning the Pledged Revenues and the proceeds of the Bonds.

Events of Default

Each of the following events is an “event of default” under the Bond Ordinance:

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

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

(c) The County for any reason is rendered incapable of fulfilling its obligations hereunder;

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

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

(f) The County makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in the 2006 Bond Ordinance on its part to be performed, and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the County by the owners of 10% in principal amount of the Bonds then Outstanding.

Remedies for Default

Upon the happening and continuance of any of the events of default described in (a) through (f) above, then and in every case the owner or owners or not less than 10% in principal amount of the Bonds then Outstanding, including, without limitation, a trustee or trustees therefor, may proceed against the County and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under the Bond Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or in an award of execution of any power granted in the Bond Ordinance for the enforcement of any proper, legal or equitable remedy as the owner or owners may deem most effectual to protect and to enforce the rights, or thereby to enjoin any act or thing which may be unlawful or in violation of any right of any owner of any Bond, or to require the County to act as it if were the trustee of an express trust, or

any combination of such remedies. All proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of the Bonds and any parity securities then Outstanding.

Amendment of the Bond Ordinance

The Bond Ordinance may be amended or supplemented by instruments adopted by the County in accordance with the laws of the State, without receipt by the County of any additional consideration, but with the written consent of the insurer of the Bonds, if any, or the owners of a majority in aggregate principal amount of the Bonds authorized by the Bond Ordinance and Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding any Bonds which may then be held or owned for the account of the County, 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 County. No such instrument shall permit without the written consent of the insurer of the Bonds, if any, and all owners of the Bonds adversely and materially affected thereby:

(a) A change in the maturity or in the terms of redemption of the principal of any Outstanding Bond or any installment of interest thereon; or

(b) A reduction in the principal amount of any Bond, the rate of interest thereon, or any prior redemption premium payable in connection therewith; or

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

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

(e) The modifications of or otherwise materially and prejudicially affecting the rights or privileges of the owners of less than all of the Bonds then Outstanding.

Whenever the County proposes to amend or modify the Bond Ordinance, it will cause notice of the proposed amendment to be given not later than 30 days prior to the date of the proposed enactment of the amendment by mailing to the insurer of the Bonds, if any, the Paying Agent, the Registrar, and the owner of each of the Bonds Outstanding. The notice will briefly set forth the nature of the proposed amendment and will state that a copy of the proposed amendatory instrument is on file in the office of the Clerk for public inspection.

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

If the insurer of the Bonds, if any, or the owners of at least a majority in aggregate principal amount of the Bonds Outstanding, at the time of the adoption of the amendatory instrument, or the predecessors in title of such owners shall have consented to and approved the

adoption thereof as herein provided, no owner of any Bond, whether or not the owner shall have consented to or shall have revoked any consent as provided in the Bond Ordinance, shall have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the County from taking any action pursuant to the provisions thereof.

Any consent to an amendment to the Bond Ordinance given by the owner of a Bond shall be irrevocable for a period of 6 months from the date of the notice as described above, and shall be conclusive and binding upon all future owners of the same Bond during that period. The consent may be revoked at any time after 6 months from the date of the above-described notice by the owner who gave the consent or by a successor in title by filing notice of the revocation with the Clerk, but the revocation shall not be effective if the owners of a majority in aggregate principal amount of the Bonds Outstanding, before the attempted revocation, consented to and approved the amendatory instrument referred to in the revocation.

If the insurer of the Bonds, if any, or the owners of all the then Outstanding Bonds consent, the terms and the provisions of the Bond Ordinance or of any instrument amendatory thereof or supplemental thereto and the rights and the obligations of the County and of the owners of the Bonds thereunder may be modified or amended in any respect upon the adoption by the County and upon the filing with the Clerk of an instrument to that effect, and no notice to the insurer of the Bonds, if any, or the owners of Bonds shall be required, nor shall the time of consent be limited except as may be provided in the consent.

Tax Covenant

The County covenants in the Bond Ordinance for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the County or any project financed or refinanced 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. The foregoing covenant will remain in full force and effect notwithstanding the payment in full or defeasance of the Bonds until the date on which all obligations of the County 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 and lien and all obligations hereunder as to that Bond shall thereby be discharged and the Bonds shall no longer be deemed to be Outstanding within the meaning of this Ordinance. There shall be deemed to be due payment of any Outstanding Bond or other security when the County 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 Federal Securities in which such amount wholly or in part may be initially invested) to meet all Bond Requirements of the Bond or other security, as the same become due to the final maturity of the Bond or other security, or upon any Redemption Date as of which the County shall have exercised or shall have obligated itself to exercise its prior redemption option by a call of the Bond or other security for payment then. The Federal Securities shall become due before the respective times on which the proceeds thereof shall be needed, in accordance with a schedule

established and agreed upon between the County and the bank at the time of the creation of the escrow or trust, or the Federal Securities shall be subject to redemption at the option of the owners thereof to assure availability as so needed to meet the schedule. For the purpose of 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.

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APPENDIX C

BOOK-ENTRY ONLY SYSTEM

DTC will act as securities depository for the 2010 Bonds. The 2010 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 2010 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 2010 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2010 Bonds on DTC's records. The ownership interest of each actual purchaser of each 2010 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 2010 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 2010 Bonds, except in the event that use of the book-entry system for the 2010 Bonds is discontinued.

To facilitate subsequent transfers, all 2010 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 2010 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 2010 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2010 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 2010 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2010 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the 2010 Bond documents. For example, Beneficial Owners of 2010 Bonds may wish to ascertain that the nominee holding the 2010 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 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 2010 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 2010 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 County 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 2010 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption proceeds on the 2010 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 County or the Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent or the County, 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 County 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 2010 Bonds at any time by giving reasonable notice to the County or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, 2010 Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, 2010 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 County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

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APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Elko County, Nevada (the "Issuer") in connection with the issuance of the Issuer's Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2010, in the aggregate principal amount of \$_____ (the "Bonds"). The Bonds are being issued pursuant to the ordinance adopted by the Board of County Commissioners of the Issuer on June 9, 2010 (the "Ordinance"). The Issuer covenants and agrees as follows:

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

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

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

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board. The MSRB's required method of filing will be electronically via its Electronic Municipal Market Access (EMMA) system available on the Internet at <http://emma.msrb.org>.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with an offering of the Bonds.

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

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than nine (9) months following the end of the Issuer's fiscal year of each year, commencing nine (9) months following the end of the Issuer's fiscal year ending June 30, 2010, 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:

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

(ii) 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

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

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

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

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

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

SECTION 5. Reporting of Material Events. The Issuer shall 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. Identifying Information. All documents provided to the MSRB pursuant to this Disclosure Certificate 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 provision of this Disclosure Certificate, without the consent of the holders and beneficial owners of the Bonds, if such amendment or waiver does not, in and of itself, cause the undertakings herein (or action of any Participating Underwriter in reliance on the undertakings herein) to violate the Rule, but taking into account any subsequent change in or official interpretation of the Rule. The Issuer will provide notice of such amendment or waiver to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Material Event in addition to that

which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

SECTION 11. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

DATE: _____, 2010.

ELKO COUNTY, NEVADA

Chief Financial Officer

EXHIBIT "A"

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

Name of Issuer: Elko County, Nevada

Name of Bond Issue: General Obligation (Limited Tax) Various Purpose and Refunding
Bonds (Additionally Secured with Pledged Revenues, Series 2010

Date of Issuance: _____, 2010.

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Ordinance adopted on June 9, 2010 and the Continuing Disclosure Certificate executed on _____, 2010 by the Issuer. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

ELKO COUNTY, NEVADA

By: _____

Title: _____

EXHIBIT "B"

INDEX OF OFFICIAL STATEMENT TABLES TO BE UPDATED

(See page -iv- of this Official Statement)

APPENDIX E

FORM OF APPROVING OPINION OF BOND COUNSEL

Elko County, Nevada
County Administration Complex
540 Court Street, Room 101
Elko, NV 89801

\$ _____
Elko County, Nevada
General Obligation (Limited Tax) Various Purpose and Refunding Bonds
(Additionally Secured by Pledged Revenues)
Series 2010

Ladies and Gentlemen:

We have acted as bond counsel to Elko County, Nevada (the "County" and the "State," respectively), in connection with its issuance of the "Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2010" in the aggregate principal amount of \$_____ (the "Bonds"), pursuant to an authorizing ordinance adopted and approved by the Board of County Commissioners on June 9, 2010 (the "Bond Ordinance"). In such capacity, we have examined the County'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 Bond Ordinance.

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

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

1. The Bonds constitute the valid and binding limited tax general obligations of the County.
2. All of the taxable property in the County 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 Bond 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 County (i.e., the State, the County, 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 County) 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 Bond Ordinance creates a valid lien on the Pledged Revenues and the Bond Fund pledged therein for the security of the Bonds on a parity with the lien of the Outstanding parity securities and any parity securities hereafter issued. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Pledged Revenues or on the Bond Fund created by the Bond Ordinance.

5. Interest on the Bonds is excluded from gross income under federal income tax laws pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in section 55(b)(2) of the Tax Code. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the County's certified proceedings and in certain other documents and certain other certifications furnished to us.

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

In expressing the opinions above, we are relying in part on a report of independent certified public accountants verifying (i) the mathematical computations of the adequacy of the maturing principal amounts of and interest on the investments and moneys included in the Escrow Account to pay when due, at stated maturity of upon prior redemption, all principal of, any prior redemption premiums, and interest on the Refunded Bonds and (ii) the mathematical calculations of the yield of the Bonds and the yield of certain investments made with the proceeds of the Bonds and other moneys deposited in the Escrow Account.

[We understand that _____ has issued a financial guaranty insurance policy relating to the Bonds. We express no opinion as to the validity or enforceability of such policy or the security afforded thereby.]

In this opinion letter issued 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 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 F

OFFICIAL NOTICE OF BOND SALE

\$9,935,000*

**ELKO COUNTY, NEVADA
GENERAL OBLIGATION (LIMITED TAX)
VARIOUS PURPOSE AND REFUNDING BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2010**

PUBLIC NOTICE IS HEREBY GIVEN that the Board of County Commissioners of Elko County, Nevada (the "Board," the "County," and the "State," respectively), on

Tuesday, June 15, 2010

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

**Swendseid & Stern
50 W. Liberty Street, Suite 1000
Reno, Nevada 89501**

the County will receive and cause to be publicly opened sealed bids for the purchase of the bonds of the County particularly described below (the "Bonds") or electronically via the PARITY SYSTEM as described under "BID PROPOSALS" below, for the purchase of the Bonds. Bids delivered via the PARITY SYSTEM must be received by 9:00 a.m., local time (or at such other date and time as is announced via the PARITY SYSTEM, Thomson Municipal News ("Munifacts") or Bloomberg Financial Markets ("Bloomberg")) on such day of sale. Sealed bids must be delivered electronically or via messenger (no bids will be received by mail) at the location specified above.

BOND PROVISIONS

THE BONDS: Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2010, in the aggregate principal amount of \$9,935,000* (the "2010 Bonds" or the "Bonds") will be dated as of the date of delivery, and will be issued in fully registered, book entry form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be issued by means of a book entry system with no physical distribution of bonds to the public. See "BOOK ENTRY/TRANSFER AND EXCHANGE" below.

MATURITY SCHEDULE: The Bonds are expected to mature on June 1 in each of the years (subject to adjustment as described below) as shown in the maturity schedule set forth in the preliminary official statement (the "Preliminary Official Statement") relating to the Bonds (the "2010 Maturity Schedule") prior to the sale date. It is anticipated that the 2010 Maturity Schedule will also be available electronically via the PARITY SYSTEM, Munifacts or Bloomberg.

* Preliminary; subject to change.

PAR OR PREMIUM PERMITTED: A bidder may offer to purchase the Bonds at par or at a premium.

ADJUSTMENT OF MATURITIES AFTER DETERMINATION OF BEST

BID: The aggregate principal amount and principal amount of each maturity of the Bonds are subject to adjustment by the County, 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, these changes will not reduce or increase the aggregate principal amount of the Bonds by more than 15 percent from the amounts shown in the 2010 Maturity Schedule. The successful bidder may not withdraw a bid as a result of any changes made within these limits.

The dollar amount of the price bid (i.e., plus any premium 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 dollar amount of the price bid will be changed so that the percentage 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 County (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 from what it would have been if no adjustment was made to the principal amounts shown in the 2010 Maturity Schedule.

To facilitate any adjustment in the principal amounts, the successful bidder is required to indicate by facsimile transmission to the Comptroller at fax no. 775-323-2339 with one-half hour of the time of bid opening, the initial offering price for 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, and in the case of a bid submitted with bond insurance, the cost of the insurance premium. A bidder who intends to insure the Bonds shall also state, in the facsimile transmission, whether the amount of the insurance premium will change as a result of changes in the principal amount of the Bonds or the amount of principal maturing in any year, and the method used to calculate any such change in the insurance premium.

OPTIONAL PRIOR REDEMPTION: The Bonds, or portions thereof (\$5,000 or any integral multiple), maturing on and after June 1, 2021, will be subject to redemption prior to their respective maturities at the option of the County on and after June 1, 2020, in whole or in part at any time, from such maturities as are selected by the County and if less than all the Bonds of a maturity are to be redeemed, the Bonds of such maturity are to be selected by lot (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 plus accrued interest thereon to the redemption date.

MANDATORY SINKING FUND REDEMPTION: A bidder may request that the Bonds maturing on or after June 1, 2021 be included in a term bond or term bonds (the "Term Bonds"). 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 the Bonds as being included in a Term Bond must be made at the time of submitting a bid (see "TERMS OF SALE-BID PROPOSALS" below).

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

- (a) Interest will be payable on June 1 and December 1 of each year commencing on December 1, 2010.
- (b) The interest rate specified for any maturity of the Bonds and the True Interest Cost (see "Basis of Award" below) of the series of 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) Only one interest rate can be stated for any maturity of the Bonds, i.e., all Bonds with the same maturity date must bear the same rate of interest.
- (d) Each interest rate specified must be stated in a multiple of 1/8th or 1/20th of 1% per annum.
- (e) 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.

PAYMENT: The principal of the Bonds shall be payable at the office of The Bank of New York Mellon Trust Company, N.A., as Paying Agent, to the registered owner thereof (i.e. Cede & Co.) as shown on the registration records of The Bank of New York Mellon Trust Company, N.A., as Registrar, upon maturity thereof, upon presentation and surrender of such Bond at such Paying Agent, or any other office as designated by the Paying Agent. Payment of interest on any Bond shall be made to the registered owner thereof (i.e. Cede & Co.) by check or draft mailed by the Paying Agent, on or before each interest payment date (or if such date is not a business day, on or before 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 as fully registered book entry bonds in the denomination of \$5,000 or any integral multiple thereof. The Bonds will be issued in registered form and one bond certificate for each maturity 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 through the Paying Agent, pursuant to the FAST System. 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, 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 clearing house 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 County 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.

It is permissible to bid different interest rates for the Bonds, but only as stated in the bid and subject to the above limitations.

BOND INSURANCE, RATING LETTERS: The Bonds may be insured at the bidder's option and expense. Regardless of whether any of the Bonds are insured, the County will pay the rating fees for Standard & Poor's Rating Group.

ENABLING ACTS: The County is operating as a County pursuant to NRS 243.340, as amended, and pursuant to NRS Chapter 244.

The Bonds are authorized to be issued pursuant to NRS Chapter 350, including the provisions of NRS 350.500 through 350.720, inclusive (the "Bond Act"). The Bonds are also authorized to be issued pursuant to NRS 360.600 to 360.740.

SECURITY AND PAYMENT: The Bonds will, in the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., the County's bond counsel (the "Bond Counsel"), be direct general obligations of the County, payable as to principal, interest and any redemption premiums (the "Bond Requirements") from annual general (ad valorem) taxes (herein "General Taxes") levied against all taxable property within the County (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 County, and the Board shall pledge the full faith and credit of the County for their payment.

ADDITIONAL SECURITY FOR THE BONDS: The Bond Requirements of the Bonds will be additionally secured with revenues derived from a 15 percent portion of the proceeds of certain liquor taxes, tobacco taxes, real property transfer taxes, governmental services taxes and

basic and supplemental sales taxes distributed to and imposed within the County (the "Consolidated Tax 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 "Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010, Principal Account" and "Elko County, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds, Series 2010, Interest Account" (collectively, the "Bond Fund") into which account the County covenants to pay from the Consolidated Tax 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 CONSOLIDATED TAX PLEDGED REVENUES: The Bonds will be equitably and ratably secured by a lien on the Consolidated Tax Pledged Revenues, and the Bonds will constitute an irrevocable lien (but not necessarily an exclusive lien) upon the Consolidated Tax Pledged Revenues, on a parity with the liens of the County's outstanding General Obligation (Limited Tax) Courthouse Bonds (Additionally Secured by Pledged Revenues), Series 2007 and any parity bonds or parity securities hereafter issued (see Appendix B, "Summary of Certain Provisions of the 2010 Bond Ordinance") hereafter issued, subject to and after any superior liens upon such Consolidated Tax Pledged Revenues of any future superior bonds or superior securities. The County has issued no superior bonds or superior securities which are now outstanding and to which any Consolidated Tax Pledged Revenues are pledged.

ADDITIONAL SECURITIES PAYABLE OR SECURED BY CONSOLIDATED TAX PLEDGED REVENUES: Bonds and other securities, in addition to the Bonds may be issued and made payable from the Consolidated Tax 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 ordinance authorizing the issuance of the Bonds (the "Bond Ordinance") adopted June 9, 2010 sets forth, among other matters, the form, terms and conditions of the respective series of 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 financed project, and the County, including, without limitation, covenants and agreements in connection therewith. A copy of the Bond Ordinance is on file with the County Clerk and will be available for public inspection at her office at the Elko County Courthouse, 571 Idaho Street, Elko, Nevada.

ISSUANCE OF ADDITIONAL SECURITIES: The Board 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 below, interest on the Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Bonds (the "Tax Code"), and interest on the Bonds is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the

Tax Code under federal income tax laws as described in the Official Statement. See “TAX EXEMPTION” in the Official Statement.

BANK QUALIFIED: The County has designated the Bonds as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Tax Code.

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(1) 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:

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 limitations 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;

TIMES OF LEVIES: 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.

USE OF GENERAL FUND: NRS 350.596 provides:

Any sums coming due on any general obligation 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 is not secured by an encumbrance, mortgage or other pledge of property of the County.

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

BID PROPOSALS: Except as otherwise provided below, each bidder must use the printed official bid form provided by the County. It must be completely filled out as to the Bonds without any change or the bidder may use the PARITY SYSTEM. Any bid in any other form may be disregarded. A bidder is required to submit an unconditional bid for all of the Bonds specifying:

(1) The lowest rate or rates of interest and any premium at which the bidder will purchase all of 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 Bonds expressed as a nominal annual percentage rate. (See "Basis of Award", below); and

(3) The municipal bond insurer, if any; the premium to be paid by the bidder for insuring the Bonds; and which maturities of the Bonds, if any, are being insured.

Each bid must be either:

(a) enclosed in a sealed envelope marked on the outside (if not delivered by the PARITY SYSTEM),

"Proposal for Bonds"

and addressed to:

**Debbie Armuth, Comptroller
c/o Swendseid & Stern
50 W. Liberty Street, Suite 1000
Reno, Nevada 89501**

or

(b) Electronically via the PARITY SYSTEM in accordance with its Rules of Participation and this notice, by no later than 9:00 a.m. local time on Tuesday, June 15, 2010. No bid will be received after the time for receiving bids specified above. Provisions in this notice and any amendments thereto shall control over conflicting provisions of the PARITY SYSTEM. In the event of a malfunction in the electronic bidding process, bidders may submit their bids by facsimile transmission to the Comptroller by facsimile (775) 323-2339, but bids must be received by 9:00 a.m. on June 15,

2010. Neither the County nor NSB Public Finance (the "Financial Advisor") shall be liable for any malfunction of the PARITY SYSTEM.

GOOD FAITH DEPOSIT: Except as otherwise provided below, a good faith deposit (the "Deposit") in the form of a certified, treasurer's or cashier's check drawn on a solvent commercial bank or trust company in the United States of America or a Financial Surety Bond issued by an insurance company licensed to issue such surety bond in the State of Nevada, made payable to:

Elko County, Nevada

in the amount of:

\$100,000

is required for each bid to be considered. If a check is used, it must accompany each bid. If a Financial Surety Bond is used, such surety bond must be submitted to the County or its Financial Advisor prior to the opening of the bids. The Financial Surety Bond must identify each bidder whose Deposit is guaranteed by such Financial Surety Bond. If the winning bidder on the Bonds is determined to be a bidder utilizing a Financial Surety Bond, then that bidder is required to submit its Deposit to the County in the form of a cashier's check (or wire transfer such amount as instructed by the County or its Financial Advisor) not later than 10:00 a.m. (local time) on the next business day following the bid opening. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the County to satisfy the Deposit requirement.

If the apparent winning bidder on the Bonds is determined to be a bidder who has not submitted a Deposit in the form of a Financial Surety bond or check, as provided above, the Financial Advisor will request the apparent winning bidder to immediately wire the Deposit within 90 minutes of such request by the Financial Advisor to the following:

**Wells Fargo
Elko County Treasurer
ABA # 321270742
Account # 8045040584
Ref: 2010 GO Various Purpose & Refunding**

The Bonds will not be officially awarded to a bidder who has not submitted a Deposit in the form of a Financial Surety Bond or check, as provided above, until such time as the bidder has provided a federal wire reference number for the deposit to the Financial Advisor.

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 County. Any investment income earned on the good faith deposit will not be paid to the successful bidder in the event the County 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 the purchaser to accept delivery of any payment for the 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 County; but the CUSIP Service Bureau charge for the assignment of the numbers will be the responsibility of and must be paid by the purchaser.

SALE RESERVATIONS: The Board reserves the privilege of waiving any irregularity or informality in any bid; of rejecting any and all bids; and of reoffering the Bonds for sale, as provided by law.

In addition, the Board 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 the PARITY SYSTEM, Munifacts and/or Bloomberg. If the Board changes the sale date and/or time, this Official Notice of Bond Sale shall remain effective, except as amended by such PARITY SYSTEM, Munifacts or Bloomberg communication or other amendment communicated to potential bidders.

If bids are not taken on June 15, 2010 or if all bids are rejected on June 15, 2010, the County may reoffer the Bonds for sale at any time thereafter. The time and date of any subsequent Bond sale will be announced via the PARITY SYSTEM, Munifacts and Bloomberg wire service before the time of the sale.

BASIS OF AWARD: The Bonds, subject to such sale reservations, will be sold by the Board to the responsible bidder making the best bid for all the Bonds based upon the 2010 Maturity Schedule.

The best bid will be determined by computing the actuarial yield on the Bonds (i.e., using an actuarial or true interest cost method) for each bid received. An award on the Bonds will be made (if any is made) to the responsible bidder submitting the bid which results in the lowest true interest cost on the Bonds. "True interest cost" on the Bonds, as used herein, means that yield which if used to compute the present worth as of the date of the Bonds of all payments of principal and interest to be made on the Bonds from their date to their respective maturity dates (or mandatory sinking fund redemption dates) using the interest rates specified in the bid and the principal amounts maturing as shown in the 2010 Maturity Schedule stated herein, produces an amount equal to the principal amount of the Bonds, plus any premium bid. No adjustment shall be made in such calculation for accrued interest on the Bonds from their date 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 Board will determine which bid will be accepted.

REOFFERING PRICES: Within one-half hour of the bid opening, the successful bidder (or manager of the purchasing account) for the Bonds shall notify the County by facsimile transmission to (775) 323-2339 of the initial offering prices of such 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 writing in the

form and substance satisfactory to Bond Counsel prior to the delivery of the Bonds, which shall be in substantially the following form: "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."

PLACE AND TIME OF AWARD: Bids will be opened on behalf of the Board at the time and place stated herein. The Chief Financial Officer of the County, or in his absence the County Manager intends to take action, upon the determination of the best bid, awarding the Bonds or rejecting all bids for the Bonds. In any event, the County will take such action not later than 36 hours after the time stated for opening bids. An award may be made after the 36-hour period herein designated if the bidder shall not have given to the County Comptroller (see "INFORMATION" below) notice in writing of the withdrawal of its bid. Notice of withdrawal of a bid may not be given during the 36-hour period following the bid opening.

MANNER AND TIME OF DELIVERY: The Deposit will be credited to the purchaser at the time of delivery of the Bonds (without accruing interest). If the successful bidder for the Bonds fails, neglects, or refuses to complete the purchase of the Bonds on the date on which the Bonds are made ready and are tendered by the County for delivery, the amount of its Deposit will be forfeited (as liquidated damages for noncompliance with the bid) to the County. In that event, the County may reoffer the Bonds for sale, as provided by law. The purchaser will not be required to accept delivery of any of the Bonds if the Bonds are not ready and are not tendered by the County for delivery within 60 days from the date for opening bids; and if the Bonds are not so tendered within such period of time, the Deposit (without any interest earned by the County thereon) will be refunded to the purchaser upon its request. The Bonds (registered in the name of Cede & Co.) will be made available for delivery by the County to the purchaser as soon as reasonably possible after the date of the sale, and the Board contemplates delivering them on or about June 29, 2010. The purchaser of the Bonds will be given 72 hours' notice of the time fixed by the Board for tendering the Bonds for delivery.

PAYMENT AT AND PLACE OF DELIVERY: The successful bidder will be required to accept delivery of the Bonds at the Paying Agent on behalf of DTC pursuant to the FAST System. Payment of the balance of the purchase price due for the Bonds at the time of their delivery must be made in Federal Reserve Bank funds or other funds acceptable to the County for immediate and unconditional credit to the account of the County, at a bank designated by the County Treasurer, so that such bond proceeds may be deposited or invested, as the County Treasurer may determine, simultaneously with the delivery of the Bonds. The balance of the purchase price 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.

INFORMATION: This Official Notice of Bond Sale, a Preliminary Official Statement, the Bond Ordinance and financial and other information concerning the County and the Bonds may be obtained prior to the sale from:

The County's Chief Financial Officer:

**Cash Minor
Assistant Elko County Manager/Chief Financial Officer
569 Court Street
Elko, NV 89801
775-753-8535**

The County's Comptroller:

**Debbie Armuth
Elko County Comptroller
569 Court Street
Elko, NV 89801
775-753-7073**

The County's Financial Advisor:

**NSB Public Finance
230 Las Vegas Boulevard South, Suite 200
Las Vegas, NV 89101
702-796-7080**

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 West Liberty Street, Suite 1000
Reno, Nevada 89501
775-323-1980**

whose unqualified, final, approving opinion, 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 (the "Closing Date"), and other closing documents, will be furnished to the purchaser of the Bonds without charge by the County. The form of the approving opinion will be substantially in the form set forth in Appendix E to the Preliminary Official Statement.

OFFICIAL STATEMENT: The County has prepared a Preliminary Official Statement which is deemed by the County 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 County will prepare a Final Official Statement or a supplement to the Preliminary Official Statement, dated as of the date of its delivery to the winning bidder as soon as practicable after the date of the award to the winning bidder. The County will provide to each winning bidder a total of up to 100 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 Statement shall be delivered to the winning bidder(s) at the office of the Financial Advisor. If a winning bidder fails to pick-up the Final Official Statement, the Final Official Statement will be forwarded to the winning bidder by mail or another delivery service mutually agreed to between the winning bidder and the Financial Advisor. A winning bidder may obtain additional copies of the Final Official Statement at the expense of the winning bidder.

The County authorizes the winning bidder to distribute the Final Official Statement in connection with the offering of the Bonds.

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 advises the County in writing of another date), if any event concerning the affairs, properties or financial condition of the County shall occur as a result of which it is necessary to supplement the 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 County shall forthwith notify the winning bidder of any such event of which it has knowledge and shall cooperate fully in the preparation and furnishing of any supplement to the Official Statement necessary, in the reasonable opinion of the County and the winning bidder, so that the statements therein as so supplemented will not be misleading in the light of the circumstances existing at such time.

CONTINUING DISCLOSURE UNDERTAKING Pursuant to the Rule, the County 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 Preliminary Official Statement.

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 Chairman of the Board, the County Treasurer, the Chief Financial Officer of the County and the District Attorney for the County (or 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 County 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 County 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 County does not make any representations concerning pricing information contained in the Final Official Statement; and

2. A certificate, dated as of the Closing Date, and signed by the Chief Financial Officer of the County, stating after reasonable investigation, that, to the best of his knowledge, as of the date of the official statement and on the date of such certificate, the information contained in the Final Official Statement relating to revenues and expenditures of the County 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 Final Official Statement be not misleading for the purpose for which it is to be used.

CONSENT TO JURISDICTION: A bid submitted by sealed bid or electronic bidding, if accepted by the Chief Financial Officer or the County Manager on behalf of the County, forms a contract between the winning bidder and the County 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.

By order of the Board of County Commissioners of the Elko County, Nevada, this
June 8, 2010.

/s/ Cash Minor
Assistant County Manager/Chief Financial Officer
Elko County

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