This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, qualification or filing under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 8, 2010

NEW ISSUE	**RATING: S&P: "A+"**
BOOK-ENTRY ONLY	**Moody's: "A1"**
BANK QUALIFIED	**See "RATINGS"**

In the opinion of Swendseid & Stern, a member in Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Bonds 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. See "TAX MATTERS." The City has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Tax Code. See "FINANCIAL INSTITUTION INTEREST DEDUCTION."

$10,500,000
CITY OF ELKO, NEVADA
GENERAL OBLIGATION (LIMITED TAX) STREET BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2010

Dated: Date of Delivery **Due: October 1, as shown herein**

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

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

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

Proceeds of the Bonds will be used to (i) finance the cost of acquiring, constructing, improving and equipping street projects; and (ii) pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

The Bonds constitute direct and general obligations of the City of Elko, Nevada (the "City") and the full faith and credit of the City is pledged for the payment of principal and interest thereon, subject to the limitations imposed by the constitution and laws of the State of Nevada. The Bonds are additionally secured by a lien on the Pledged Revenues (defined herein) on a parity with the lien thereon of any parity bonds issued in the future and subordinate to any future bonds that have a lien on the Pledged Revenues that is superior to the lien thereon of the 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 Bonds are offered when, as, and if issued and accepted by the initial purchaser, subject to the approval of legality of the 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 City in connection with the preparation of this Official Statement. Certain legal matters will be passed upon for the City by the City Attorney. NSB Public Finance, a division of Zions First National Bank, Las Vegas, Nevada, is acting as Financial Advisor to the City. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about October 5, 2010.*

*Subject to change.

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

$10,500,000
CITY OF ELKO, NEVADA
GENERAL OBLIGATION (LIMITED TAX) STREET BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2010

Maturing (October 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP© Issue Number	Maturing (October 1)	Principal Amount	Interest Rate	Price or Yield	CUSIP© Issue Number
2011	$ 405,000				2021	$ 510,000			
2012	415,000				2022	530,000			
2013	420,000				2023	550,000			
2014	430,000				2024	565,000			
2015	440,000				2025	590,000			
2016	445,000				2026	610,000			
2017	460,000				2027	630,000			
2018	470,000				2028	660,000			
2019	480,000				2029	685,000			
2020	495,000				2030	710,000			

* Subject to change.

USE OF INFORMATION IN THIS OFFICIAL STATEMENT

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

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

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

This Official Statement has been prepared only in connection with the original offering of the Bonds and may not be reproduced or used in whole or in part for any other purpose.

The Bonds have not been registered with the Securities and Exchange Commission due to certain exemptions contained in the Securities Act of 1933, as amended. The Bonds have not been recommended by any federal or state securities commission or regulatory authority, and the foregoing authorities have neither reviewed nor confirmed the accuracy of this document.

THE PRICES AT WHICH THE BONDS ARE OFFERED TO THE PUBLIC BY THE INITIAL 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 BONDS, THE INITIAL PURCHASER MAY ENGAGE IN TRANSACTIONS INTENDED TO STABILIZE THE PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CITY OF ELKO, NEVADA

Mayor and City Council
Michael J. Franzoia, Mayor
Christopher J. Johnson, Mayor Pro Tem
James A. Conner, Councilman
Jay Elquist, Councilman
John Patrick Rice, Councilman

City Administration
Curtis Calder, City Manager
Delmo Andreozzi, Assistant City Manager
Dawn Stout, Administrative Services Director
Shanell Owen, MMC, City Clerk
Robert Goicoechea, City 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 AND PAYING AGENT
U.S. Bank, N.A.
Phoenix, Arizona

TABLE OF CONTENTS

Page

Page

Page

INDEX OF TABLES

NOTE: Tables marked with (*) indicate Annual Financial Information to be updated by the City pursuant to SEC Rule 15c2-12, as amended. See "INTRODUCTION--Continuing Disclosure Undertaking."

OFFICIAL STATEMENT

$10,500,000
CITY OF ELKO, NEVADA
GENERAL OBLIGATION (LIMITED TAX) STREET 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 City of Elko, Nevada (the "City") and its $10,500,000 General Obligation (Limited Tax) Street Bonds (Additionally Secured by Pledged Revenues), Series 2010 (the "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 Bonds (the "Bond Ordinance"), adopted by the City Council of the City (the "Council") on September 14, 2010. See Appendix B - Summary of Certain Provisions of the Bond Ordinance.

The offering of the 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 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 City

The City is a political subdivision of the State of Nevada (the "State") operating as a charter city. The City was incorporated in 1917 and serves as the county seat of Elko County, Nevada (the "County"). The City currently encompasses approximately 12.5 square miles in the center of Northern Nevada's Great Basin and is the geographic base of the Elko County region and the neighboring Eureka, White Pine and Lander Counties. The City is located on Interstate 80 approximately 290 miles east of Reno, 240 miles west of Salt Lake City, and 245 miles south of Boise. The State Demographer's office estimated the City's population to be 18,428 as of July 1, 2009 (most recent figure available). See "THE CITY." As more fully described in "PROPERTY TAX INFORMATION--Property Tax Base and Tax Roll," the City's assessed valuation for fiscal year 2010-11 is $390,921,792 (excluding the assessed valuation attributable to the City of Elko Redevelopment Agency (the "Redevelopment Agency")).

Authority for Issuance

The Bonds are being issued pursuant to the constitution and laws of the State, including: Chapter 276, Statutes of Nevada, 1971, as amended (the "Charter"); Nevada Revised Statutes ("NRS") Chapter 268 (the "Project Act"); NRS 360.600 to 360.740, inclusive, as amended from time to time (the "Consolidated Tax Act"); NRS 350.500 through 350.720, as amended from time to time, designated as the Local Government Securities Law (the "Bond Act"); NRS Chapter 348 (the "Supplemental Bond Act"); and pursuant to the Bond Ordinance.

The Bonds; Prior Redemption

The Bonds are issued solely as fully registered certificates in denominations of $5,000, or any integral multiple thereof. The Bonds initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry form only. Purchasers will not receive certificates representing their beneficial ownership interest in the Bonds. See "THE BONDS--Book-Entry Only System." The Bonds 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 Bonds is described in "THE BONDS--Payment Provisions."

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

Purpose

Proceeds of the Bonds will be used to: (i) finance the cost of acquiring, constructing, improving and equipping street projects (the "Project"); and (ii) pay the costs of issuing the Bonds. See "SOURCES AND USES OF FUNDS."

Security for the Bonds

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

Pledged Revenues. The Bonds are additionally secured by an irrevocable pledge of and lien (but not necessarily an exclusive lien) on the Pledged Revenues. "Pledged Revenues" means a 15% portion of all income and revenue derived by the City from the levy of Consolidated Tax (described below) distributed and imposed in the City 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 City. For further descriptions of the Pledged Revenues, see "SECURITY FOR THE BONDS--Pledged Revenues," "REVENUES AVAILABLE FOR DEBT SERVICE" and Appendix B - Summary of Certain Provisions of the Bond Ordinance - Certain Definitions.

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

Lien Priority; Additional Bonds. The Bonds have a lien (but not necessarily an exclusive lien) on the Pledged Revenues on a parity with the lien thereon of 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 Bonds (the "Parity Bonds"). The City currently does not expect to issue additional Parity Bonds in the foreseeable future, although it reserves the right to do so upon the satisfaction of all legal conditions.

The lien of the 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 Bonds ("Superior Bonds"). There are no Superior Bonds outstanding, and the City has no current plans to issue Superior Bonds, although it reserves the right to do so upon the satisfaction of all legal conditions. See "SECURITY FOR THE BONDS--Additional Bonds."

The City 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 City in connection with preparation of this Official Statement. The City's financial advisor in connection with the issuance of the Bonds is NSB Public Finance, a division of Zions First National Bank, Las Vegas, Nevada (the "Financial Advisor"). See "FINANCIAL ADVISOR." The fees of the Financial Advisor will be paid only from Bond proceeds at closing. The audited basic financial statements of the City (contained in Appendix A to this Official Statement) include the report of Kafoury, Armstrong & Co., certified public accountants, Elko, Nevada. See "INDEPENDENT AUDITORS." U.S. Bank, N.A., Phoenix, Arizona, will act as Registrar and Paying Agent for the Bonds (the "Registrar" and "Paying Agent").

Tax Status

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described herein, 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. See "TAX MATTERS--Federal Tax Matters."

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

Continuing Disclosure Undertaking

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

In 2010, the City did not file its fiscal year 2009 Comprehensive Annual Financial Reports ("CAFR") or the 2009 operating and financial data required by the City's various continuing disclosure undertakings with EMMA as required by Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 (the "Rule"). Rather, it made the filing with the nationally recognized municipal information repositories previously designated for receipt of that information pursuant to the Rule. The City intends to make the required filing with EMMA prior to the sale of the Bonds.

Certain Bondholder Risks

The purchase of the 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 Bonds and could affect the market price of the 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, unaudited or interim information for fiscal years 2009, 2010, 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 Bonds and could impact the availability of revenues to pay debt service on the Bonds.

Secondary Market

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

Additional Information

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

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

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

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

Sources and Uses of Funds

	Amount
SOURCES:	
Principal amount..	
Plus/(less): original issue premium/(discount)	
Total	
USES:	
The Project	
Costs of issuance (including underwriting discount)	
Total	

Source: The Financial Advisor.

The Project

The Project is planned to consist of the resurfacing of Idaho Street (the main east-west street for traffic through the City) from 5th Street to the eastern City limits. The Project also is expected to include the placement of missing infrastructure (mainly on the south side of the street) such as sidewalk, curb, gutter, ingress and egress for businesses along Idaho Street. The City expects to approve the engineering contract during the summer of 2010; design and contract bidding is anticipated to occur in the winter of 2010. The construction of the Project is slated to begin when weather permits in the spring of 2011 and be completed in the summer of 2011.

THE BONDS

General

The Bonds will be issued as fully registered bonds in denominations of $5,000 and any integral multiple thereof. The Bonds will be dated as of their date of delivery and will bear interest (calculated on the basis of a 360-day year of twelve 30-day months) and mature as set forth on the inside cover page of this Official Statement. The Bonds initially will be registered in the name of "Cede & Co.," as nominee for DTC, the securities depository for the Bonds. Purchases of the Bonds are to be made in book-entry only form. Purchasers will not receive certificates evidencing their beneficial ownership interest in the Bonds. See "Book-Entry Only System" below.

Payment Provisions

The payment of interest on any Bond shall be made to the registered owner thereof by check or draft mailed by the Paying Agent, on each interest payment date (or, if such interest payment date is not a business day, on the next succeeding business day), to the registered owner thereof at his or her address as shown on the registration records kept by the Registrar at the close of business on the 15th day of the calendar month next preceding each interest payment (the "Regular Record Date"); but any such interest not so timely paid or duly provided for shall cease to be payable to the person who is the registered owner thereof at the close of business on the Regular Record Date and shall be payable to the person who is the registered owner thereof at the close of business on a Special Record Date for the payment of any such defaulted interest. The Special Record Date shall be fixed by the Paying Agent whenever money becomes available for payment of the defaulted interest, and notice of the Special Record Date shall be given to the registered owners of the 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 Bond by such alternative means as may be mutually agreed upon between the owner of such Bond and the Paying Agent. The principal of and redemption premium, if any, on any Bond, shall be payable to the registered owner thereof as shown on the registration records kept by the Registrar, upon maturity or prior redemption thereof and upon presentation and surrender at the Paying Agent or at such other office as designated by the Paying Agent. If any Bond shall not be paid upon such presentation and surrender at or after maturity, it shall continue to draw interest at the interest rate borne by the Bond until the principal thereof is paid in full. All such payments shall be made in lawful money of the United States of America.

Notwithstanding the foregoing, payments of the principal of and interest on the 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 Bonds, or portions thereof, maturing on and after October 1, 2021, will be subject to redemption prior to their respective maturities at the option of the City, on and after October 1, 2020, in whole or in part at any time, from such maturities as are selected by the City and, if less than all the Bonds of a maturity are to be redeemed, the Bonds of such maturity are to be redeemed by lot within a maturity (giving proportionate weight to Bonds in denominations larger than $5,000), in such manner as the Paying Agent may determine, at a price equal to the principal amount of each 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 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 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 Council ("MSRB") and the registered owner of any 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 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 Bonds, the Bonds called for redemption will be paid. Actual receipt of mailed notice by the MSRB or any registered owner of Bonds shall not be a condition precedent to redemption of such Bonds. Failure to give such notice by mailing to the MSRB or the registered owner of any Bond designated for redemption, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Bond. A certificate by the Registrar that notice of call and redemption has been given as described above shall be conclusive as against all parties; and no owner whose Bond is called for redemption or any other owner of any Bond may object thereto or may object to the cessation of interest on the Redemption Date on the ground that he failed actually to receive such notice of redemption.

Notwithstanding the provisions described above, any notice of redemption may contain a statement that the redemption is 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 Bonds so called for redemption, and that is such funds are not available, such redemption shall be canceled by written notice to the owners of the Bonds called for redemption in the same manner as the original redemption notice was mailed.

Tax Covenant

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

Book-Entry Only System

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

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

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

Debt Service Requirements(1)*

Fiscal Year Ending June 30	Principal	Interest(2)	Total
2011	--	$ 159,317	$ 159,317
2012	$ 405,000	321,825	726,825
2013	415,000	313,625	728,625
2014	420,000	305,275	725,275
2015	430,000	296,775	726,775
2016	440,000	288,075	728,075
2017	445,000	279,225	724,225
2018	460,000	269,025	729,025
2019	470,000	257,400	727,400
2020	480,000	244,325	724,325
2021	495,000	229,700	724,700
2022	510,000	214,625	724,625
2023	530,000	197,700	727,700
2024	550,000	178,800	728,800
2025	565,000	159,288	724,288
2026	590,000	139,075	729,075
2027	610,000	118,075	728,075
2028	630,000	94,800	724,800
2029	660,000	69,000	729,000
2030	685,000	42,100	727,100
2031	710,000	14,200	724,200
Total	$10,500,000	$4,192,229	$14,692,229

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

Limitations on Property Tax Revenues. The constitution and laws of the State limit the total ad valorem property taxes that may be levied by all overlapping taxing units within each county (including the State, the County, the City, Elko County School District (the “School District”), other cities, or any special district) in each year. Those limitations are described in “PROPERTY TAX INFORMATION--Property Tax Limitations.” In any year in which the total property taxes levied within the City by all applicable taxing units exceed such property tax limitations, the reduction to be made by those units must be in taxes levied for purposes other than the payment of their bonded indebtedness (including the 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 Bonds or their security may be repealed, amended, or modified in such a manner as to impair adversely the Bonds or their security until all of the Bonds have been discharged in full or provision for their payment and redemption has been fully made.

Certain Risks Associated With Property Taxes

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

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

Economic conditions have negatively impacted the City as they have the rest of the country; however, because the City 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 City be required to levy an ad valorem tax to pay debt service on the Bonds in the future.

Pledged Revenues

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

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

Certain Risks Associated With Pledged Revenues

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

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

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

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

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

Flow of Funds

The Bond Ordinance requires that as long as any of the Bonds are Outstanding, as to any Bond Requirements (defined in Appendix B), the entire Pledged Revenues, upon their receipt from time to time by the City, shall be set aside and credited immediately to a special fund designated as the "City of Elko, Nevada, Consolidated Tax Pledged Revenues Income Fund" (the "Income Fund"). The Income Fund shall be maintained by the City Treasurer separate and apart from all other City funds, including the Bond Fund.

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

Superior Bond Fund and Parity Bond Fund Payments. First, from any moneys in the Income Fund, i.e., from the Pledged Revenues, there shall be credited to any bond fund created to pay the principal of, interest on and prior redemption premiums due on any Superior Bonds, including any reasonable reserves therefor, issued in accordance with the provisions of the Bond Ordinance:

1. 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, 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 Superior Bonds then outstanding.

2. 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 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 Superior Bonds coming due at maturity, or, if any, an amount sufficient to pay the principal of, interest on and any prior redemption premiums due on the outstanding Superior Bonds.

Second, and contemporaneously with the transfers required by any bond ordinances authorizing the issuance of Parity Bonds to be made to the bond funds of any Parity Bonds hereafter issued, the following transfers shall be credited to the Bond Fund:

1. 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 from time to time available therefor from whatever source, to pay the next maturing installment of interest on the 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 Bonds then Outstanding.

2. 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 from time to time available therefor from whatever source, to pay the next installment of principal of the Bonds coming due at maturity, and monthly thereafter, commencing on each principal payment date, one twelfth of the amount necessary, together with any other moneys from time to time available therefor and on deposit therein from whatever source, to pay the next installment of principal of the Bonds coming due at maturity, or pursuant to mandatory sinking fund redemption, if any.

The moneys credited to the Bond Fund shall be used to pay the Bond Requirements of the Bonds as the they become due, including any mandatory sinking fund payments.

<u>Termination of Deposits</u>. No payment need be made into the Bond Fund if the amount in the Bond Fund totals a sum at least equal to the entire amount of the Outstanding Bonds as to all Bond Requirements, 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 in that account and any other moneys derived from the Pledged Revenues shall be applied as described below.

<u>Payment of Additional Securities</u>. Third, and subject to the provisions described above, but either concurrently with or subsequent to the payments described above, as provided in the Bond Ordinance, any moneys remaining in the Income Fund may be used by the City for the payment of Bond Requirements of additional bonds or other additional securities payable from the Pledged Revenues and hereafter authorized to be issued in accordance with the Bond

Ordinance, 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 Bonds as provided in the Bond Ordinance. Payments for bond and reserve funds for any Superior Bonds shall be made concurrently with the payments for superior securities as described above. Payments for bond and reserve funds for additional Parity Bonds shall be made concurrently with the payments for the Bonds (as described above), but payments for bond and reserve funds for additional subordinate securities shall be made after the payments described above and those described in "Payment of Rebate" below.

Payment of Rebate. Fourth, subject to the provisions described above and concurrently with the deposits to any rebate accounts for any additional Parity Bonds required by any bond ordinances authorizing the issuance of such Parity Bonds, there shall be transferred into the "City of Elko, Nevada, General Obligation (Limited Tax) Street 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 City's obligations under the tax covenant contained in the Bond Ordinance (described in "THE 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 Bond Ordinance and Section 148(f) of the Tax Code may be withdrawn therefrom and used for any lawful purpose.

Use of Remaining Revenues. After the required 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 City may from time to time determine.

Additional Bonds

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

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

Issuance of Superior Bonds or Parity Bonds. The Bond Ordinance authorizes the City to issue Superior Bonds and additional Parity Bonds, but before any such Superior Bonds or Parity Bonds are authorized or actually issued, the following requirements must be satisfied. The

Bond Ordinance also authorizes the issuance of parity refunding securities; the requirements for the issuance of refunding bonds are set forth in Appendix B - Summary of Certain Provisions of the Bond Ordinance--Refunding Securities.

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

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

Adjustment of Pledged Revenues. In any computation of such earnings test as to whether or not additional superior or parity securities may be issued as described in the previous paragraph, the amount of the Pledged Revenues for the next preceding Fiscal Year shall be decreased and may be increased by the amount of any loss or gain conservatively estimated by the Administrative Services Director, 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 or parity securities, as if such modified rate shall have been in effect during the entire next preceding Fiscal Year, if such change shall have been made by the City before the computation of the designated earnings test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year.

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

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

No Pledge of Property

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

Limitation of Remedies

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

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

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

Bankruptcy, Federal Lien Power and Police Power. The enforceability of the rights and remedies of the owners of the Bonds and the obligations incurred by the City in issuing the 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 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 Bonds in the event of a default in the payment of principal of or interest on the Bonds. Consequently, remedies available to the owners of the Bonds may have to be enforced from year to year.

Future Changes in Laws

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

REVENUES AVAILABLE FOR DEBT SERVICE

General Description of Consolidated Tax

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

Sales Taxes. The Supplemental City/County Relief Tax ("SCCRT") and Basic City/County Relief Tax ("BCCRT") are each a component of the combined sales and use tax levied by the State (the tax levied on retail sales and the storage, use or other consumption of tangible property). The SCCRT is levied at a rate of 1.75% and the BCCRT is levied at a rate of 0.50%. The revenues from each of these sources are collected monthly by the State Department of Taxation (the "Department") and, following adjustments for certain rural counties and costs of collections, are remitted to the county of origin, then divided among the local governments within each county according to a formula. In fiscal years 2010, the SCCRT and BCCRT accounted for a combined 83.8% (65.1% and 18.7%, respectively) of the Consolidated Tax distributed within the County.

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

Governmental Services Tax. The Governmental Services Tax ("GST") is levied at a rate of 4 cents per dollar of valuation of motor vehicles, and is assessed at the time of annual registration. The initial valuation of the vehicle is determined at 35% of the manufacturer's suggested retail price. Vehicle value is depreciated to 95% after the first year and graduated down to 15% after 9 years. Ninety-four percent of the proceeds of the GST is distributed to local governments in each county. In fiscal year 2010, the GST accounted for 14.2% of the Consolidated Tax distributed in the County.

Real Property Transfer Tax. The Real Property Transfer Tax ("RPTT") is paid by the buyer in a conveyance of real property. The rate of taxation on transfers of real property in the County is $1.95 per $500 of value of the interest in property conveyed, exclusive of any lien or encumbrance upon the property. Of the $1.95 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 2010, 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 2010, 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, the Department currently retains a collection fee of 1.75% (that amount is subject to change by the Legislature) of all amounts remitted by retailers. (Notwithstanding the foregoing, the increased fee cannot be applied so as to modify, directly or indirectly, any taxes levied or revenues pledged in such a manner as to impair adversely any outstanding obligations of any political subdivision of this State or other public entity). Every person desiring to conduct business as a retailer within the County must obtain a permit from the Department. Any retailer that fails to comply with State statutes may have its license revoked by the Department after a hearing held upon 10 days' written notice.

Sales taxes are due and payable to the Department monthly on or before the last day of the month next succeeding the month in which such taxes are collected (i.e., sales taxes collected by retailers in June 2010 were due to the Department no later than July 31, 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 City has received an average of 36.3% 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 historical Consolidated Tax collection information for fiscal years 2006 through 2010; the fiscal year 2010 information is unaudited and subject to change. There is no assurance that the Pledged Revenues will continue to be realized in the amounts illustrated below. See "SECURITY FOR THE BONDS--Certain Risks Associated With Pledged Revenues" and other factors described throughout this Official Statement.

Upon issuance of the Bonds, the maximum annual principal and interest requirements on the Bonds is $729,075* in fiscal year 2026.* See "DEBT SERVICE REQUIREMENTS."

* Subject to change.

Historical Pledged Revenues and Pro-Forma Debt Service Coverage*

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Estimated
Consolidated Tax Receipts	$9,428,009	$10,680,141	$10,231,905	$10,027,259	$9,088,548
% change	--	13.3%	(4.2)%	(2.0)%	(9.4)%
Pledged Revenues (15% of Consolidated Tax Receipts)	$ 1,414,201	$ 1,602,021	$ 1,534,786	$ 1,504,089	$ 1,363,282
Estimated maximum annual principal and interest requirements on the Bonds (1)*	$ 729,075	$ 729,075	$ 729,075	$ 729,075	$ 729,075
Coverage*	1.94x	2.20x	2.11x	2.06x	1.87x

(1) $729,075* in fiscal year 2026* See "DEBT SERVICE REQUIREMENTS."

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

The City's policy is to budget its revenues conservatively, including Consolidated Tax receipts. The City's 2011 budget estimated that Consolidated Tax receipts would remain flat; in the fiscal year 2010-11 Final Budget, the City has budgeted Consolidated Tax receipts of $8,726,540 and thus, Pledged Revenues of $1,308,981. That budgeted figure results in estimated debt service coverage of 1.80x.* If the Pledged Revenues are insufficient to pay the combined debt service on the Bonds, the City 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 City pursuant to the Consolidated Tax Act for the twelve-month periods ending June 30, 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 Bonds.* This table is presented on an accrual basis; accordingly, revenues are accounted for in the month of the original sales rather than the month of actual collection by the City. For example, revenues recorded for "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 City in April 2010. As of June 30, 2010, the City had experienced a decrease of approximately 9.4% 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)

	Twelve-Month Period Ending June 30, 2010		Twelve-Month Period Ending June 30, 2009		Percent Change	
	Current Month	Cumulative	Current Month	Cumulative	Current Month	Cumulative
July	$ 798,795	$ 798,795	$ 881,063	$ 881,063	(9.3)%	(9.3)%
August	700,380	1,499,175	821,884	1,702,947	(14.8)	(12.0)
September	815,145	2,314,320	905,160	2,608,107	(9.9)	(11.3)
October	760,286	3,074,606	902,348	3,510,455	(15.8)	(12.4)
November	704,726	3,779,332	825,962	4,336,417	(14.7)	(12.9)
December	816,557	4,595,889	865,116	5,201,533	(5.6)	(11.6)
January	672,273	5,268,162	748,982	5,950,515	(10.2)	(11.5)
February	652,829	5,920,991	672,488	6,623,003	(2.3	(10.6)
March	761,183	6,682,174	895,504	7,518,507	(15.0)	(11.1)
April	732,718	7,414,892	847,794	8,366,301	(13.6)	(11.4)
May	777,215	8,192,107	796,847	9,163,148	(2.5)	(10.6)
June	896,441	9,088,548	864,111	10,027,259	3.7	(9.4)

(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 Bonds are comprised of only 15% of that total amount.

Source: The City (unaudited).

PROPERTY TAX INFORMATION

Property Tax Base and Tax Roll

The State Department of Taxation reports the assessed valuation of property within the City for the fiscal year ending June 30, 2011, to be $390,921,792 (excluding the assessed valuation attributable to the Redevelopment Agency), which represents an increase of 0.5% from the assessed valuation for the prior fiscal year.

State law requires that the County assessor reappraise, at least once every five years, all real and secured personal property (other than certain utility owned property which is centrally appraised and assessed by the Nevada Tax Commission). The law provides that in years in which the property is not reappraised, the County assessor is to apply a factor representing typical changes in value in the area since the preceding year. In the County, property assessments are adjusted annually by the formula and each parcel of property is physically reappraised for assessment purposes every five years, with a portion of the property physically reappraised every year. State law requires that property be assessed at 35% of taxable value, that percentage may be adjusted upward or downward by the Legislature. Based on the assessed valuation for the fiscal year 2011, the taxable value of all taxable property within the City is $1,116,919,406 (excluding the taxable value attributable to the Redevelopment Agency).

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

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

History of Assessed Value

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

History of Assessed Value(1)

Fiscal Year Ended June 30,	Total Assessed Valuation	Percent Change
2007	$ 312,816,735	--
2008	337,353,408	7.84%
2009	363,571,663	7.77
2010	389,109,714	7.02
2011	390,921,792	0.47

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

Source: Property Tax Rates for Nevada Local Governments - State of Nevada Department of Taxation, 2006-07 through 2010-11.

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 City's tax roll collection record appears in the following table. *The figures in the following table represent property taxes that were collected in the past; they do not represent taxes that are available to pay debt service on the Bonds.* The table below provides information with respect to the historic collection rates for the City, but may not be relied upon to depict the amounts of ad valorem property taxes available to the City 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- City of Elko, Nevada(1)

Fiscal Year Ending June 30	Net Secured Roll Tax Levy	Total Tax Collections	Total Tax Collections as % of Taxes Levied(2)
2005	$8,450,691	$ 8,391,493	99.3%
2006	8,853,030	8,764,671	99.0
2007	9,450,715	9,357,982	99.0
2008	9,914,138	9,285,228	93.7
2009	9,498,730	9,245,406	97.3
2010	9,723,093	9,374,313	96.4

(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).

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 City

The following table represents the ten largest property-owning taxpayers in the City based on fiscal year 2010-2011 assessed valuations. The assessed valuations in this table represent both the secured tax roll (real property) and the unsecured tax roll (personal property), but exclude centrally assessed property. No independent investigation has been made of, and consequently there can be no representation as to, the financial conditions of the taxpayers listed, or that any such taxpayer will continue to maintain its status as a major taxpayer based on the assessed valuation of its property in the City.

Ten Largest Taxpayers in the City
Fiscal Year 2010-2011

Taxpayer	Type of Business	Assessed Value	% of Total Assessed Value(1)
1. PHC	Hospital	$11,948,134	3.02%
2. Elko Acquisitions	Gaming	8,401,419	2.12
3. PK Sales	Bus./Comm.	4,910,299	1.24
4. Wal-Mart	Retail	3,983,322	1.01
5. Ablah Elko	Commercial	3,622,714	0.91
6. Route 225	Casino/Hotel	3,363,094	0.85
7. MP Elko	Retails/Strip Mall	3,192,293	0.81
8. Monte Carlo	Apartments	3,130,027	0.79
9. Sagecrest	Apartments	3,056,817	0.77
10. Home Depot	Retail	2,924,077	0.74
TOTAL		$48,532,196	12.25%

(1) Based on the City's fiscal year 2010-2011 assessed valuation of $396,208,160 (which includes the assessed valuation attributable to the Redevelopment Agency).

Source: Elko County Assessor's Office.

Property Tax Limitations

Overlapping Property Tax Caps. Article X, Section 2, of the State constitution limits the total ad valorem property taxes levied by all overlapping governmental units within the boundaries of any county (i.e., the State, and any county, city, town, school district or special district) to an amount not to exceed five cents per dollar of assessed valuation ($5 per $100 of assessed valuation) of the property being taxed. Further, the combined overlapping tax rate is limited by statute to $3.64 per $100 of assessed valuation in all counties of the State with certain exceptions that (a) permit a combined overlapping tax rate of up to $4.50 per $100 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 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 statue) constitutes a perpetual lien against the residence until paid. The postponed tax becomes due and payable if: the residence ceases to be occupied by the claimant or is sold; any non-postponed property tax becomes delinquent; if the claimant dies; or on the date upon which the postponement expires, as determined by the county treasurer.

Required Property Tax Abatements

As described below, taxes levied to pay debt service on the 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 City property tax revenues generally.

General. In 2005, the Legislature approved the Abatement Act (NRS 361.471 to 361.4735), which established formulas to determine whether tax abatements are required for property owners in each year. The general impact of the Abatement Act is to limit increases in ad valorem property tax revenues owed by taxpayers to a maximum of 3% per year for owner-occupied residential properties (and low-income housing properties) and to 8% (or a lesser amount equal to the average annual change in taxable values over the last ten years, as determined by a formula) per year for all other properties. The Abatement Act limits do not apply to new construction. The Abatement Act formulas are applied on a parcel-by-parcel basis each year.

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

Levies for Debt Service. Revenues resulting from increases in the rate of ad valorem taxes for the payment of tax-secured obligations are exempt from the Abatement Act formulas if increased rates are necessary to pay debt service on the related obligation in any fiscal year if (1) the tax-secured obligations were issued before July 1, 2005; or (2) the governing body of the taxing entity and the County Debt Management Commission make findings that no increase in the rate of an ad valorem tax is anticipated to be necessary for payment of the obligations during their term. Ad valorem tax rate increases to pay debt service on the Bonds are 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 City, to an extent that cannot be determined at this time. The City reports that the Abatement Act's effect on the General Fund for fiscal year 2011 is approximately $72,248.

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 the two taxing districts located in the City. Those taxing districts represent the highest overlapping tax rate within the County. The overlapping rates for incorporated and unincorporated areas within the City vary depending on the rates imposed by applicable taxing jurisdictions.

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

Fiscal Year Ended June 30,	2007	2008	2009	2010	2011
Average Statewide rate	$3.1471	$3.1526	$3.1727	$3.2162	$3.1320
City of Elko	$0.9200	$0.9200	$0.9200	$0.9200	$0.9200
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
Elko Convention & Visitors Authority	0.0392	0.0392	0.0392	0.0392	0.0392
Elko Television District	0.0279	0.0289	0.0289	0.0289	0.0289
State of Nevada (2)	0.1700	0.1700	0.1700	0.1700	0.1700
Total	$3.4957	$3.4967	$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, 2006-07 through 2010-11.

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

Estimated Overlapping Net General Obligation Indebtedness

Entity (1)	Total General Obligation Indebtedness	Presently Self-Supporting General Obligation Indebtedness	Net Direct General Obligation Indebtedness	Percent Applicable(2)	Overlapping Net General Obligation Indebtedness(3)
Elko County	$ 21,720,000	$ 19,785,000	$ 1,935,000	27.25%	$ 527,255
State of Nevada	2,252,480,000	670,805,000	1,581,675,000	0.42	6,670,449
TOTAL	$2,274,200,000	$672,740,000	$1,583,610,000		$7,197,704

(1) Other taxing entities overlap the City 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 City 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 City as of September 1, 2010 (after taking the issuance of the Bonds into account).

Net Direct & Overlapping General Obligation Indebtedness

Total General Obligation Indebtedness (1)	$17,883,511
Less: Self-supporting General Obligation Indebtedness (1)	17,883,511
Net Direct General Obligation Indebtedness	--
Plus: Overlapping Net General Obligation Indebtedness	7,197,704
Net Direct & Overlapping Net General Obligation Indebtedness	$25,081,215

(1) Assumes the issuance of the Bonds. See "CITY DEBT STRUCTURE--Outstanding Indebtedness and Other Obligations."

Selected Debt Ratios

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

Selected Direct General Obligation Debt Ratios

Fiscal Year Ended June 30,	2007	2008	2009	2010	2011
Population (1)	18,427	18,424	18,428	18,428	18,428
Assessed Value (2)	$312,816,735	$337,353,408	$ 363,571,663	$ 389,109,714	$ 390,921,792
Taxable Value (2)	$893,762,100	$963,866,880	1,038,776,180	$1,111,742,040	$1,116,919,406
Gross Direct G.O. Debt (3)	$10,204,260	$9,508,686	$8,775,724	$7,491,403	$17,883,511
RATIO TO:					
Per Capita	$553.77	$516.10	$476.22	$406.52	$970.45
Percent of Assessed Value	3.26%	2.82%	2.41%	1.93%	4.57%
Percent of Taxable Value	1.14%	0.99%	0.84%	0.67%	1.60%
Net Direct G.O. Debt (4)	$630,000	$435,000	$225,000	$0	$0
RATIO TO:					
Per Capita	$34.19	$23.61	$12.21	--	--
Percent of Assessed Value	0.20%	0.13%	0.06%	--	--
Percent of Taxable Value	0.07%	0.05%	0.02%	--	--

(1) For 2007-2009, reflects State Demographer estimates for the City 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 "CITY DEBT STRUCTURE--Outstanding Bonded Indebtedness and Other Obligations." Fiscal year 2011 debt is as of September 1, 2010, after taking the issuance of the Bonds into account.
(4) 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.

Sources: Property Tax Rates for Nevada Local Governments - State of Nevada, Department of Taxation, 2006-07 through 2010-11; the State Demographer; and debt information compiled by the Financial Advisor.

THE CITY

General

The City was incorporated in 1917. Covering an area of approximately 12.5 square miles, the City is located in the center of Northern Nevada's Great Basin and is the geographic base of the Elko County region and the neighboring Eureka, White Pine and Lander counties. The economy of the City is dependent to a significant extent on the mining, agriculture and transportation industries and tourism, including legalized gaming activities.

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

Governing Body

The City functions under a Council-Manager form of government, with the elective offices of the City consisting of the Mayor and four Councilmen. The Mayor and the Councilmen are elected for four-year terms. The Council is empowered to approve and adopt all ordinances, resolutions and orders necessary to manage the affairs of the City.

The current Mayor and members of the Council, their principal occupations, and their terms of office are as follows:

Name and Title	Principal Occupation	Year First Elected/ Appointed	Current Term Expires
Michael J. Franzoia, Mayor	Local Business Owner	7/1/1995	2011
Christopher J. Johnson, Mayor Pro Tem	Local Plumbing Contractor	7/1/2003	2011
James A. Conner, Councilman	Elko County Bailiff	7/1/2001	2013
Jay Elquist, Councilman	Local Electrical Engineer	7/1/2005	2013
John Patrick Rice, Councilman	Great Basin College Director of Institutional Advancement; Executive Director of GBC Foundation	7/1/2007	2011

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

Administration

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

Information about the members of the City's administration most closely related to the financial management of the City and the issuance of the Bonds is set forth below.

Curtis Calder, City Manager. Mr. Calder has been the City Manager since 2003. He has been employed by the City since 1998, initially overseeing the City's Human Resources and Safety Management functions. Mr. Calder has lived in Northern Nevada for over 35 years. He graduated from Lowry High School in Winnemucca, Nevada and received both his Bachelor's and Master's Degrees in Business Administration from the University of Nevada, Reno. After college, Mr. Calder was employed by the Airport Authority of Washoe County, and was involved in the day-to-day management and operation of the Human Resources Division for over five years.

Dawn Stout, Administrative Services Director. Ms. Stout was raised in Nevada and has been a resident of Elko for 40 years. She graduated from Elko High School and received a Bachelor's Degree in Business Administration from the University of Nevada, Reno. She has been employed with the City for 22 years and in her current position for 4 years.

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

Employee Relations, Benefits and Pension Matters

Employee Relations. The City estimates that as of August 12, 2010, there were approximately 155 full-time employees (including the Mayor and Councilmen) and 53 part-time employees. Approximately 72% of the City's employees are represented by one of the City's three bargaining units: the International Union of Operating Engineers, Local 3, which has a current four-year contract through June 30, 2011; the Elko Fire Fighters Association Local No. 2423 of the International Association of Fire Fighters, which had a one-year contract through June 30, 2010 (that contract has been extended for one year through June 30, 2011, pursuant to a letter of understanding); and the Elko Police Officers Protective Association IUPA - AFL/CIO Local 233, which had a five-year contract through June 30, 2010. That contract currently is under negotiation. According to the City Manager, the City's relations with its employees is good.

Benefits. The City became a participant in the State's Public Employees Benefits Health Insurance program as of July 1, 2008. The health insurance benefit is offered only to full-time employees. The City pays 100% of the employees' premium for health insurance. Any dependent coverage offered is at the employees' expense.

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

Contribution rates to PERS are established by State statute. The statute allows for increases or decreases of the actuarially determined rate. Per the statute, there is no obligation on the part of the employer to pay for their proportionate share of the unfunded liability. The City is obligated 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 City's contribution to PERS for the years ended June 30, 2009, 2008 and 2007 were $2,228,048, $2,236,847 and $1,972,896, respectively; those amounts were equal to the required contributions for each year.

Contracts and Agreements

In order to provide services to its citizens, the City enters into contracts and other agreements with private parties and other governments from time to time. In July 2010, the City and the Elko County Regional Transportation Commission (the "Commission") entered into a Cooperative Agreement for the City's Use of It's Allocation of the Regional Transportation Commission Fuel Tax Revenues (the "Transportation Agreement"). Pursuant to the Transportation Agreement, the Commission acknowledged the issuance of the Bonds and agreed to remit to the City on a monthly basis, as long as the Bonds are outstanding, a portion of the 6.5-cent motor vehicle fuel tax imposed in the County. The City's share of the motor vehicle fuel tax will be the proportion which its total assessed valuation bears to the total assessed valuation of the entire County. The City expects to use revenues received pursuant to the Transportation Agreement to pay debt service on the Bonds; however, those revenues are not pledged.

Other Post-Employment Benefits

The City also makes available certain post-retirement health insurance and other non-pension benefits ("OPEB") to employees who retire under PERS and elect to receive and pay for these benefits. Effective July 1, 2008, the City implemented Governmental Accounting Standards Board Statement No. 45 - Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions ("GASB 45"). The purpose of GASB 45 is to disclose the unfunded actuarial accrued liability ("UAAL") and the annual required contribution ("ARC") in order to accurately account for the total future costs of OPEB and the financial impact on the City. The City has obtained an actuarial study with respect to its OPEB liabilities as of July 1, 2009. For a description of the OPEB plan, including benefits offered, costs, the UAAL and ARC, funding status, significant assumptions and accounting treatment as of July 1, 2009, see Note 15 in the audited financial statements attached hereto as Appendix A. Also see the Required Supplemental Information and the related notes in the audited basic financial statements attached hereto as Appendix A. As of July 1, 2009, the City's UAAL was $10,927,597 and its estimated ARC was $1,183,694.

Historically, the City's OPEB contribution has been funded on a pay-as-you-go basis. As illustrated in Note 15, payments using the pay-as-you-go method are less than the actuarially-determined ARC payment. For fiscal year 2009, the City paid $318,923 using the pay-as-you-go method. For fiscal year 2010, the City expects the contribution to be $285,675; $300,000 has been budgeted for fiscal year 2011.

CITY FINANCIAL INFORMATION

Annual Reports

State law requires the City to provide audited financial statements setting forth the financial condition of the City as of June 30 of each fiscal year. To satisfy this requirement, the City prepares a comprehensive annual financial report ("CAFR") setting forth the financial condition of the City as of June 30 of each fiscal year. The CAFR, which includes the audited financial statements, is the official financial report of the City. It is prepared following generally accepted accounting principles. See Note 1 in the audited financial statements attached hereto as Appendix A for a summary of the City's significant accounting policies.

The audited financial statements for the year ended June 30, 2009, which are attached hereto as Appendix A, are excerpted from the CAFR and represent the most recent audited financial statements of the City. Financial statements for prior years may be obtained from the sources listed in "INTRODUCTION--Additional Information."

Budgeting

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

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

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

Accounting

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

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

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

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

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

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

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 2010 (unaudited). The table also provides final budget information for fiscal year 2011. The information for fiscal years 2006 through 2009 was derived from the City's CAFR for each of those years. The 2010 unaudited information was provided by the City and remains subject to change as part of the audit process. The 2011 budget information was derived from the City's 2010-11 Final Budget. The information in this table should be read together with the City'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 City deposits the majority of the Pledged Revenues into the General Fund. The City also deposits Pledged Revenues into the Capital Equipment Reserve Fund. As a result, the amount of Pledged Revenues deposited in the General Fund (included in the "Intergovernmental Revenues" category) varies from year to year.

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

Fiscal Year Ended June 30,	2006 (Actual)	2007 (Actual)	2008 (Actual)	2009 (Actual)	2010 (Unaudited)(1)	2011 (Budgeted)
Revenues						
Taxes	$ 1,861,647	$ 1,954,914	$ 2,053,557	$ 2,138,384	$2,239,938	$ 2,332,259
Licenses and permits	1,312,525	1,464,666	1,517,248	1,555,808	1,491,501	1,715,653
Intergovernmental revenue (2)	10,236,294	11,347,440	10,822,650	10,483,689	9,725,998	9,344,985
Charges for services	558,329	580,481	619,864	577,488	550,270	756,538
Fines & forfeitures	161,363	177,703	225,240	250,115	199,207	208,715
Miscellaneous	263,047	201,580	287,861	171,484	78,794	130,303
Total	14,393,205	15,726,784	15,526,420	15,176,968	14,285,708	14,488,453
Expenditures						
General government	1,342,145	1,640,946	1,793,403	2,108,515	2,121,849	2,138,849
Judicial	222,543	237,848	301,401	386,154	387,549	416,500
Public safety	6,345,554	7,221,831	7,905,349	8,116,542	8,133,641	8,133,625
Public works	3,056,446	3,235,170	4,273,874	3,362,015	3,306,824	3,213,890
Health	408,536	441,913	507,834	525,658	526,480	521,900
Culture and recreation	733,833	817,790	952,538	1,028,101	1,030,817	1,034,155
Community support	28,000	28,000	36,000	36,000	32,000	23,000
Intergovernmental	12,946	51,365	--	--	--	--
Total	12,150,003	13,674,863	15,770,399	15,562,985	15,539,160	15,481,919
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,243,202	2,051,921	(243,979)	(386,017)	(1,253,452)	(993,466)
Other Financing Sources (Uses)						
Contingency (3)	--	--	--	--	--	(232,229)
Transfers from other funds	173,475	191,581	234,298	246,256	406,136	1,020,000
Transfers to other funds (4)	(738,365)	(1,107,644)	(1,372,655)	(397,690)	(399,800)	(24,785)
Total	(564,890)	(916,063)	(1,138,357)	(151,434)	6,336	762,986
Net Change in Fund Balance	1,678,312	1,135,858	(1,382,336)	(537,451)	(1,247,116)	(230,480)
Fund Balance - Beginning	2,117,100	3,795,412	4,931,270	3,548,933	3,011,482	1,764,366
Fund Balance - Ending	$3,795,412	$4,931,270	$3,548,934	$3,011,482	$1,764,366	$1,533,886

Footnotes on following page.

(1) Unaudited results only. Subject to adjustment during the audit process.
(2) Includes the portion of the Consolidated Tax revenues deposited into the General Fund in each year. The City also deposits Consolidated Tax revenues into the Capital Equipment Reserve Fund.
(3) The City generally budgets a contingency of 1.5% of total expenditures; it is authorized by law to budget a contingency of not to exceed 3% of total expenditures.
(4) In fiscal years 2005 through 2010, the General Fund made interfund transfers to the Airport Enterprise Fund to assist in funding ongoing litigation with the engineer and contractor for the new terminal project completed in 2001. It is the City's intention to repay the General Fund from any settlement proceeds received in the future. As part of its budget-cutting measures for fiscal year 2011, the City determined not to fund this transfer from the General Fund, but instead plans to fund the costs with an interfund loan from the Sewer Fund.

Source: Derived from the City's CAFR for fiscal years 2006 through 2009, 2010 unaudited information provided by the City, and the 2010-11 Final Budget.

Management's Discussion

Consolidated taxes make up more than 50% of the City's General Fund revenues. Any fluctuations in the tax revenues greatly affects the General Fund and to a lesser extent the Capital Equipment Fund. The Consolidated Tax revenues increased significantly from fiscal year 2004 through fiscal year 2007, and then decreased slightly in fiscal years 2008 and 2009. The estimate for fiscal year 2010 is an overall decrease of over 10% from fiscal year 2009. The City has estimated flat Consolidated Tax revenues in its 2011 budget.

In the years in which the taxes increased significantly, the City banked the monies and used them in following years for street maintenance projects. In addition, according to the City's revenue stabilization policy, certain amounts of the ending fund balance of the general fund were transferred to the capital equipment, facility, and revenue stabilization funds in subsequent years.

As a result of the decline in Consolidated Tax Revenues in fiscal year 2010, the City instituted a hiring freeze that to date has affected six vacant positions and reduced expenditures for services and supplies for a total savings of approximately $1,425,000. The City also took action to eliminate pay increases for management employees. All City employees except police officers have taken a 1% reduction in pay; negotiations with the police union regarding pay cuts are in process. For fiscal year 2011, the City estimated that General Fund revenues would decrease approximately 1.5% from the estimated fiscal year 2010 levels, and budgeted decreases in expenditure of approximately 2.3%. The City budgeted transfers from the Revenue stabilization fund and the capital equipment fund in order to maintain an ending General Fund balance of 8.3%. It is the City's policy to maintain an ending fund balance of 8.3% in those funds with employee-relate expenses in order to fund the first month's wages prior to receiving any anticipated revenues.

The Consolidated Tax revenues are dependent totally on economic conditions and even though the City has not seen the severe conditions experienced in other parts of the State, it has seen some decreases in the revenues received. The City participates in both the Nevada State Public Employees' Retirement System (PERS) and the Public Employees' Benefits Program (PEBP) and as such are subject to the rates set by both those agencies. The City has seen its public safety rates for PERS go up to 37% of total wages for those employees. As public safety represents over 50% of the General Fund budget, this has a significant impact on the expenses of that fund. In addition, the City has seen its PEBP rates rise significantly since initial entry into that program in fiscal year 2008. Workman's compensation rates have gone up for the City due to the State presumption that all heart/lung issues suffered by public safety employees are job-related. These are all benefit costs that the City has very little control over.

The City has managed its expenses in the General Fund by not adding personnel during those years that revenues exceeded expectations. The City has used those monies for one-time purchases of equipment and infrastructure improvements and maintenance. That has helped the City manage the expenses of the General Fund with the reduced revenues that the City is currently seeing.

The Capital Equipment Fund, which also receives a small portion of the Consolidated Tax revenues, was established to help with funding the capital needs of the City. It has been very successful in that endeavor. The City has made significant progress in updating all of its equipment needs over the past few years.

The City has very little debt. The 1989 General Obligation Street Bond, which the City retired in August 2009, freed up $0.075 in ad valorem tax rate that will help to pay debt service on the Bonds. In addition, the City has issued a $2,000,000 bond to help fund the California Trails Interpretive Center; those bonds are paid for by room tax revenues the City receives. The City also has outstanding airport/room tax revenue bonds; those bonds funded the City's new terminal. See "CITY DEBT STRUCTURE."

As the City is a political subdivision of the State, it is subject to any changes the Legislature may make regarding any State-shared revenues. Consolidated Tax is a State-shared revenue and the Legislature may change the formula in any given year which may adversely affect the City.

Liability Insurance

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City 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 NPAIP maintains the following coverages on behalf of its members: blanket coverage on buildings and contents at a total limit of $300 million, with sub-limits of $100 million on earthquake and flood; general liability, law enforcement liability, public officials errors and omissions liability and auto liability at limits of $10 million; crime and bond coverages on a blanket basis, with a crime limit of $500,000 and a bond limit of $500,000; boiler and machinery coverage at a limit of $60 million; and coverage for damage to selected mobile equipment and autos. The City pays an annual premium and specific deductibles, as necessary, to NPAIP for its general insurance coverage. The NPAIP self-insures the first $200,000 of each property or crime loss, and $500,000 of all other losses. The City's maintenance deductible is $5,000, which applies to each loss in all lines of coverage. See Note 13 in the audited financial statements attached hereto as Appendix A.

The City 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 City pays premiums based on payroll costs to the PACT. The PACT is considered a self-sustaining pool that provides coverage based on established statutory limits. See "LEGAL MATTERS--Sovereign Immunity."

Investment Policy

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

Capital Program

Capital replacements as well as new capital needs are addressed in the City's 5-Year Capital Improvement Plan (the "CIP"). The CIP is a planning document for capital projects in excess of $25,000. While the CIP sets out planned capital expenditures for a five year period, only current year capital expenditures are funded through annual appropriations in connection with adoption of the annual budget. The projects in the CIP may be changed or removed by the Council. The current CIP covers fiscal years 2010-11 through 2014-15 and contemplates recreation, airport, street, curb, sidewalk and gutter, golf course, water, sewer, landfill, Redevelopment Agency, and miscellaneous projects as well as equipment purchases. Planned expenditures during that period are approximately $76.8 million, including expenditures associated with the Project in fiscal years 2011 and 2012. The current CIP contemplates projects in the following amounts: fiscal year 2011 - $12.9 million; fiscal year 2012 - $23.2 million (including approximately $10 million for the Project); fiscal year 2013 - $8.4 million; fiscal year 2014 - $7.5 million; and fiscal year 2015 - $24.8 million (including $10 million for a new swimming pool/recreation center. CIP projects are funded from bond proceeds, transient lodging taxes, ad valorem taxes (including a capital projects tax), land sales, Consolidated Tax revenues, development fees, user fees, and redevelopment fees (for Redevelopment Agency projects only).

CITY DEBT STRUCTURE

Debt Limitation

State law limits the aggregate principal amount of the City's general obligation debt to 30% of the City's total reported assessed valuation. Based upon the assessed valuation for fiscal year 2011 of $396,208,160 (including the assessed valuation of the Redevelopment Agency), the City's debt limit for general obligations is $118,862,448. As of September 1, 2010, the City has outstanding $17,883,511 of general obligation debt (including the Bonds).

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

Statutory Debt Limitation

Fiscal Year Ended June 30,	Assessed Valuation (1)	Debt Limit	Outstanding General Obligation Debt (2)	Statutory Debt Capacity
2007	$ 312,816,735	$ 93,845,021	$ 10,204,260	$ 83,640,761
2008	337,353,408	101,206,022	9,508,686	91,697,336
2009	363,571,663	109,071,499	8,775,724	100,295,775
2010	389,729,375	116,918,813	7,491,403	109,427,410
2011	396,208,160	118,862,448	17,883,511(3)	100,978,937

(1) Beginning in 2010, includes the assessed valuation of the Redevelopment Agency. These values are included for purposes of calculating the debt limit but are not subject to taxation for the retirement of general obligation bond debt.
(2) Includes general obligation bonds and general obligation revenue bonds and notes. Excludes revenue bonds and medium term bonds.
(3) Outstanding as of September 1, 2010, after taking the issuance of the Bonds into account. See "Outstanding Indebtedness and Other Obligations" below.

Source: The City; compiled by the Financial Advisor.

Outstanding Indebtedness and Other Obligations

General. The following table presents the outstanding indebtedness and other obligations of the City as of September 1, 2010, after taking issuance of the Bonds into account.

City Outstanding Debt and Other Obligations(1)

	Dated Date	Original Amount	Outstanding
GENERAL OBLIGATION REVENUE BONDS(2)			
Sewer Bonds, Series 1998 (State revolving fund)	08/14/98	$ 4,000,000	$1,983,511
Recreational Facilities Bonds, Series 2005	08/01/05	2,000,000	1,665,000
Airport Refunding Bonds, Series 2009A	12/01/09	1,830,000	1,830,000
Airport Refunding Bonds, Series 2009B	12/01/09	1,905,000	1,905,000
Street Bonds, Series 2010 (this issue)	10/5/10*	10,500,000	10,500,000(3)
Grand Total			$17,883,511

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

Source: The City; compiled by the Financial Advisor.

Other Obligations. The City enters into capital and operating leases from time to time. In addition, the City is a party to a 2002 cooperative agreement with the County and the City of Carlin to provide financial resources for a water-line extension for the University of Nevada-Reno Fire Science Academy; pursuant to that agreement, the City has agreed to pay Carlin a maximum of $6,916 per year for 40 years.

Additional Contemplated Indebtedness

The City 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 City also may issue additional obligations as allowed by law. The City reserves the right to issue bonds as needed, including general obligation bonds, revenue bonds and refunding bonds.

City Annual Debt Service Requirements

The following table illustrates the debt service requirements for the City's outstanding general obligation bonds as of September 1, 2010, after taking the issuance of the Bonds into account.

Annual Debt Service Requirements - City of Elko, Nevada(1)*
As of September 1, 2010

Fiscal Year	General Obligation Revenue Bonds(2) Principal	Interest	Total	2010 Bonds(3)	Grand Total
2011	$ 344,634	$ 271,681	$ 616,315	$ 159,317	$ 775,632
2012	469,609	290,100	759,709	726,825	1,486,534
2013	486,923	273,736	760,659	728,625	1,489,284
2014	509,474	256,434	765,908	725,275	1,491,183
2015	522,272	238,062	760,334	726,775	1,487,109
2016	545,323	218,692	764,015	728,075	1,492,090
2017	558,637	198,303	756,940	724,225	1,481,165
2018	587,221	176,738	763,959	729,025	1,492,984
2019	469,417	153,839	623,256	727,400	1,350,656
2020	345,000	136,621	481,621	724,325	1,205,946
2021	350,000	120,705	470,705	724,700	1,195,405
2022	375,000	103,736	478,736	724,625	1,203,361
2023	390,000	85,685	475,685	727,700	1,203,385
2024	415,000	66,263	481,263	728,800	1,210,063
2025	420,000	45,850	465,850	724,288	1,190,138
2026	290,000	24,380	314,380	729,075	1,043,455
2027	305,000	8,265	313,265	728,075	1,041,340
2028	--	--	--	724,800	724,800
2029	--	--	--	729,000	729,000
2030	--	--	--	727,100	727,100
2031	--	--	--	724,200	724,200
Total	$7,383,510	$2,669,090	$10,052,600	$14,692,229	$24,744,830

(1) Totals may not total due to rounding.
(2) General obligation bonds secured by the full faith, credit and taxing power of the City. The ad valorem tax available to pay these bonds is limited to the $3.64 statutory and the $5.00 constitutional limit. These bonds are additionally secured by pledged revenues; if revenues are not sufficient, the City is obligated to pay the difference between such revenues and debt service requirements of the respective bonds. Does not include the Bonds.
(3) See "DEBT SERVICE REQUIREMENTS."

Source: The City; compiled by the Financial Advisor.

* Subject to change.

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

Population and Age Distribution

Population. The table below shows the population growth of the 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%.

Population

Year	City of Elko	Percent Change	Elko County	Percent Change	State of Nevada	Percent Change
1970	7,621	--	13,958	--	488,738	--
1980	8,758	--	17,269	--	800,493	--
1990	14,736	--	33,463	--	1,201,833	--
2000	16,708	--	45,291	--	1,998,257	--
2005	17,850	--	47,586	--	2,518,869	--
2006	18,183	1.9%	48,339	1.6%	2,623,050	4.1%
2007	18,427	1.3	50,434	4.3	2,718,337	3.6
2008	18,424	0.0	50,561	0.3	2,738,733	0.8
2009	18,428	0.0	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 City, Elko County, the State and the nation as of January 1, 2010.

Age Distribution

	Percent of Population			
Age	City of Elko	Elko County	State of Nevada	United States
0-17	26.3%	27.4%	25.6%	24.3%
18-24	9.1	10.0	8.4	9.8
25-34	14.4	13.4	14.4	13.3
35-44	12.7	13.2	14.7	13.9
45-54	15.6	15.8	13.9	14.5
55-64	12.0	11.8	11.4	11.3
65-74	5.9	5.4	6.8	6.7
75 and Older	4.0	3.0	4.8	6.2

Source: © 2010 The Nielsen Company, *SiteReports*.

Income

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

Median Household Effective Buying Income

Year	City of Elko	Elko County	State of Nevada	United States
2006	--	$46,694	$43,676	$40,529
2007	--	47,825	45,041	41,255
2008	--	49,933	47,381	41,792
2009	$51,137	52,350	48,138	42,513
2010	53,483	54,802	48,659	43,252

Source: © The Nielsen Company, *SiteReports*, 2009-2010. (Prior years provided by Nielsen Claritas-informed publication: Trade Dimensions International Inc. – Demographics USA – County Edition, 2006-2008.)

Percent of Households by Effective Buying Income Groups - 2010

Effective Buying Income Group	City of Elko Households	Elko County Households	State of Nevada Households	United States Households
Under $24,999	19.1%	17.0%	20.0%	26.2%
$25,000 - $49,999	27.1	27.6	31.7	32.1
$50,000 - $74,999	27.2	28.1	22.6	20.1
$75,000 - $99,999	16.1	16.5	14.2	11.1
$100,000 - $149,999	8.0	8.6	7.3	6.5
$150,000 or more	2.5	2.2	4.2	4.0

Source: © 2010 The Nielsen Company, *SiteReports*.

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

Per Capita Personal Income[1]

Year	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	27.6
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	25.3

(1) Averaged figures for January through June 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: Research and Analysis Bureau, Nevada Dept. of Employment, Training and Rehabilitation.

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

Establishment Based Industrial Employment (1)
Elko County, Nevada

Calendar Year	2005	2006	2007	2008	2009
Natural Resources and Mining	1,600	2,100	2,110	2,190	1,984
Construction	1,460	1,310	1,320	1,250	1,135
Manufacturing	170	210	220	220	224
Trade, Transportation & Utilities	3,450	3,730	3,890	3,970	3,677
Information	180	190	210	190	158
Financial Activities	580	520	540	540	475
Professional and Business Services	970	920	890	970	1,091
Education and Health Services	1,050	1,100	1,230	1,300	1,346
Leisure and Hospitality (casinos excluded)	1,495	1,537	1,552	1,649	1,631
Casino Hotels and Gaming	4,715	4,513	4,738	4,541	4,185
Other Services	500	570	650	660	581
Government	3,860	3,920	3,940	3,990	3,722
TOTAL ALL INDUSTRIES	20,030	20,630	21,280	21,490	20,220

(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.

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

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

City of Elko's Ten Largest Employers
1st Quarter 2010

Employer	Employment Range	Industry
Elko County School District	1,000 - 1,499	Public education
Elko County	300 - 399	Local government
Red Lion Inn and Casino	300 - 399	Casino hotel
Boart LongYear Nevada	200 - 299	Support for metal mining
Northeastern Regional Hospital	200 - 299	Hospital
City of Elko	100 - 199	Local government
Barrick Gold of North America	100 - 199	Gold ore mining
Jerritt Canyon	100 - 199	Gold ore mining
Smith's	100 - 199	Supermarket
K-T Contract Services	100 - 199	Charter bus

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

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

Size Class of Industries[1]
Elko County, Nevada (Non-Government Worksites)

CALENDAR YEAR	4th Qtr 2009	4th Qtr 2008	Percent Change 2009/2008	Employment Totals 4th Qtr 2009
TOTAL NUMBER OF WORKSITES	1,310	1,330	(1.5)%	16,313
Less Than 10 Employees	977	989	(1.2)	2,829
10-19 Employees	166	175	(5.1)	2,260
20-49 Employees	118	116	1.7	3,397
50-99 Employees	23	26	(11.5)	1,606
100-249 Employees	17	15	13.3	2,312
250-499 Employees	5	5	0.0	1,596
500-999 Employees	4	4	0.0	2,313
1000+ Employees	0	0	0.0	0

(1) Subject to revisions.

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

Retail Sales

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

Taxable Sales[1]

Fiscal Year[2]	County Total	Percent Change	State Total	Percent Change
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)	42,086,614,338	(12.7)
2010	1,093,157,964	(0.7)	37,772,066,777	(10.3)

(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 permits issued for the City with the approximate valuation.

Residential and Commercial Construction – City of Elko

Calendar	Residential		Commercial		Totals	
Year	Permits	Value	Permits	Value	Permits	Value
2005	34	$ 6,567,780	8	$4,536,200	42	$11,103,980
2006	47	11,841,410	8	3,914,630	55	15,756,040
2007	25	4,962,204	9	4,824,650	34	9,786,854
2008	17	5,643,230	5	2,082,200	22	7,725,430
2009	14	2,788,476	6	8,392,993	20	11,181,469

Source: City of Elko Building Department.

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	State Gaming Collection(3)		% Change Elko
June 30	State Total	Elko County	County	State Total	Elko County	County
2006	$11,802,532,867	4262,603,954	--	$1,002,447,124	$20,330,100	--
2007	12,220,635,113	288,541,930	9.88%	1,036,853,003	22,828,504	12.29%
2008	11,925,274,493	300,434,718	4.12	980,052,427	23,201,029	1.63
2009	10,244,579,448	278,525,183	(7.29)	858,008,122	21,027,520	(9.37)
2010	9,667,259,700	259,914,150	(6.68)	829,289,514	20,274,595	(3.58)

(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 District 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 District 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 and 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 - Elko County - 2008

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 County 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 cites, 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 available at 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 at several satellite rural centers and by internet courses. Also located in the City of Carlin, is the University of Nevada, Reno Fire Science Academy, which is an 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 Bonds is excluded from gross income under federal income tax laws pursuant to Section 103 of 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. For purposes of this paragraph and the succeeding discussion, "interest" includes the original issue discount on certain of the Bonds only to the extent such original issue discount is accrued as described herein.

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

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

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

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Bonds. Owners of the Bonds should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and state tax consequences. Under Section 3406 of the Tax Code, backup withholding may be imposed on payments on the Bonds made to any owner who fails to provide certain required information, including an accurate taxpayer identification number, to certain persons required to collect such information pursuant to the Tax Code. Backup withholding may also be applied if the owner underreports "reportable payments" (including interest and dividends) as defined in Section 3406, or fails to provide a certificate that the owner is not subject to backup withholding in circumstances where such a certificate is required by the Tax Code. Certain of the Bonds may be sold at a premium, representing a difference between the original offering price of those Bonds and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such bonds (if any) may realize a taxable gain upon their disposition, even though such bonds are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income and alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal tax consequences arising from the receipt or accrual of interest on or ownership of the Bonds. Owners of the Bonds should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based on existing law as of the delivery date of the Bonds. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to 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 Bonds, the exclusion of interest (and, to the extent described above for the Discount Bonds, original issue discount) on the Bonds from gross income or alternative minimum taxable income or both from the date of issuance of the 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 Bonds. Owners of the 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 Bonds. If an audit is commenced, the market value of the Bonds may be adversely affected. Under current audit procedures the Service will treat the City as the taxpayer and the Bond owners may have no right to participate in such procedures. The City has covenanted in the Bond Ordinance not to take any action that would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income for the owners thereof for federal income tax purposes. None of the City, the Financial Advisor, the Initial Purchaser, Bond Counsel or Special Counsel is responsible for paying or reimbursing any Bond holder with respect to any audit or litigation costs relating to the Bonds.

State Tax Exemption

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.

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 City.

The City has designated the 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 Bonds. In general, interest expense with respect to obligations incurred or continued to purchase or carry the Bonds will be in an amount which bears the same ratio as the institution’s average adjusted basis in the 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 City is a party. In the opinion of the City Attorney, however, there is no litigation or controversy of any nature now pending, or to the knowledge of the City Attorney threatened: (i) restraining or enjoining the issuance, sale, execution or delivery of the Bonds or (ii) in any way contesting or affecting the validity of the Bonds or any proceedings of the City taken with respect to the issuance or sale thereof or the pledge or application of any moneys or security provided for the payment of the Bonds. Further, the City Attorney is of the opinion that although the City is subject to certain pending or threatened litigation or administrative proceedings, these matters either are adequately covered by insurance or, to the extent not insured, the final settlement thereof is not expected to materially, adversely affect the financial position of the City.

Sovereign Immunity

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

Legal Opinions

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

Police Power

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

RATINGS

Standard & Poor's Rating Group, a Division of the McGraw-Hill Companies, Inc. ("S&P") and Moody's Investors Service ("Moody's") have assigned the Bonds the ratings 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. An explanation of the significance of any ratings given by Moody's may be obtained from Moody's at 7 World Trade Center at 250 Greenwich Street, New York, New York 10007.

Such ratings reflect only the views of such rating agencies, and there is no assurance that either rating will be received or will continue for any given period of time or that either rating will not be revised downward or withdrawn entirely by the applicable rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds. Except for its responsibilities under the Disclosure Certificate, the City has not undertaken any responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such ratings once received or to oppose any such proposed revision.

INDEPENDENT AUDITORS

The City'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.

FINANCIAL ADVISOR

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

Zions First National Bank, of which the Financial Advisor is a division, is authorized by the Bond Ordinance to bid on the Bonds.

PUBLIC SALE

The City expects to offer the Bonds at public sale on September 16, 2010. See Appendix F - Official Notice of Bond Sale.

OFFICIAL STATEMENT CERTIFICATION

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

CITY OF ELKO, NEVADA

By: ____________________________________
City Manager

APPENDIX A

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

NOTE: The audited basic financial statements of the City included in this Appendix A have been excerpted from the City's Comprehensive Annual Financial Report for the year ended June 30, 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 City.

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council of Elko, Nevada

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko, State of Nevada, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Elko's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Elko as of June 30, 2009, and the respective changes in financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2009, on our consideration of the City of Elko's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of funding progress and employer contributions – other postemployment benefits on pages 2 through 8 and 42, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Kafoury, Armstrong & Co.

Elko, Nevada
November 17, 2009

THIS PAGE LEFT INTENTIONALLY BLANK.

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

The MD&A is a component of Required Supplementary Information and introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

Fund Financial Statements

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

Notes to the Financial Statements

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

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

Table 1: Major Features of the Basic Financial Statements

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

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

Condensed Statement of Net Assets

The largest component $89,480,400 of the City's net assets reflects its investment in capital assets (i.e. land, infrastructure, buildings, equipment, and others), less any related debt outstanding that was needed to acquire or construct the assets. The City uses these capital assets to provide services to the citizens and businesses in the City; consequently, these net assets are not available for future spending. Restricted net assets are the next component, totaling $108,491. Restricted net assets represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. The remaining portion of net assets, totaling $17,471,164, is unrestricted, which can be used to finance government operations.

Table 2 below presents the City's condensed statement of net assets as of June 30, 2009 with comparisons for June 30, 2008. These are derived from the government-wide Statement of Net Assets.

Table 2: Condensed Statement of Net Assets
As of June 30, 2009 and 2008

	2009 Governmental Activities	2008 Governmental Activities	2009 Business-type Activities	2008 Business-type Activities	Total Primary Government 2009	Total Primary Government 2008
Current and other assets	$ 7,382,915	$ 9,740,730	$15,624,728	$15,057,803	$ 23,007,643	$ 24,798,533
Capital assets	27,834,926	26,559,278	70,461,198	67,926,375	98,296,124	94,485,653
Total assets	35,217,841	36,300,008	86,085,926	82,984,178	121,303,767	119,284,186
Other liabilities	1,573,591	2,680,648	1,514,801	2,148,214	3,088,392	4,828,862
Long-term liabilities	3,880,813	3,676,973	7,274,507	7,626,850	11,155,320	11,303,823
Total liabilities	5,454,404	6,357,621	8,789,308	9,775,064	14,243,712	16,132,685
Net Assets:						
Invested in capital assets, net of related debt	25,833,426	24,204,778	63,646,974	60,514,339	89,480,400	84,719,117
Restricted	-	-	108,491	107,297	108,491	107,297
Unrestricted	3,930,011	5,737,609	13,541,153	12,587,478	17,471,164	18,325,087
Total net assets	$29,763,437	$29,942,387	$77,296,618	$73,209,114	$107,060,055	$103,151,501

Condensed Statement of Activities

Table 3 presents the City's condensed statement of activities for the fiscal year ended June 30, 2009, as derived from the government-wide Statement of Activities. Over time, increases and decreases in net assets measure whether the City's financial position is improving or deteriorating. During the fiscal year, the net assets of the governmental activities decreased by $178,950, or by 0.6 percent, and the net assets of the business-type activities increased by $4,087,504, or by 5.6 percent.

Table 3: Condensed Statement of Activities
For Fiscal Year Ended June 30, 2009 and 2008

	2009 Governmental Activities	2008 Governmental Activities	2009 Business-type Activities	2008 Business-type Activities	Total Primary Government 2009	Total Primary Government 2008
Revenues						
Program revenues						
Charges for services	$ 1,659,765	$ 1,622,588	$11,274,346	$11,265,493	$ 12,934,111	$ 12,888,081
Operating grants	247,437	588,885	-	-	247,437	588,885
Capital grants	21,621	737,803	4,061,481	4,485,094	4,083,102	5,222,897
Total program revenues	1,928,823	2,949,276	15,335,827	15,750,587	17,264,650	18,699,863
General revenues						
Taxes						
Ad valorem tax	3,595,134	3,227,061	-	-	3,595,134	3,227,061
Consolidated tax	10,027,260	10,231,905	-	-	10,027,260	10,231,905
Room tax	2,448,273	2,646,834	-	-	2,448,273	2,646,834
Gas tax	485,058	503,305	-	-	485,058	503,305
Other	103,169	184,994	-	-	103,169	184.994
Gaming licenses	94,741	97,310	-	-	94,741	97,310
Franchise fees	812,807	789,381	-	-	812,807	789,381
Investment earnings	116,388	222,351	371,275	465,317	487,663	687,668
Gain on sale of capital asset	-	-	403	-	403	-
Miscellaneous revenues	427,602	309,486	-	22,835	427,602	332,321
Total general revenues	18,110,432	18,212,627	371,678	488,152	18,482,110	18,700,779
Total revenues	**20,039,255**	**21,161,903**	**15,707,505**	**16,238,739**	**35,746,760**	**37,400,642**
Program expenses						
General government	2,211,625	1,844,072	-	-	2,211,625	1,844,072
Judicial	388,522	602,665	-	-	388,522	302,665
Public safety	8,840,322	9,203,648	-	-	8,840,322	9,203,648
Public works	4,546,095	5,107,586	-	-	4,546,095	5,107,586
Health	567,896	511,866	-	-	567,896	511,866
Culture and recreation	2,826,829	2,737,328	-	-	2,826,829	2,737,328
Community support	36,000	36,000	-	-	36,000	36,000
Debt Service – interest	90,381	106,576	-	-	90,381	106,576
Water	-	-	2,433,508	2,336,458	2,433,508	2,336,458
Sewer	-	-	4,054,790	3,919,843	4,054,790	3,919,843
Landfill	-	-	1,453,331	1,212,137	1,453,331	1,212,137
Airport	-	-	3,772,135	4,005,604	3,772,135	4,005,604
Golf	-	-	616,772	587,051	616,772	587,051
Total program expenses	**19,507,670**	**19,849,741**	**12,330,536**	**12,061,093**	**31,838,206**	**31,910,834**
Excess (deficiency) before transfers	531,585	1,312,162	3,376,969	4,177,646	3,908,554	5,489,808
Transfers	(710,535)	(746,489)	710,535	746,489	-	-
Change in net assets	(178,950)	565,673	4,087,504	4,924,135	3,908,554	5,489,808
Beginning net assets	29,942,387	28,821,403	73,209,114	68,284,979	103,151,501	97,106,382
Prior period adjustments -	-	555,311	-	-	-	555,311
Ending net assets	**$29,763,437**	**$29,942,387**	**$77,296,618**	**$73,209,114**	**$107,060,055**	**$103,151,501**

Program Expenses and Revenues for Governmental Activities

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

Table 4: Program Expenses and Revenues
For Governmental Activities
For the Fiscal Year Ended June 30, 2009 and 2008

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues) (a) 2009	Net Program Expenses (Revenues) (a) 2008
General Government	$ 2,211,625	$ 364,800	$ 1,846,825	$ 1,256,447
Judicial	388,522	284,936	103,586	37,807
Public Safety	8,840,322	338,826	8,501,496	7,989,821
Public Works	4,546,095	568,241	3,977,854	4,493,607
Health	567,896	86,314	481,582	476,217
Culture & Recreation	2,826,829	285,706	2,541,123	2,533,990
Debt Service - interest	90,381	-	90,381	106,576
Community Support	36,000	-	36,000	36,000
Totals	$19,507,670	$ 1,928,823	$17,578,847	$16,900,465

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

Program Expenses and Revenues for Business-type Activities

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

Table 5: Program Expenses and Revenues
For Business-type Activities
For the Fiscal Year Ended June 30, 2009 and 2008

City Programs	Program Expenses	Program Revenues	Net Program Expenses (Revenues) 2009	Net Program Expenses (Revenues) 2008
Water Enterprise	$ 2,433,508	$ 3,400,307	$ (966,799)	$ (904,294)
Sewer Enterprise	4,054,790	5,481,043	(1,426,253)	(1,378,985)
Landfill Enterprise	1,453,331	1,557,617	(104,286)	(362,577)
Airport Enterprise	3,772,135	4,343,873	(571,738)	(1,101,154)
Golf Enterprise	616,772	552,987	63,785	57,516
Totals	$12,330,536	$15,335,827	$ (3,005,291)	$ (3,689,494)

Overall Analysis

Financial highlights for the City, as a whole, during the fiscal year ended June 30, 2009, include the following:

- The assets of the City exceeded its liabilities (net assets) at the close of the fiscal year by $29.8 million for governmental activities and by $77.3 million for business-type activities.
- The City's total net assets increased during the year by $3,908,554 or by 3.8 percent. Net assets of governmental activities decreased by $178,950 or by 0.6 percent, while net assets of business-type activities increased by $4,087,504 or by 5.6 percent.

Fund Analysis

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

Governmental Funds

At the close of the fiscal year ending June 30, 2009, the City's governmental funds reported a combined ending fund balance of $5,411,459, with $5,379,038 reported as unreserved fund balance and the remaining amount of $32,421 reserved for specific purposes. See Note 1 to the financial statements for an explanation of the different types of reserve categories.

General Fund

Fund balance at June 30, 2009 totaled $3,011,482, which is a decrease of $537,451 or 15.1 percent during the fiscal year. The decrease is due to a slight decrease in total revenues of 2.3% and increased expenditures for employee related expenses due to an unusually large amount of retirements caused by changes in State legislation on health insurance benefits based on retirement date. There was a transfer of $375,000 to the Airport Fund and a transfer of $22,690 to the Golf Enterprise Fund with transfers out totaling $397,690.

Recreation Fund

Fund balance at June 30, 2009 totaled $502,459, which is a decrease of $387,520 or 43.5 percent during the fiscal year. The decrease is due to a decrease of 8.8% in transient lodging tax revenues and an increase in expenditures of 53.3% for capital projects in the fund.

Capital Construction Fund

Fund balance at June 30, 2009 totaled $200,229, which is a decrease of $612,368 or 75.4 percent. This fund has a dedicated fifteen cent tax rate for new streets and street reconstruction projects. These monies are accumulated over several years until such time there are sufficient resources to fund major street construction or reconstruction projects. The prior fiscal year there were no major projects planned which helped to increase the fund balance significantly. In the current fiscal year, one major project was planned for the reconstruction of a portion of an arterial roadway. That project total cost was $1,482,636 which caused the fund balance decline. The City anticipates, for fiscal year 2009/2010, to accumulate revenues in the fund for future projects.

Revenue Stabilization Fund

Fund balance at June 30, 2009 totaled $459,415, which is an increase $13,065 or 2.9 percent. There were no transfers in from the General Fund this fiscal year and the only revenue was interest. This is the sixth consecutive year that the City has not had to use this fund to stabilize the revenues of the General Fund. Revenues were sufficient in the General Fund not requiring a transfer of these funds.

Ad Valorem Capital Projects Fund

Fund balance at June 30, 2009 totaled $126,305, which is a decrease of $110,912 or 46.8 percent during the fiscal year. The decrease is due to four projects being funded during the fiscal year. The projects consisted of the second and final phase of proposed new police department building design, completion of an addition to the City's south side fire station to house additional fire equipment, the erection and completion of a bomb containment building for our Police and Fire departments, and the start of the fourth phase of our downtown corridor lighting project. The total revenue received from the 5 cents property tax for capital projects was $200,602.

Capital Equipment Reserve Fund

Fund balance at June 30, 2009 totaled $679,427, which is an increase of $196,612 or 40.7 percent during the fiscal year. The City uses this fund for all major equipment purchases for governmental funds including fire trucks and police squad cars. The City made multiple purchases from this fund in fiscal year 2008/2009; equipment purchases for general government totaled $55,934; equipment purchases for the police department totaled $139,338; equipment purchases for the fire department totaled $64,059; equipment purchases for the public works departments totaled $101,506; health equipment purchases totaled $31,039; and culture and recreation purchases totaled $66,959. This is a continuing effort by the City Council to update a very aging equipment and vehicle fleet.

Facility Reserve Fund

Fund balance at June 30, 2009 totaled $65,155, which is a decrease of $84,600. The activities of the fund consisted of $196,000 in donations for a new animal spay/neuter clinic and interest of $3,654. Expenses totaled $284,252 of which $231,370 was for the animal spay/neuter clinic. There were a couple of other small maintenance projects for public safety and public works.

Proprietary Funds

The City's proprietary funds reported net assets of $77,296,618 for fiscal year ending June 30, 2009. Following is a list of the proprietary funds and their respective net assets at June 30, 2008 and 2009 with the percentage change.

Fund	June 30, 2008	June 30, 2009	Change	%Change
Water Enterprise	$16,111,557	$17,204,845	$1,093,288	6.8%
Sewer Enterprise	24,242,667	25,882,253	1,639,586	6.8%
Airport Enterprise	29,353,408	30,592,340	1,238,932	4.2%
Landfill Enterprise	2,432,499	2,565,268	132,769	5.5%
Golf Enterprise	1,068,983	1,051,912	(17,071)	(1.6)%
Total Net Assets	$73,209,114	$77,296,618	$4,087,504	5.6%

Capital Asset and Long-term Debt Activity

Capital Asset Activity

At June 30, 2009, the City reported $27.8 million in capital assets for governmental activities and $70.5 million in capital assets for business-type activities. Major capital asset additions for the governmental activities were $146,042 for phase II design of the proposed new police station project, $183,463 for the bomb containment building for Police and Fire, $1,145,879 for the 5th Street reconstruction project between Cedar and Willow Streets, $328,811 for the reconstruction of Ernie Hall Ball Field parking lot, $102,927 for the Peace Park improvement project, $203,397 in public safety vehicles and equipment; $80,515 in public works vehicles and equipment, $132,389 for culture and recreation equipment, and $258,781 for the new animal shelter spay/neuter clinic. Major capital additions for business type activities included $704,083 for a pump house for well #43, including land and pump equipment; $88,886 to rehabilitate Well #24; $392,713 for the headworks grinder project; $925,568 for the reuse pipeline replacement; $85,651 for the secondary digester dome repair; $61,911 for the 13th Street sewer main replacement; $92,707 for the reuse site expansion project; $444,451 for the landfill equipment maintenance building; $833,938 for the ARFF equipment building; $2,239,792 for Phase IV Taxiway Relocation project; and $611,633 for the airport concrete apron reconstruction project. Refer to Note 10 to the financial statements for additional information on capital assets.

Long-term Debt Activity

Long-term debt outstanding at June 30, 2009 totaled $10,290,279, a decrease of 9.0 percent when compared to the prior year. The City did not incur any additional debt during the year ending June 30, 2009.

As of June 30, 2009, the City of Elko had a bond rating of A+ from Standard & Poors from the 1999 issue for the Elko Regional Airport bond issue as well as the 2005 Recreation Facilities bond issue.

As of June 30, 2009, the City of Elko had $8,775,724 of general obligation debt outstanding, which is subject to the legal debt margin. This is well below the legal limit of $109,071,499 by $100,295,775. Refer to Note 11 of the financial statements for additional information on long-term debt.

Economic Factors and Next Year's Budget and Rates

The user fees for water, sewer, and landfill remained unchanged in fiscal year 2009/2010 from fiscal year 2008/2009 for the second year, however they will be reviewed to determine whether increases are required to properly fund operational expenses as well as capital projects for both replacement and new capital purchases. The City Council continues to be proactive in their approach to depreciation funding in the enterprise funds.

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

The consolidated tax revenues decreased slightly 2.0 percent for the second time in the last six years. Prior to fiscal year 2007/2008 the consolidated tax revenues had increased 74.3 percent from fiscal year 2001/2002 through fiscal year 2006/2007. We anticipate that consolidated tax revenues will continue to decline slightly each year until the national economy stabilizes. The increases in the consolidated tax revenues previously received were put into one time purchases for much needed improvements in capital projects as well as equipment purchases. This puts the City in a much better situation going forward as we have not increased staffing with the increased consolidated tax revenues that were received. We will monitor all economic situations to determine whether any adjustments need to be made in order to keep the City fiscally sound.

All of these factors were considered in preparing the City of Elko's budget for the 2010 fiscal year.

Requests for Information

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

THIS PAGE LEFT INTENTIONALLY BLANK.

CITY OF ELKO
STATEMENT OF NET ASSETS
JUNE 30, 2009

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	$ 4,500,466	$ 14,163,457	$ 18,663,923
Restricted cash	-	108,491	108,491
Interest receivable	15,028	49,270	64,298
Accounts receivable	259,269	948,485	1,207,754
Room tax receivable	312,285	-	312,285
Taxes receivable, delinquent	124,024	-	124,024
Due from other governments	2,001,186	353,080	2,354,266
Inventory	17,411	155,191	172,602
Internal balances	153,246	(153,246)	-
Capital assets:			
Land and construction in progress	1,805,570	7,059,128	8,864,698
Other capital assets (net of accumulated depreciation)	26,029,356	63,402,070	89,431,426
Total Assets	35,217,841	86,085,926	121,303,767
LIABILITIES			
Accounts payable	506,320	1,321,172	1,827,492
Accrued salaries	486,879	128,004	614,883
Interest payable	16,518	56,491	73,009
Due to other governments	256,157	-	256,157
Unearned revenue	307,717	8,796	316,513
Other current liabilities	-	338	338
Noncurrent liabilities:			
Annual required contribution	679,801	185,240	865,041
Due within one year	833,245	627,410	1,460,655
Due in more than one year	2,367,767	6,461,857	8,829,624
Total Liabilities	5,454,404	8,789,308	14,243,712
NET ASSETS			
Invested in capital assets, net of related debt	25,833,426	63,646,974	89,480,400
Restricted for:			
Debt service	-	108,491	108,491
Unrestricted	3,930,011	13,541,153	17,471,164
Total Net Assets	$ 29,763,437	$ 77,296,618	$ 107,060,055

See accompanying notes.

CITY OF ELKO
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	$ 2,211,625	$ 362,187	$ 2,613	$ -
Judicial	388,522	284,936	-	-
Public safety	8,840,322	100,002	238,824	-
Public works	4,546,095	568,241	-	-
Health	567,896	86,314	-	-
Culture and recreation	2,826,829	258,085	6,000	21,621
Community support	36,000	-	-	-
Debt service:				
Interest on long-term debt	90,381	-	-	-
Total governmental activities	19,507,670	1,659,765	247,437	21,621
Business-type activities:				
Water	2,433,508	3,135,927	-	264,380
Sewer	4,054,790	5,104,575	-	376,468
Landfill	1,453,331	1,557,617	-	-
Airport	3,772,135	923,240	-	3,420,633
Golf	616,772	552,987	-	-
Total business-type activities	12,330,536	11,274,346	-	4,061,481
Total primary government	$ 31,838,206	$ 12,934,111	$ 247,437	$ 4,083,102

General revenues:
Taxes
Ad valorem taxes
Consolidated tax
Room taxes
Gas taxes
Other
Gaming licenses
Franchise fees
Investment earnings
Gain on sale of capital asset
Miscellaneous
Transfers

Total general revenues and transfers

Change in net assets

NET ASSETS - BEGINNING OF YEAR

NET ASSETS - END OF YEAR

NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
PRIMARY GOVERNMENT		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
$ (1,846,825)	$ -	$ (1,846,825)
(103,586)	-	(103,586)
(8,501,496)	-	(8,501,496)
(3,977,854)	-	(3,977,854)
(481,582)	-	(481,582)
(2,541,123)	-	(2,541,123)
(36,000)	-	(36,000)
(90,381)	-	(90,381)
(17,578,847)	-	(17,578,847)
-	966,799	966,799
-	1,426,253	1,426,253
-	104,286	104,286
-	571,738	571,738
-	(63,785)	(63,785)
-	3,005,291	3,005,291
(17,578,847)	3,005,291	(14,573,556)
3,595,134	-	3,595,134
10,027,260	-	10,027,260
2,448,273	-	2,448,273
485,058	-	485,058
103,169	-	103,169
94,741	-	94,741
812,807	-	812,807
116,388	371,275	487,663
-	403	403
427,602	-	427,602
(710,535)	710,535	-
17,399,897	1,082,213	18,482,110
(178,950)	4,087,504	3,908,554
29,942,387	73,209,114	103,151,501
$ 29,763,437	$ 77,296,618	$ 107,060,055

See accompanying notes.

CITY OF ELKO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and investments	$ 1,916,063	$ 476,920	$ 239,650	$ 1,698,763	$ 4,331,396
Interest receivable	6,821	1,906	775	5,526	15,028
Accounts receivable	183,703	8,452	-	-	192,155
Room tax receivable	-	312,285	-	-	312,285
Taxes receivable, delinquent	78,849	-	19,226	25,949	124,024
Due from other funds	153,246	-	-	-	153,246
Due from other governments	1,804,631	21,720	9,765	165,070	2,001,186
Inventory	17,411	-	-	-	17,411
Total Assets	$ 4,160,724	$ 821,283	$ 269,416	$ 1,895,308	$ 7,146,731
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 378,745	$ 43,390	$ 350	$ 83,835	$ 506,320
Accrued salaries	446,702	32,459	-	7,718	486,879
Due to other governments	67,457	188,700	-	-	256,157
Deferred revenue	256,338	54,275	68,837	106,466	485,916
Total Liabilities	1,149,242	318,824	69,187	198,019	1,735,272
Fund Balances:					
Reserved for:					
Inventories	17,411	-	-	-	17,411
Capital projects	5,399	-	9,611	-	15,010
Unreserved, reported in:					
General fund	2,988,672	-	-	-	2,988,672
Special revenue funds	-	502,459	-	554,033	1,056,492
Debt service fund	-	-	-	168,166	168,166
Capital project funds	-	-	190,618	975,090	1,165,708
Total Fund Balances	3,011,482	502,459	200,229	1,697,289	5,411,459
TOTAL LIABILITIES AND FUND BALANCES	$ 4,160,724	$ 821,283	$ 269,416	$ 1,895,308	$ 7,146,731

See accompanying notes.

CITY OF ELKO
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	$	5,411,459
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		27,834,926
Deferred revenue represents amount that are not available to fund current expenditures and, therefore, are not reported in the Governmental Funds.		178,199
An Internal service fund is used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees. The assets and liabilities of the internal service fund are included in Governmental Activities in the Statement of Net Assets.		236,184
Long-term liabilities, the related accrued interest payable and the annual required contribution for post employment healthcare costs are not due and payable in the current period and, therefore, are not reported in the Governmental Funds.		(3,897,331)
TOTAL NET ASSETS FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF NET ASSETS	$	29,763,437

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2009

	GENERAL	RECREATION FUND	CAPITAL CONSTRUCTION FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	$ 2,138,384	$ 2,412,664	$ 518,253	$ 827,203	$ 5,896,504
Licenses and permits	1,555,808	-	-	-	1,555,808
Intergovernmental	10,483,689	8,396	-	446,178	10,938,263
Charges for services	577,488	11,640	-	137,441	726,569
Fines and forfeitures	250,115	-	-	-	250,115
Miscellaneous	171,484	54,975	17,975	262,039	506,473
Total Revenues	15,176,968	2,487,675	536,228	1,672,861	19,873,732
EXPENDITURES					
Current:					
General government	2,108,515	-	2,717	55,934	2,167,166
Judicial	386,154	-	-	1,104	387,258
Public safety	8,116,542	-	-	635,800	8,752,342
Public works	3,362,015	-	1,145,879	158,913	4,666,807
Health	525,658	-	-	262,409	788,067
Culture and recreation	1,028,101	2,106,190	-	202,570	3,336,861
Community support	36,000	-	-	-	36,000
Debt service:					
Principal	-	-	-	353,000	353,000
Interest	-	-	-	94,989	94,989
Total Expenditures	15,562,985	2,106,190	1,148,596	1,764,719	20,582,490
Excess (Deficiency) of Revenues Over Expenditures	(386,017)	381,485	(612,368)	(91,858)	(708,758)
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	-	-	75,000	75,000
Transfers in	246,256	-	-	241,614	487,870
Transfers out	(397,690)	(769,005)	-	(73,565)	(1,240,260)
Total Other Financing Sources (Uses)	(151,434)	(769,005)	-	243,049	(677,390)
Net Change in Fund Balances	(537,451)	(387,520)	(612,368)	151,191	(1,386,148)
FUND BALANCES, July 1	3,548,933	889,979	812,597	1,546,098	6,797,607
FUND BALANCES, June 30	$ 3,011,482	$ 502,459	$ 200,229	$ 1,697,289	$ 5,411,459

See accompanying notes.

CITY OF ELKO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2009

NET CHANGE IN FUND BALANCES FOR GOVERNMENTAL FUNDS AS SHOWN ON THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	$	(1,386,148)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		1,275,647
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.		480,569
Property taxes and other revenue that are collected in time to pay obligations of the current period are reported as revenue in the fund statements. However, the amounts that relate to prior periods that first become available in the current period should not be reported as revenue in the statement of activites.		165,469
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.		(679,801)
Internal service funds are used by management to charge the costs of the self-funded health insurance program for City employees, dependents and retirees to individual funds. The net revenue of internal service funds is reported with governmental activities.		(34,686)
CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES AS SHOWN ON THE STATEMENT OF ACTIVITIES	$	(178,950)

See accompanying notes.

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

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Taxes	$ 2,148,618	$ 2,148,618	$ 2,138,384	$ (10,234)
Licenses and permits	1,651,175	1,651,175	1,555,808	(95,367)
Intergovernmental	9,674,828	9,777,558	10,483,689	706,131
Charges for services	639,750	639,750	577,488	(62,262)
Fines and forfeitures	212,625	212,625	250,115	37,490
Miscellaneous	181,750	217,585	171,484	(46,101)
Total Revenues	14,508,746	14,647,311	15,176,968	529,657
EXPENDITURES				
Current:				
General government	2,197,652	2,169,765	2,108,515	61,250
Judicial	302,500	387,500	386,154	1,346
Public safety	8,380,928	8,427,380	8,116,542	310,838
Public works	3,680,030	3,680,030	3,362,015	318,015
Health	511,670	539,670	525,658	14,012
Culture and recreation	1,050,026	1,057,026	1,028,101	28,925
Community support	36,000	36,000	36,000	-
Contingency	457,514	457,514	-	457,514
Total Expenditures	16,616,320	16,754,885	15,562,985	1,191,900
Excess (Deficiency) of Revenues over Expenditures	(2,107,574)	(2,107,574)	(386,017)	1,721,557
OTHER FINANCING SOURCES (USES)				
Transfers in	246,256	246,256	246,256	-
Transfers out	(400,200)	(400,200)	(397,690)	2,510
Total Other Financing Sources (Uses)	(153,944)	(153,944)	(151,434)	2,510
Net Change in Fund Balance	(2,261,518)	(2,261,518)	(537,451)	1,724,067
FUND BALANCE, July 1	3,646,208	3,646,208	3,548,933	(97,275)
FUND BALANCE, June 30	$ 1,384,690	$ 1,384,690	$ 3,011,482	$ 1,626,792

See accompanying notes.

CITY OF ELKO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
MAJOR SPECIAL REVENUE FUND
RECREATION FUND
FOR THE YEAR ENDED JUNE 30, 2009

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE TO FINAL BUDGET
REVENUES				
Taxes	$ 2,533,735	$ 2,533,735	$ 2,412,664	$ (121,071)
Intergovernmental	226,000	234,396	8,396	(226,000)
Charges for services	30,445	30,445	11,640	(18,805)
Miscellaneous	30,000	30,000	54,975	24,975
Total Revenues	2,820,180	2,828,576	2,487,675	(340,901)
EXPENDITURES				
Current:				
Culture and recreation	2,803,652	2,812,048	2,106,190	705,858
Total Expenditures	2,803,652	2,812,048	2,106,190	705,858
Excess (Deficiency) of Revenues over Expenditures	16,528	16,528	381,485	364,957
OTHER FINANCING SOURCES (USES)				
Transfers out	(768,998)	(768,998)	(769,005)	(7)
Total Other Financing Sources (Uses)	(768,998)	(768,998)	(769,005)	(7)
Net Change in Fund Balance	(752,470)	(752,470)	(387,520)	364,950
FUND BALANCE, July 1	899,470	899,470	889,979	(9,491)
FUND BALANCE, June 30	$ 147,000	$ 147,000	$ 502,459	$ 355,459

See accompanying notes.

CITY OF ELKO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009
(Page 1 of 2)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
ASSETS					
Current assets:					
Cash and investments	$ 4,778,052	$ 8,386,053	$ 377	$ 902,215	$ 96,760
Interest receivable	16,915	29,017	-	3,126	212
Accounts receivable	268,846	449,100	70,737	139,083	20,719
Due from other governments	-	-	353,080	-	-
Inventory	151,209	3,982	-	-	-
Total Current Assets	5,215,022	8,868,152	424,194	1,044,424	117,691
Noncurrent assets:					
Restricted:					
Cash - Debt service	-	-	108,491	-	-
Capital assets:					
Land	289,608	71,653	884,269	2,467	9,045
Buildings	1,015,017	538,048	6,118,636	668,955	617,123
Improvements other than buildings	15,094,570	39,222,873	6,119	429,737	565,918
Machinery and equipment	1,323,117	2,538,932	3,360,193	1,860,939	519,999
Construction in progress	598,385	400,886	4,704,535	96,168	2,112
Infrastructure	-	-	35,850,405	-	-
Less accumulated depreciation	(5,816,168)	(22,236,512)	(16,277,624)	(1,318,459)	(679,748)
Total Capital Assets (Net of Accumulated Depreciation)	12,504,529	20,535,880	34,646,533	1,739,807	1,034,449
Total Noncurrent Assets	12,504,529	20,535,880	34,755,024	1,739,807	1,034,449
Total Assets	17,719,551	29,404,032	35,179,218	2,784,231	1,152,140
LIABILITIES					
Current liabilities:					
Accounts payable	395,595	318,345	537,310	53,634	16,288
Accrued salaries	27,811	42,244	16,144	26,537	15,268
Compensated absences	29,727	27,262	13,782	26,920	9,471
Interest payable	-	-	56,491	-	-
Current maturities of Medium Term Obligation payable	-	-	-	45,950	3,500
Current maturities of bonds payable	-	370,798	100,000	-	-
Due to other funds	-	-	153,246	-	-
Unearned revenue	-	-	8,796	-	-
Other current liabilities	-	-	-	-	338
Total Current Liabilities	453,133	758,649	885,769	153,041	44,865

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
$ 14,163,457	$ 169,070
49,270	-
948,485	67,114
353,080	-
155,191	-
15.669.483	236,184
108,491	-
1,257,042	-
8,957,779	-
55,319,217	-
9,603,180	-
5,802,086	-
35,850,405	-
(46,328,511)	-
70,461,198	-
70,569,689	-
86.239,172	236.184
1,321,172	-
128,004	-
107,162	-
56,491	-
49.450	-
470,798	-
153,246	-
8,796	-
338	-
2.295,457	-

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
Noncurrent liabilities:					
General obligation bonds payable, net of unamortized discounts	$ -	$ 2,674,926	$ 3,665,000	$ -	$ -
Annual required contribution	44,538	52,314	25,569	42,806	20,013
Compensated absences	17,035	35,890	10,540	23,116	35,350
Total Noncurrent Liabilities	61,573	2,763,130	3,701,109	65,922	55,363
Total Liabilities	514,706	3,521,779	4,586,878	218,963	100,228
NET ASSETS					
Invested in capital assets, net of related debt	12,504,529	17,490,156	30,881,533	1,739,807	1,030,949
Restricted for:					
Debt service	-	-	108,491	-	-
Unrestricted (deficit)	4,700,316	8,392,097	(397,684)	825,461	20,963
TOTAL NET ASSETS	$ 17,204,845	$ 25,882,253	$ 30,592,340	$ 2,565,268	$ 1,051,912

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
$ 6,339,926	$ -
185,240	-
121,931	-
6,647,097	-
8,942,554	-
63,646,974	-
108,491	-
13,541,153	236,184
$ 77,296,618	$ 236,184

See accompanying notes.

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				
	WATER FUND	SEWER FUND	AIRPORT FUND	LANDFILL FUND	NONMAJOR FUND - GOLF
OPERATING REVENUES					
Intergovernmental	$ -	$ -	$ 17,735	$ -	$ -
Charges for services	3,070,431	2,212,105	246,180	1,516,425	539,034
Other services	65,496	40,110	659,325	41,192	13,953
Total Operating Revenues	3,135,927	2,252,215	923,240	1,557,617	552,987
OPERATING EXPENSES					
Salaries and wages	526,438	618,349	302,232	505,974	236,565
Employee benefits	251,300	277,149	139,319	197,904	99,684
Services and supplies	1,293,601	1,560,212	376,441	650,306	231,276
Depreciation	362,169	1,484,602	2,239,450	96,187	48,871
Total Operating Expenses	2,433,508	3,940,312	3,057,442	1,450,371	616,396
Operating Income (Loss)	702,419	(1,688,097)	(2,134,202)	107,246	(63,409)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	126,489	213,333	2,474	28,483	496
Gain (loss) on disposal of capital assets	-	-	(624)	-	403
Sewer improvement user fees	-	2,852,360	-	-	-
Apron failure expense	-	-	(480,800)	-	-
Interest expense	-	(114,478)	(233,269)	(2,960)	(376)
Total Nonoperating Revenues (Expenses)	126,489	2,951,215	(712,219)	25,523	523
Income (Loss) Before Capital Contributions and Transfers	828,908	1,263,118	(2,846,421)	132,769	(62,886)
CAPITAL CONTRIBUTIONS	264,380	376,468	3,420,633	-	-
TRANSFERS OUT	-	-	(41,855)	-	-
TRANSFERS IN	-	-	706,575	-	45,815
Change in Net Assets	1,093,288	1,639,586	1,238,932	132,769	(17,071)
TOTAL NET ASSETS,	16,111,557	24,242,667	29,353,408	2,432,499	1,068,983
TOTAL NET ASSETS, June 30	$ 17,204,845	$ 25,882,253	$ 30,592,340	$ 2,565,268	$ 1,051,912

TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
$ 17,735	$ -
7,584,175	20,000
820,076	7,923
8,421,986	27,923
2,189,558	-
965,356	62,664
4,111,836	-
4,231,279	-
11,498,029	62,664
(3,076,043)	(34,741)
371,275	55
(221)	-
2,852,360	-
(480,800)	-
(351,083)	-
2,391,531	55
(684,512)	(34,686)
4,061,481	-
(41,855)	-
752,390	-
4,087,504	(34,686)
73,209,114	270,870
$ 77,296,618	$ 236,184

See accompanying notes.

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER FUND	SEWER FUND	AIRPORT FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 3,146,592	$ 2,291,301	$ 944,077
Cash payments to suppliers for goods and services	(1,428,518)	(1,379,869)	(315,102)
Cash payments to employees for services and benefits	(717,248)	(814,807)	(406,389)
Cash payments for airport apron failure litigation expenses	-	-	(667,959)
Cash received from group insurance premiums	-	-	-
Net Cash Provided (Used) by Operating Activities	1,000,826	96,625	(445,373)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	706,575
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(919,979)	(1,679,040)	(4,071,226)
Principal paid on debt	-	(357,962)	(95,000)
Interest paid on debt	-	(114,478)	(236,575)
Proceeds from sales of capital assets		-	-
Cash received from capital improvement user fees	-	2,852,360	-
Proceeds from federal grants	-	-	3,925,381
Receipt of customer contributions	264,380	376,468	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(655,599)	1,077,348	(477,420)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	132,158	220,485	4,283
Net Cash Provided (Used) by Investing Activities	132,158	220,485	4,283
Net Increase (Decrease) in Cash and Cash Equivalents	477,385	1,394,458	(211,935)
CASH AND CASH EQUIVALENTS, July 1	4,300,667	6,991,595	320,803
CASH AND CASH EQUIVALENTS, June 30	$ 4,778,052	$ 8,386,053	$ 108,868
CASH AND CASH EQUIVALENTS CONSIST OF:			
Restricted cash and cash equivalents	$ -	$ -	$ 108,491
Unrestricted cash and cash equivalents	4,778,052	8,386,053	377
Total Cash and Cash Equivalents	$ 4,778,052	$ 8,386,053	$ 108,868

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS LANDFILL FUND	NONMAJOR FUND - GOLF	TOTAL ENTERPRISE FUNDS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
$ 1.560,853	$ 565,929	$ 8,508,752	$ -
(739,279)	(238,045)	(4,100,813)	-
(680,599)	(309,248)	(2,928,291)	(62,664)
-	-	(667,959)	-
-	-	-	23,397
140,975	18,636	811,689	(39,267)
-	45,815	752,390	-
(456,961)	(13,768)	(7,140,974)	-
(91,900)	(7,000)	(551,862)	-
(2,960)	(376)	(354,389)	-
-	403	403	-
-	-	2,852,360	-
-	-	3,925,381	-
-	-	640,848	-
(551,821)	(20,741)	(628.233)	-
31,877	480	389,283	55
31,877	480	389.283	55
(378,969)	44.190	1,325,129	(39,212)
1.281,184	52,570	12,946,819	208,282
$ 902,215	$ 96.760	$ 14,271,948	$ 169,070
$ -	$ -	$ 108,491	$ -
902,215	96,760	14,163,457	169,070
$ 902.215	$ 96,760	$ 14.271.948	$ 169,070

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

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS		
	WATER FUND	SEWER FUND	AIRPORT FUND
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 702,419	$ (1,688,097)	$ (2.134,202)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	362,169	1,484,602	2,239,450
Annual required contribution	44,538	52,314	25,569
Apron failure litigation expenses	-	-	(667.959)
(Increase) Decrease in:			
Accounts receivable	10,667	39,086	19,212
Due from other funds	-	-	1,924
Inventory	(5,732)	869	-
Increase (Decrease) in:			
Accounts payable	(129,187)	179,474	61,340
Accrued liabilities	2,304	13,823	2,454
Compensated absences	13,648	14,554	7,139
Unearned revenue	-	-	(300)
Net Cash Provided (Used) by Operating Activities	$ 1,000,826	$ 96,625	$ (445,373)

BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUND
LANDFILL FUND	NONMAJOR FUND - GOLF	TOTAL ENTERPRISE FUNDS	
$ 107,246	$ (63,409)	$ (3,076,043)	$ (34,741)
96,187	48,871	4,231,279	-
42,806	20,013	185,240	-
-	-	(667,959)	-
3,235	12,942	85,142	202,210
-	-	1,924	-
-	-	(4,863)	-
(88,972)	(6,769)	15,886	(95,453)
5,529	2,994	27,104	-
(25,056)	3,994	14,279	-
-	-	(300)	(111,283)
$ 140,975	$ 18,636	$ 811,689	$ (39,267)

See accompanying notes.

CITY OF ELKO
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

	AGENCY FUND
ASSETS	
Cash and investments	$ 163,814
Interest receivable	541
Room taxes receivable	14,410
Total Assets	178,765
LIABILITIES	
Accounts payable	67
Due to other governments	178,698
Total Liabilities	$ 178,765

See accompanying notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

REPORTING ENTITY:

The City of Elko was incorporated April 15, 1917. The City is a municipal corporation governed by an elected mayor and four members of the City Council. The City is fiscally independent of all other governmental entities and is not a component unit of another entity.

In accordance with GASB Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units, an amendment of GASB Statement No. 14" the financial statements present the reporting entity, which consists of the primary government and organizations for which the primary government is financially accountable.

The following component unit has been presented as a blended component unit because the component units governing body is substantially the same as the governing body of the City:

The Elko Redevelopment Agency

Although legally separate from the City of Elko, the Elko Redevelopment Agency is included in the City's reporting entity because of the significance of its operational and financial relationship to the City.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:

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

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

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

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

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

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

Expenses relating to the functional activities include allocated indirect expenses.

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following fund types:

Internal Service 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 City holds for others in an agent capacity.

CASH, CASH EQUIVALENTS AND INVESTMENTS:

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

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

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

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

Bond covenants relating to debt in the Airport Fund requires resources be set aside to make future debt payments, these are reported as restricted cash.

RECEIVABLES AND PAYABLES:

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

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

PROPERTY TAXES:

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

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

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

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

INVENTORIES AND PREPAID ITEMS:

Inventories for the Proprietary Funds and the General Fund are valued at cost on a first-in, first-out basis. Inventories of all other governmental funds are recorded as expenditures when consumed rather than purchased.

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

CAPITAL ASSETS:

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as those assets with an initial cost of $5,000 or more and an estimated useful life of more than three years. All purchased capital assets are valued at cost or estimated historical cost. Donated assets are recorded at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

COMPENSATED ABSENCES:

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

LONG-TERM DEBT:

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

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

FUND EQUITY:

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

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

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

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

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

USE OF ESTIMATES:

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

COMPARATIVE DATA/RECLASSIFICATIONS:

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

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

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

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

Bonds payable, net of bond premium and discount	$	(1,965,000)
Medium Term Obligation		(36,500)
Accrued interest		(16,518)
Compensated absences		(1,199,512)
Annual required contribution		(679,801)
Net Difference in Reporting Long-Term Liabilities	$	(3,897,331)

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

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

Capital outlay	$	2,876,801
Disposal of capital assets		(205,195)
Capital asset transferred from Proprietary Fund		41,855
Depreciation expense		(1,437,814)
Net Difference in Reporting Capital Asset Activity	$	1,275,647

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

Net change in accrued interest	$	4,608
Net change in compensated absences		122,961
Principal repayments:		
General obligation debt		280,000
Capital leases		73,000
Net Difference in Reporting Long-Term Debt Transactions	$	480,569

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:

BUDGETARY INFORMATION:

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

1. On or before April 15, the City Council files a tentative budget with the Nevada Department of Taxation for all funds other than Agency Funds, which are not required to be budgeted.
2. Public budget hearings on the tentative budget are held on the third Tuesday in May.
3. On or before June 1, at a public hearing, the Council indicates changes, if any, to be made to the tentative budget and adopts a final budget by the favorable vote of a majority of the members of the City Council. The final budget must then be forwarded to the Nevada Department of Taxation for review and approval.
4. Formal budgetary integration in the financial records of all funds is employed to enhance management control during the year.
5. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). All appropriations lapse at year end.
6. Budget amounts within funds, and between funds, may be transferred if amounts do not exceed the original budget. Such transfers must be approved by the budget officer and/or the City Council, depending on established criteria. Budget augmentations in excess of original budgetary amounts may not be made without prior approval of the City Council, following a scheduled and noticed public hearing for those funds which have ad valorem tax allocated as a source of revenue. For all other funds the City Council must approve the budget augmentation with a majority vote and adopt a resolution providing therefore.
7. The above dates may be adjusted as necessary during legislative years.
8. The budget amounts reflected in the financial statements have been amended from the original amounts in accordance with the above procedures.

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

EXCESS OF EXPENDITURES/EXPENSES OVER APPROPRIATIONS:

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

Airport Fund	$ 832,726
Golf Fund	2,577
Narcotics Task Force Fund	26,161

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

CAPITAL ASSET INVENTORY

In accordance with Nevada Administrative Code (NAC) 354.750 an inventory of capital assets shall be taken at least once every 2 years. The City has not performed this inventory count in the last 2 years, which is an apparent violation of NAC 354.750.

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

The City maintains a cash and investment pool that is available for use by all funds except for the Self-Insurance Trust Fund which is held separately from other City funds. A summary schedule of cash and investments for the City of Elko at June 30, 2009, is as follows:

Balances Classified by Depository and Category:

Cash on hand	$	1,740
Deposits:		
Citibank:		
Demand deposit		2,100
Nevada State Bank:		
Demand deposit		1,000
U.S. Bank:		
Demand deposit		1,320,950
		1,325,790
Investments:		
Nevada State Treasurer:		
NVest		5,110,438
Local Government Pooled Investment Fund (LGIP)		12,500,000
	$	18,936,228
Governmental Activities – cash and investments	$	4,500,466
Business-type Activities – cash and investments		14,163,457
Business-type Activities – restricted cash		108,491
Fiduciary Funds		163,814
	$	18,936,228

As of June 30, 2009, the City of Elko had the following investment and maturities:

Investment Type	Fair Value	Less than 1	1-5
LGIP	$ 12,500,000	$ 12,500,000	$ -
U.S. Treasury	5,110,438	5,110,438	-
	$ 17,610,438	$ 17,610,438	$ -

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

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

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

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

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

NOTE 5 – INTERFUND BALANCES:

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

Fund	Transfers Out	Transfers In
General Fund	$ 397,690	$ 246,256
Recreation Fund	769,005	-
Nonmajor Governmental Funds	73,565	241,614
Airport Fund	41,855	706,575
Nonmajor Enterprise Funds – Golf Fund	-	45,815
	$ 1,282,115	$ 1,240,260

THIS PAGE LEFT INTENTIONALLY BLANK.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization. The transfers out in the Airport Fund for $41,855 was a donation of a capital asset to the governmental funds.

Interfund receivable and payable balances at June 30, 2009, by fund are as follows:

Fund	Due From Other Funds	Due to Other Funds
General Fund	$ 153,246	$ -
Airport Fund	-	153,246
	$ 153,246	$ 153,246

Interfund balances outstanding at June 30, 2009 in the General Fund and the Airport Fund represent amounts owed to the General Fund for services provided.

NOTE 6 – AD VALOREM CAPITAL PROJECTS FUND:

Pursuant to NRS 354.598155, the City of Elko is required to provide the Ad Valorem Capital Projects Fund expenditures. For June 30, 2009, $146,041 was expended for the Police Department new facility phase I design, $134,851 was expended for the new Police Department Bomb Threat Building, $35,042 was expended for the Fire Station No. 3 Addition and $8,150 was expended for street and traffic lights.

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

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

	General Fund	Recreation Fund	Capital Construction Fund	Other Governmental Funds
Designated for:				
Subsequent year's expenditures	$ 2,988,672	$ 467,798	$ 188,904	$1,438,359

The designated fund balance in the General Fund is $566,709 less than the 2009/2010 budgeted opening fund balance.

NOTE 8 – NEW FUNDS:

On June 23, 2009, the Council adopted a resolution establishing the Elko Redevelopment Agency Capital Projects Fund, for improvements and/or new construction of facilities or infrastructure for all activities associated within the Elko Redevelopment Agency area.

NOTE 9 - LANDFILL FUND CLOSURE AND POSTCLOSURE CARE COSTS:

State and federal laws and regulations require the City of Elko to place a final cover and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. Each year the City reassesses the life of the landfill using an airspace volumetric topographical survey, which resulted in an expected landfill closure in the year 2027. Based on this survey, an estimate of 35% of the landfill has been used. The City purchased insurance to cover the costs of closure and post-closure of the landfill. The City is obligated under the insurance policy to pay an annual premium of $91,227 over 15 years. At June 30, 2009, financial assurance relative to costs of closure and post-closure of the landfill was fulfilled through insurance coverage (NAC 444.6855).

NOTE 10 - CAPITAL ASSETS

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

	Balance June 30, 2008	Additions and Transfers In
Governmental Activities:		
Capital assets, not being depreciated:		
Land	$ 1,261,998	$ -
Construction in progress	814,682	319,290
Total capital assets, not being depreciated	2,076,680	319,290
Capital assets, being depreciated:		
Buildings	4,868,570	443,117
Improvements other than buildings	5,760,449	182,875
Equipment and motor vehicles	7,953,844	490,738
Infrastructure	20,260,924	1,482,636
Total capital assets, being depreciated	38,843,787	2,599,366
Less accumulated depreciation for:		
Buildings	1,596,752	108,069
Improvements other than buildings	1,273,121	180,687
Equipment and motor vehicles	3,145,034	401,531
Infrastructure	8,346,282	747,527
Total accumulated depreciation	14,361,189	1,437,814
Total capital assets, being depreciated, net	24,482,598	1,161,552
Governmental activities capital assets, net	$ 26,559,278	$ 1,480,842
Business-Type Activities:		
Capital assets, not being depreciated:		
Land and water rights	$ 1,199,784	$ 57,259
Construction in progress	2,529,447	5,631,455
Total capital assets, not being depreciated	3,729,231	5,688,714
Capital assets, being depreciated:		
Buildings	7,460,160	792,083
Improvements other than buildings	53,620,642	158,173
Machinery and equipment	9,577,303	128,254
Infrastructure	35,850,405	-
Total capital assets, being depreciated	106,508,510	1,078,510
Less accumulated depreciation for:		
Buildings	1,598,536	597,586
Improvements other than buildings	25,055,944	1,669,260
Machinery and equipment	3,444,216	435,469
Infrastructure	12,212,670	1,528,964
Total accumulated depreciation	42,311,366	4,231,279
Total capital assets, being depreciated, net	64,197,144	(3,152,769)
Business-type activities capital assets, net	$ 67,926,375	$ 2,535,945

Deletions and Transfers Out	Completed Construction	Balance June 30, 2009
$ -	$ -	$ 1,261,998
-	(590,399)	543,572
-	(590,399)	1,805,570
-	235,477	5,547,165
(37,527)	354,922	6,260,718
(495,124)	-	7,949,457
-	-	21,743,560
(532,651)	590,399	41,500,900
-	-	1,704,820
(29,083)	-	1,424,725
(298,376)	-	3,248,190
-	-	9,093,809
(327,459)	-	15,471,544
(205,192)	590,399	26,029,356
$ (205,192)	$ -	$ 27,834,926
$ -	$ -	$ 1,257,042
-	(2,358,818)	5,802,086
-	(2,358,818)	7,059,128
(9,914)	715,449	8,957,779
(102,966)	1,643,369	55,319,217
(102,377)	-	9,603,180
-	-	35,850,405
(215,257)	2,358,818	109,730,581
(9,915)	-	2,186,208
(102,966)	-	26,622,238
(101,254)	-	3,778,431
-	-	13,741,634
(214,135)	-	46,328,511
(1,122)	2,358,818	63,402,070
$ (1,122)	$ -	$ 70,461,198

THIS PAGE LEFT INTENTIONALLY BLANK.

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

Governmental Activities:	
General government	$ 69,774
Judicial	1,264
Public Safety	220,385
Public works	916,209
Culture and recreation	213,353
Health	16,829
Total depreciation expense - governmental activities	$ 1,437,814
Business-Type Activities:	
Water Fund	$ 362,169
Sewer Fund	1,484,602
Airport Fund	2,239,850
Landfill Fund	96,187
Golf Fund	48,471
Total depreciation expense - business-type activities	$ 4,231,279

NOTE 11 - CHANGES IN LONG-TERM DEBT:

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

FINAL MATURITY DATE	PRINCIPAL OUTSTANDING JULY 1, 2008	ISSUED DURING PERIOD	PRINCIPAL PAID DURING PERIOD	PRINCIPAL OUTSTANDING JULY 1, 2009	PRINCIPAL DUE IN 2009 - 2010
8/1/2009	$ 435,000	$ -	$ 210,000	$ 225,000	$ 225,000
6/1/2025	1,810,000	-	70,000	1,740,000	75,000
	2,245,000	-	280,000	1,965,000	300,000
7/31/2009	109,500	-	73,000	36,500	36,500
N/A	-	679,801	-	679,801	-
N/A	1,322,473	688,217	811,178	1,199,512	496,745
	3,676,973	1,368,018	1,164,178	3,880,813	833,245
10/1/2029	3,860,000	-	95,000	3,765,000	100,000
7/1/2014	998,786	-	150,642	848,144	156,729
7/1/2018	2,404,900	-	207,320	2,197,580	214,069
	7,263,686	-	452,962	6,810,724	470,798
7/31/2009	10,500	-	7,000	3,500	3,500
12/15/2009	137,850	-	91,900	45,950	45,950
	148,350	-	98,900	49,450	49,450
N/A	-	185,240	-	185,240	-
N/A	214,814	127,494	113,215	229,093	107,162
	7,626,850	312,734	665,077	7,274,507	627,410
	$ 11,303,823	$ 1,680,752	$ 1,829,255	$ 11,155,320	$ 1,460,655

The annual requirements to amortize all debt outstanding as of June 30, 2009, are as follows:

Year Ended June 30,	General Obligation Ad Valorem Debt		General Obligation (Limited Tax) Supported by Specific Revenues	
	Principal	Interest	Principal	Interest
Governmental Activities:				
2010	$ 225,000	$ 5,625	$ 75,000	$ 71,768
2011	-	-	75,000	68,768
2012	-	-	80,000	65,768
2013	-	-	85,000	62,568
2014	-	-	90,000	59,168
2015-2019	-	-	525,000	237,785
2020-2024	-	-	660,000	119,425
2025-2029	-	-	150,000	6,450
	$ 225,000	$ 5,625	$ 1,740,000	$ 691,700
Business-type Activities:				
2010	$ -	$ -	$ 470,798	$ 332,838
2011	-	-	489,101	313,779
2012	-	-	507,885	293,871
2013	-	-	527,170	273,189
2014	-	-	550,546	251,559
2015-2019	-	-	1,770,224	991,496
2020-2024	-	-	950,000	662,377
2025-2029	-	-	1,250,000	312,068
2030-2034	-	-	295,000	9,700
	$ -	$ -	$ 6,810,724	$ 3,440,877
	$ 225,000	$ 5,625	$ 8,550,724	$ 4,132,577

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

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

The City was, in accordance with Nevada Revised Statutes, within the legal debt limit at June 30, 2009.

To provide for the next year payment of principal and interest for the $2,000,000 2005 Limited Tax Facilities Recreational Bond, the City has pledged their room tax monies. The proceeds from this bond were used to help cover capital costs at the California Trails Interpretive Center. The bonds are payable solely from the City of Elko's 4% portion of the room tax revenue. The room tax funds were projected to produce 494% of the debt service requirements over the life of the bonds. Total principal and interest remaining on the bonds is $2,431,700, payable through June 2025. For the current year, principal and interest paid and total incremental room tax revenues were $144,567 and $804,221, respectively.

General Obligation (Limited Tax) Medium Term Note		Total Debt	
Principal	Interest	Principal	Interest
$ 36,500	$ 7,019	$ 336,500	$ 84,412
-	-	75,000	68,768
-	-	80,000	65,768
-	-	85,000	62,568
-	-	90,000	59,168
-	-	525,000	237,785
-	-	660,000	119,425
-	-	150,000	6,450
$ 36,500	$ 7,019	$ 2,001,500	$ 704,344
$ 49,450	$ 1,257	$ 520,248	$ 334,095
-	-	489,101	313,779
-	-	507,885	293,871
-	-	527,170	273,189
-	-	550,546	251,559
-	-	1,770,224	991,496
-	-	950,000	662,377
-	-	1,250,000	312,068
-	-	295,000	9,700
$ 49,450	$ 1,257	$ 6,860,174	$ 3,442,134
$ 85,950	$ 8,276	$ 8,861,674	$ 4,146,478

NOTE 12 - RETIREMENT PLAN:

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

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

Fiscal Year	Regular Members	Police and Fireman	Total Contribution
2008-09	20.50%	33.50%	$ 2,228,048
2007-08	20.50%	33.50%	2,236,847
2006-07	19.75%	32.00%	1,972,896

NOTE 13 - DEFERRED COMPENSATION PLAN:

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

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

NOTE 13 – RISK MANAGEMENT:

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

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

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

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

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

On July 1, 2008, the City began using the State of Nevada Public Employee's benefits program and is no longer self insured for employee's health insurance plan

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

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

	Unpaid Claims, Beginning of Fiscal Year	Incurred Claims (Including IBNRs)	Claim Payments	Unpaid Claims, End of Fiscal Year
Self-Insurance Health				
2008-09	$ 95,453	$ -	$ (95,453)	$ -
2007-08	70,364	1,743,011	(2,008,828)	95,453

NOTE 15 – POSTEMPLOYMENT HEALTHCARE PLANS:

Plan Description: During the current fiscal year, the City discontinued its self-funded health insurance plan and elected to join the State of Nevada Public Employees Benefit Plan for both active and retired City employees. The City subsidizes eligible retirees' contributions to the Public Employees' Benefits Plan (PEBP), an agent multiple-employer defined benefit postemployment healthcare plan 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. City employees who meet the eligibility requirements for retirement within the Nevada Public Employee Retirement System have the option upon retirement to enroll in coverage under the PEBP and the subsidy provided by the City is determined by their number of years of service.

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: NRS 287.046 established the subsidies to be contributed toward the premium costs of eligible retired district employees. Plan members receiving benefits have their monthly contributions deducted from their pension checks based on the health plan chosen by the retiree as reduced by the amount of the subsidy. The unsubsidized premiums for retirees range from $138 to $736 depending on the plan chosen. Retirees qualify for a subsidy of $103 at five years of service and $564 at 20 years of service with increases for five year increments of additional service. The contribution requirements of plan members and the City are established and may be amended by the PEBP board of trustees. As a participating employer, the City is billed for the subsidy on a monthly basis and is legally required under NRS 287.023 to provide for it. For fiscal year 2009, the City contributed $318,923 to the PEBP plan for the retired employees. The City did not prefund any future benefits.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 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.

For fiscal year 2009 the City's annual OPEB cost (expense) of $1,183,964 for the PEBP was equal to the ARC. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

Fiscal Year Ended	Annual OPEB Cost (Entry Age Normal Cost Method	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	$1,183,964	26.9%	$865,041

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

Annual required contribution	$ 1,183,964
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	1,183,964
Contribution made	318,923
Increase in net OPEB obligations	865,041
Net OPEB obligation, beginning of year	-
Net OPEB obligation, end of year	$ 865,041

This is the City's first year of prospectively implementing GASB Statement 45, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requiring the above mentioned information, and as such, there is not comparative data for past years.

Funded Status and Funding Progress: The City's most recent actuarial valuation was as of July 1, 2009 and as of the end of the fiscal year the City has not prefunded any portion of the plan. The actuarial accrued liability (AAL) for benefits was $10,927,597 and having not funded the obligation the City currently has no associated assets to offset this liability. Because of this, the unfunded actuarial accrued liability (UAAL) is equal to the AAL. The covered payroll (annual payroll of active employees covered by the plan) was $10.2 million and the ratio of the UAAL to the covered payroll was 107%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumption 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 with 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. Multi-year data will be provided as it becomes available.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2009 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 5 percent investment return which is the target rate of return for the Nevada Public Employees Retirement System. An annual healthcare cost trend of 7.0 percent is used initially, reduced by decrements to an ultimate rate of 5 percent after three years. A standard 3.0 percent inflation rate was used throughout including for projected benefit increases.

The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 is 30 years.

NOTE 17 - COMMITMENTS AND CONTINGENT LIABILITIES:

There are several lawsuits filed against the City at June 30, 2009. These lawsuits are not anticipated to materially affect the City of Elko if an unfavorable outcome is received or the entity's legal counsel cannot reasonably estimate them.

On January 9, 2002 the City of Carlin, the City of Elko and Elko County entered into a cooperative agreement to provide financial resources for the water-line extension for the University of Nevada-Reno Fire Academy located on the outskirts of the City of Carlin. The project was deemed beneficial to the economy of the three governmental entities. The water line was completed in the June 30, 2003 fiscal year and is property of the City of Carlin. The project was funded by a federal grant of up to $1,000,000 obtained by the City of Carlin. This grant required matching funds of 25%. Therefore, a loan of $350,000 was obtained by the City of Carlin from the U.S. Department of Agriculture, Rural Development Agency. The cooperative agreement provides that the City of Elko and Elko County will each reimburse the City of Carlin one-third of the annual loan payment. This loan carries a maximum interest rate of 5 1/8% per year, payable over a period of 40 years in annual payments of $20,748. The City of Elko and Elko County have each agreed to pay the City of Carlin the maximum sum of $6,916 per year until the loan is paid in full or for a maximum of 40 years. A surcharge fee will be charged by the City of Carlin for every water user who connects to the new water line within a period of 40 years. The proceeds collected from this fee will be used to equally reimburse the City of Elko and Elko County for any payments made by them. The surcharge fee collected by the City of Carlin for 2008-2009 was insufficient to pay the City's portion of the loan, therefore the City paid $6,800 to the City of Carlin.

The City has a commitment on an approved contract for the Airport Terminal Ramp Reconstruction. The total contract amount was $680,000 and $425,794 has been spent as of June 30, 2009, leaving $254,206 remaining on the contract. The project will be paid for with funds available in the Airport Fund and federal grant monies.

The City has a commitment on an approved construction contract for the Headworks Upgrade Project. The total contract amount was $786,300 and $52,290 has been spent as of June 30, 2009, leaving $734,010 remaining on the contract. The project will be paid for with funds available in the Sewer Fund.

The City has a commitment on an approved contract for the line shaft vertical turbine pump and inverter duty electric motor for Well No. 43 for $178,000. This will be paid for with funds available in the Water Fund.

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

The City has a commitment on an approved construction contract for the 13th Street Sewer Improvement Project. The total contract amount was $199,000 and $18,388 has been spent as of June 30, 2009, leaving $180,612 remaining on the project. The project will be paid for with funds available in the Sewer Fund.

The City has a commitment on an approved contract for a Solid Waste Facility Concrete Pipe Rehabilitation Project for $289,629. The project will be paid for with funds available in the Landfill Fund.

NOTE 18 – SUBSEQUENT EVENTS:

The City approved a contract for the installation of a 24" waterline to interconnect Well No. 43 with the existing distribution system for $274,274. The project will be paid for with funds available in the Water Fund.

The City approved a contract for the Emergency Effluent Reservoir at the Wastewater Reclamation Facility for $239,612. The project will be paid for with funds from the Sewer Fund.

The City approved a contract for the College Parkway Capital Construction Project for $86,789. The project will be paid for with funds from the Capital Construction Fund.

The City approved a contract for the Southside Park Sport Court Rehabilitation Project for $353,742. The project will be paid for with funds from the Recreation Fund.

The City approved a contract for the Downtown Corridor Lighting Project at 10th and 11th Streets for $111,544. The project will be paid for with funds from the Ad Valorem Capital Projects Fund.

The City approved a contract for a new cab and chassis with dump body for the City of Elko Street Department for $122,884. The project will be paid for with funds from the Capital Equipment Fund.

The City approved a contract for a Runway Safety Area Obstruction Removal Project at the Elko Regional Airport for $239,845. The project will be paid for with federal grants and from funds from the Airport Fund.

On September 1, 2009 the 1994 Sewer Bond was paid in full, the principal balance outstanding at June 30, 2009 was $848,144.

The City approved the issuance of refunding bonds to refund the Series 1999A and Series 1999B Airport Improvement Bonds, which had a principal balance outstanding of $3,765,000 at June 30, 2009.

The City approved a local public agency agreement with the Nevada Department of Transportation to perform a pavement resurfacing project on a section of Silver Street for $952,672, to be paid for with funds from the Capital Construction fund and from federal grants totaling $485,609.

REQUIRED SUPPLEMENTARY INFORMATION

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)
June 30, 2009	7/1/2009	$ -	$ 10,927,597	$ 10,927,597	0.00%	$ 10,230,000	106.82%

Schedules of Employer Contributions - Other Postemployment Benefits

	Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Employer Contributed
City of Elko/PEBP	2009	$ 1,183,964	26.94%	$ 318,923

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

See accompanying notes.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE BOND ORDINANCE

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

Definitions

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

"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 "City of Elko, Nevada General Obligation (Limited Tax) Street Bonds, Series 2010, Project Acquisition Account" created in the Bond Ordinance.

"Administrative Services Director" means the de jure or de facto chief financial officer of the City and designated as such by the City. The Administrative Services Director is the chief financial officer for purposes of NRS 350.165.

"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 Administrative Services Director) shall be treated as maturing in the Bond Year in which such bonds are so required to be redeemed, rather than in the Bond Year in which the stated maturity of such bonds occurs.

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

"Bond Fund" means the special accounts designated as the "City of Elko, Nevada, General Obligation (Limited Tax) Street Bonds, Series 2010, Principal Account," and "City of Elko, Nevada, General Obligation (Limited Tax) Street 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 "City of Elko, Nevada, General Obligation (Limited Tax) Street Bonds (Additionally Secured by Pledged Revenues), Series 2010."

"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.

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

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

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

"Cost of the Project" means all or any part designated by the City of the cost of the Project, which cost, at the option of the City, 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 City from funds available for use therefor or from any other source, or advanced with the approval of the City 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 City (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 City to effect the 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 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 City.

"Council" means the City Council of the City of Elko, in the State of Nevada, including any successor of the City.

"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 City, 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 City against all taxable property within the boundaries of the City (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 "City of Elko, Nevada, Consolidated Tax Pledged Revenues Income Fund" created in Section 602 of the Bond Ordinance.

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

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

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

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

"Interest Account" means the "City of Elko, Nevada, General Obligation (Limited Tax) Street 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 City, by the Paying Agent or otherwise on the City'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 City's Bond Requirements to the date of maturity or to any Redemption Date, shall have heretofore been deposited with a trust bank in escrow or in trust for that purpose, as provided in 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 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 U.S. Bank, 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 City), partnership, association or individual, and also includes an executor, administrator, trustee, receiver or other representative appointed according to law.

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

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 City if the Council 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 "City of Elko, Nevada, General Obligation (Limited Tax) Street Bonds, Series 2010, Principal Account," created in Section 501 of the Bond Ordinance.

"Project" means the cost of acquiring, constructing, improving and equipping street projects.

"Project Act" means the City Charter and Chapter 268 of the NRS, as amended from time to time.

"Rebate Account" means the "City of Elko, Nevada, General Obligation (Limited Tax) Street 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 City.

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

"Registrar" means U.S. Bank, 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 City 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 City 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 City, except for 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 City (except as herein otherwise provided) irrespective of whether such parties have notice thereof.

Application of Proceeds

Bond proceeds shall be credited to a separate account hereby created and to be known as the "City of Elko, Nevada, General Obligation (Limited Tax) Street Bonds, Series 2010, Project Acquisition Account" and used to effect the 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 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 City for the payment of Bond Requirements of additional bonds or other additional securities payable from the Pledged Revenues and hereafter authorized to be issued. The lien of such additional bonds or other additional securities on the Pledged Revenues and the pledge thereof for the payment of such additional securities will be superior to, on a parity with or subordinate to the lien and pledge of the Bonds. 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 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 City'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 City 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 any parity securities hereafter issued, subordinate to and after any superior liens upon such Pledged Revenues of any superior bonds or superior securities hereafter issued.

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

Superior or Parity Securities

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

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

(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 City and the bonds or other securities proposed to be issued (excluding the reserves therefor); or, (2) the Pledged Revenues estimated by the Administrative Services Director, 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 Administrative Services Director, 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 City before the computation of the designated Earnings Test but made in the same Fiscal Year as the computation is made or in the next preceding Fiscal Year.

Subordinate Securities

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

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 City 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 City with any legislation, regulation or other action of the United States or the State in the exercise of the police power thereof for the public welfare, which legislation, regulation or action limits or otherwise inhibits the amounts of fees, rates and other charges due to the City as a result of the imposition of the 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 Council has covenanted in the Bond Ordinance to cause the Pledged Revenues to be collected as soon as reasonable and to prescribe and enforce rules and regulations or impose contractual obligations for the payment thereof, including the imposition of penalties for any defaults, to the end that the Pledged Revenues will be adequate to meet the requirements of the Bond Ordinance and any other supplemental instrument.

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 City for any reason is rendered incapable of fulfilling its obligations hereunder;

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

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

(f) The City makes any default in the due and punctual performance of any other of the representations, covenants, conditions, agreements and other provisions contained in the Bonds or in the Bond Ordinance on its part to be performed, and if the default continues for 60 days after written notice specifying the default and requiring the same to be remedied is given to the City by the owners of 10% in principal 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 City and its agents, officers and employees to protect and to enforce the rights of any owner of Bonds under the Bond Ordinance by mandamus or by other suit, action or special proceedings in equity or at law, in any court of competent jurisdiction, either for the appointment of a receiver or for the specific performance of any covenant or agreement contained in the Bond Ordinance or in an award of execution of any power 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 City 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 City in accordance with the laws of the State, without receipt by the City of any additional consideration, but with the written consent of the insurer of the Bonds, if any, or the owners of a majority in aggregate principal amount of the Bonds authorized by the Bond Ordinance and Outstanding at the time of the adoption of the amendatory or supplemental instrument, excluding any Bonds which may then be held or owned for the account of the City, but including such refunding securities as may be issued for the purpose of refunding any of the Bonds if the refunding securities are not owned by the City. No such instrument shall permit without the written consent of the insurer of the Bonds, if any, 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 City proposes to amend or modify the Bond Ordinance, it will cause notice of the proposed amendment to be given not later than 30 days prior to the date of the proposed enactment of the amendment by 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 City may adopt the amendatory instrument and the instrument shall become effective.

If the insurer of the Bonds, if any, or the owners of at least a majority in aggregate principal amount of the Bonds Outstanding, at the time of the adoption of the amendatory instrument, or the predecessors in title of such owners shall have consented to and approved the adoption thereof as herein provided, no owner of any Bond, whether or not the owner shall have consented to or shall have revoked any consent as provided in the Bond Ordinance, shall have any right or interest to object to the adoption of the amendatory instrument or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin the City from taking any action pursuant to the provisions thereof.

Any consent to an amendment to the Bond Ordinance given by the owner of a Bond shall be irrevocable for a period of 6 months from the date of the 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 City and of the owners of the Bonds thereunder may be modified or amended in any respect upon the adoption by the City and upon the filing with the Clerk of an instrument to that effect, and no notice to 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 City covenants in the Bond Ordinance for the benefit of the owners of the Bonds that it will not take any action or omit to take any action with respect to the Bonds, the proceeds thereof, any other funds of the City or any project financed with the proceeds of the

Bonds if such action or omission (i) would cause the interest on the Bonds to lose its exclusion from gross income for federal income tax purposes under 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 City in fulfilling the above covenant under the Tax Code have been met.

Defeasance

When all Bond Requirements of any Bond have been duly paid, the pledge 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 the Bond Ordinance. There shall be deemed to be due payment of any Outstanding Bond or other security when the City has placed in escrow or in trust with a trust bank located within or without the State, an amount sufficient (including the known minimum yield available for such purpose from 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 City 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 City 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.

APPENDIX C

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by City of Elko, Nevada (the "Issuer") in connection with the issuance of the Issuer's City of Elko, Nevada, General Obligation (Limited Tax) Street Bonds (Additionally Secured by Pledged Revenues), Series 2010, in the aggregate principal amount of $10,500,000 (the "Bonds"). The Bonds are being issued pursuant to the ordinance adopted by the City Council of the Issuer on September 14, 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.

CITY OF ELKO, NEVADA

____

Administrative Services Director

EXHIBIT "A"

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

Name of Issuer:	City of Elko, Nevada
Name of Bond Issue:	General Obligation (Limited Tax) Street Bonds (Additionally Secured by 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 September 14, 2010 and the Continuing Disclosure Certificate executed on __________, 2010 by the Issuer. The Issuer anticipates that the Annual Report will be filed by ______________________.

Dated: _____________________

CITY OF ELKO, 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

[Closing date]

City of Elko, Nevada
City Administration Complex
1751 College Avenue
Elko, NV 89801

$10,500,000
City of Elko, Nevada
General Obligation (Limited Tax) Street Bonds
(Additionally Secured by Pledged Revenues)
Series 2010

Ladies and Gentlemen:

We have acted as bond counsel to City of Elko, Nevada (the "City" and the "State," respectively), in connection with its issuance of the "City of Elko, Nevada, General Obligation (Limited Tax) Street Bonds (Additionally Secured by Pledged Revenues), Series 2010" in the aggregate principal amount of $10,500,000 (the "Bonds"), pursuant to an authorizing ordinance adopted and approved by the City Council on September 14, 2010 (the "Bond Ordinance"). In such capacity, we have examined the City's certified proceedings and such other documents and such law of the State and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Bond Ordinance.

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

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

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

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

3. As provided in the 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 City (i.e., the State, the City, and any other political subdivision therein) and for the payment of interest on such indebtedness enjoy a priority over taxes levied by each such unit (including, without limitation, the State and the City)

for all other purposes (subject to any exception implied by law for the exercise of the police power) where reduction is necessary in order to comply with NRS 361.453.

4. The Bonds are additionally secured by and payable from the Pledged Revenues. The 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 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 City'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 City 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.

[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,

APPENDIX F

OFFICIAL NOTICE OF BOND SALE

$10,500,000
CITY OF ELKO, NEVADA
GENERAL OBLIGATION (LIMITED TAX) STREET BONDS
(ADDITIONALLY SECURED BY PLEDGED REVENUES)
SERIES 2010

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

Thursday, September 16, 2010

at the hour of 8:30 a.m., local time, in the office of:

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

the City will receive and cause to be publicly opened sealed bids for the purchase of the bonds of the City 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 8:30 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: City of Elko, Nevada, General Obligation (Limited Tax) Various Purpose and Refunding Bonds (Additionally Secured by Pledged Revenues), Series 2010, in the aggregate principal amount of $10,500,000 (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 October 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.

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 City, after the determination of the best bid. Changes to be made will be communicated to the successful bidder by the time of award of the Bonds to the successful bidder, 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 City (excluding accrued interest), less any bond insurance premium to be paid by the bidder, by (ii) the principal amount of the Bonds) does not increase 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 Administrative Services Director 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 October 1, 2021, will be subject to redemption prior to their respective maturities at the option of the City on and after October 1, 2020, in whole or in part at any time, from such maturities as are selected by the City 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 October 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 October 1 and April 1 of each year commencing on April 1, 2011.

(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 U.S. Bank N.A., as Paying Agent, to the registered owner thereof (i.e. Cede & Co.) as shown on the registration records of U.S. Bank 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 City nor the Paying Agent will be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

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 City will pay the rating fees for Standard & Poor's Rating Group.

ENABLING ACTS: The City is operating as a City pursuant to Chapter 276, Statutes of Nevada, 1971, as amended, and pursuant to NRS Chapter 268.

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 City's bond counsel (the "Bond Counsel"), be direct general obligations of the City, 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 City (except to the extent certain pledged revenues and other moneys are available therefor) subject to the limitations imposed by the statutes and the Constitution of the State (see "CONSTITUTIONAL TAX LIMITATION", "STATUTORY TAX LIMITATION" and "LEGAL OPINION, BONDS AND TRANSCRIPTS" below). The Bonds will be a debt of the City, and the Council shall pledge the full faith and credit of the City for their payment.

ADDITIONAL SECURITY FOR THE BONDS: The Bond Requirements of the Bonds will be additionally secured with 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 City (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 "City of Elko, Nevada, General Obligation (Limited Tax) Street Bonds, Series 2010, Principal Account" and "City of Elko, Nevada, General Obligation (Limited Tax) Street Bonds, Series 2010, Interest Account" (collectively, the "Bond Fund") into which account the City 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 any parity bonds or parity securities hereafter issued (see Appendix B, "Summary of Certain Provisions of the 2010 Bond Ordinance"), subordinate to and after any superior liens upon such Consolidated Tax Pledged Revenues of any future superior bonds or superior securities. The City 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 September 14, 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 City, including, without limitation, covenants and agreements in connection therewith. A copy of the Bond Ordinance is on file with the City Clerk and will be available for public inspection at the City Clerk's office at 1751 College Avenue, Elko, Nevada.

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

FEDERAL TAX EXEMPTION: In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described 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 City 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 Council of Examiners if the State Council 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 City 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 City.

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 City. 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:

Dawn Stout, Administrative Services Director
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 8:30 a.m. local time on Thursday, September 16, 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 Administrative Services Director by facsimile (775) 323-2339, but bids must be received by 8:30 a.m. on September 16, 2010. Neither the City nor NSB Public Finance, a division of Zions First National Bank (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:

City of Elko, 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 City 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 City in the form of a cashier's check (or wire transfer such amount as instructed by the City 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 City 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:

U.S. Bank
ABA # 12-1201694
City of Elko General Account
Account # 153700269399
Ref: 2010 GO Street Bonds

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 City. Any investment income earned on the good faith deposit will not be paid to the successful bidder in the event the City is unable to deliver the Bonds as provided under "MANNER AND TIME OF DELIVERY", below. Deposits accompanying bids other than the bid which is accepted will be returned promptly upon the determination of the best bidder.

CUSIP NUMBERS: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by 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 City; but the CUSIP Service Bureau charge for the assignment of the numbers will be the responsibility of and must be paid by the purchaser.

SALE RESERVATIONS: The Council 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 Council reserves the privilege of changing the date and/or time of sale of the Bonds. Any change in the date and/or time of sale of the Bonds will be communicated via the PARITY SYSTEM, Munifacts and/or Bloomberg. If the Council 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 September 16, 2010 or if all bids are rejected on September 16, 2010, the City 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 Council 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 Council 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 City 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 Council at the time and place stated herein. The Administrative Services Director of the City, or in his absence the City 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 City 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 City Administrative Services Director (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 City for delivery, the amount of its Deposit will be forfeited (as liquidated damages for noncompliance with the bid) to the City. In that event, the City 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 City 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 City 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 City to the purchaser as soon as reasonably possible after the date of the sale, and the Council contemplates delivering them on or about October 5, 2010. The purchaser of the Bonds will be given 72 hours' notice of the time fixed by the Council 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 City for immediate and unconditional credit to the account of the City, at a bank designated by the City Treasurer, so that such bond proceeds may be deposited or invested, as the City 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 City and the Bonds may be obtained prior to the sale from:

The City Manager:

Curtis Calder
1751 College Avenue
Elko, NV 89801
775-777-7110

The City’s Administrative Services Director:

Dawn Stout
1751 College Avenue
Elko, NV 89801
775-777-7110

The City's Financial Advisor:

NSB Public Finance, a division of Zions First National Bank
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 City. 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 City has prepared a Preliminary Official Statement which is deemed by the City to be final as of its date for purposes of allowing bidders to comply with Rule 15c2-12(b) of the Securities Exchange Commission (the "Rule"), except for the omission of certain information as permitted by the Rule. The Preliminary Official Statement is subject to revision, amendment and completion in a “Final Official Statement.”

The City will prepare a Final Official Statement 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 City will provide to each winning bidder a total of up to 75 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 City 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 City in writing of another date), if any event concerning the affairs, properties or financial condition of the City shall occur as a result of which it is necessary to supplement the Official Statement in order to make the statements therein, in light of the circumstances existing at such time, not misleading, at the request of the winning bidder, the City shall forthwith notify the winning bidder 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 City 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 City will undertake in a continuing disclosure certificate which is authorized in the Bond Ordinance to provide certain ongoing disclosure, including annual operating data and financial information, audited financial statements and notices of the occurrences of certain material events. A copy of the continuing disclosure certificate is included as Appendix D to the 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 Council, the City Treasurer, the Administrative Services Director of the City and the District Attorney for the City (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 Council, or body, is pending, or, to the best of the knowledge of each of them, threatened, in any way contesting the completeness or accuracy of the Final Official Statement, (b) the Final Official Statement as it pertains to the City and the Bonds does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (c) no event affecting the City has occurred since the date of the Final Official Statement which should be disclosed therein for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein not misleading in any respect; provided, however, that the City does not make any representations concerning pricing information contained in the Final Official Statement; and

2. A certificate, dated as of the Closing Date, and signed by the Administrative Services Director of the City, stating after reasonable investigation, that, to the best of her 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 City is true and correct and does not contain any untrue statement of a material fact or omit any information necessary to be included therein in order that the 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 Administrative Services Director or the City Manager on behalf of the City, forms a contract between the winning bidder and the City subject to the terms of this

Official Notice of Bond Sale. By submitting a bid, the bidder consents to the exclusive jurisdiction of any court of the State of Nevada located in City of Elko 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 City Council of the City of Elko, Nevada, this September 8, 2010.

/s/ Dawn Stout
Administrative Services Director
City of Elko