OUTLINE OF JOINT HEARING SENATE AND ASSEMBLY COMMITTEES - SCR 11
APRIL 1, 1969
SENATE COMMITTEE ON FEDERAL STATE AND LOCAL GOVERNMENTS
Present: Gibson, Monroe, Farr, Hecht, Dodge, Bunker and White.

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ASSEMBLY COMMITTEE ON GOVERNMENT AFFAIRS
Present: Smith, Branch, Hilbrecht, Lingenfelter, Mello, Wood, Dini, Getto, and Bryan Hafen

Senator Gibson called the meeting to order and announced that the purpose of the hearing was to hear the report from the special auditors.

Interested persons present included:

City of North Las Vegas: Clay Lynch, City Manager
William Taylor, Mayor
Wendell G. Waite, Councilman
C. R. Cleland, Councilman
Milton F. Weiss, Director of Finance

Special Auditors: Kafoury, Armstrong, Bernard and Bergstrom
Mr. LeRoy Bergstrom
Mr. Donald E. McGhie

Jim Andrus, Harris, Kerr, Forster & Co.
H. Bruce Cox, Harris, Kerr, Forster & Co.

E. L. Newton, Nevada Taxpayers Association
R. E. Nickson, Nevada Tax Commission
H. Laird, City of Las Vegas
A. R. Trelease, City of Las Vegas
Robert E. Bruce, Fiscal Analyst, Nevada Legislative Counsel
Frank W. Daykin, Chief Deputy, Nevada Legislative Counsel
Curt Blyth, Nevada Municipal Association
Jim Troyer, North Las Vegas Valley Times
Bryn Armstrong, Las Vegas Sun

Senator Gibson introduced Mr. LeRoy Bergstrom for the purpose of presenting the audit report.

Mr. Bergstrom provided the committee members with copies of:

"Report to the Legislature of the State of Nevada on the Fiscal Administration and Financial Position of the City of North Las Vegas, Nevada". At December 31, 1968.

Mr. Bergstrom read the entire report with reference to supporting Exhibits and Schedules to the committee a copy of which is made a part of this outline. Mr. Bergstrom prefaced with the scope of the report as follows: "We were engaged pursuant to SCR 11 of the 1969 Legislature to assist the appropriate legislative committees to evaluate the financial position of the City of North Las Vegas and to examine such aspects of its financial administration as we considered appropriate. We were further directed to recomment to this legislature methods by which the City's fiscal operations might be improved, and further, general legislative action which would be appropriate to all municipalities of Nevada."

When the report had been read the committee was given an opportunity to question the auditors. The limitations of the audit were outlined due to the time restrictions. 328

The summary of the indebtedness of the City of North Las Vegas was referred to in Schedule No. 7, page xi of the report as of December 31, 1968 to be $13,748,738.

The Senator Gibson's query of how best the city could meet its obligations several of the recommendations were stressed.

For ready reference the Accounting and Internal Financial Control Section of the report and the Recommendations are reprinted and attached.

City Manager Clay Lynch presented the committee with copies of the City's own audit which was conducted by Harris, Kerr, Forster & Co. This material had been reviewed by him in previous hearings before the committees.

It was developed that no malfeasance was found and that the officials of the City of North Las Vegas were highly cooperative with the special auditors in the preparation of the report.

It was further developed that the legislature should spell out some investment procedures to preclude unsound practices from being used.

Chairman Hal Smith of the Assembly Committee indicated that the report of City Manager Lynch and the special auditors would be given further consideration by the Assembly Committee.

IV. ACCOUNTING AND INTERNAL FINANCIAL CONTROL

The City employs the data processing facilities of a local bank for the maintenance of its general accounting records.

Utility billings are presently prepared employing mechanical accounting machines, although a conversion to the bank's automated system is presently in progress.

Special assessment billings are made by the Clark County Assessor based entirely upon information provided by the City. The detailed subsidiary records of assessments paid and unpaid are maintained by the City in manual form.

The City employs the cash basis of accounting for all funds. X Nineteen commercial bank accounts are employed.

Generally, fiscal controls of city revenues are weak or non-existent until such revenues are actually collected and recorded in the City's general accounts.

The general accounting structure does not provide for segregation of all assets and liabilities among the several funds, nor for the recording of many of such assets and liabilities, as provided for by the Local Government Budget Act.

Since the accounting records are not in a form which facilitates convenient analysis and evaluation, the administration relies heavily on abstracts of the records for operating control and direction. Several of such analyses which we examined contained significant error.

Allocations of expenditures are frequently more related to available X resources than to the true nature of the expenditure. The error factor in such allocations is of such frequency as to preclude an expression of an

4.

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auditor's opinion on the revenue and expenditure records (as to classification) without prohibitive cost to the City.

The growth of the community and the relative complexity of its financing structure has made wholly obsolete its present accounting system.

Cash basis accounting for the City is equally unacceptable, in that material assets and revenues are inadequately controlled and material liabilities and fund balance reserves are not disclosed.

Like many entities, the City has attempted to automate an inadequate system. Like most of them, it now has an automated inadequate system.

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VII. SUMMARY OF RECOMMENDATIONS

Internal (North Las Vegas):

1. Increase sewer fees to comply with the bonding ordinances, and otherwise observe the obligations imposed by those ordinances.

2. In future bond ordinances, avoid complex fund structures, such as created for the 1963 issues.

3. Adopt modified accrual accounting for the General and Debt Service Funds and accrual accounting for all other funds, effective not later than July 1, 1970.

4. Contract for the design and installation of a proper governmental accounting system (probable cost $50,000-$70,000, excluding programming cost for an automated system).

5. Employ a City Comptroller with substantial experience in the satisfactory administration of a good governmental accounting system (minimum cost $12-15,000/year). Such employment should be subject to the evaluation and recommendations of the City's independent auditors.

6. Modify budgeting practices to facilitate review of departmental operations and to support interdepartmental charges.

7. Prepare and distribute to the Council timely and valid financial reports, preferably monthly, disclosing operations to date and the financial condition of each fund (impossible with existing accounting system).

8. Avoid special assessment districts for which funding is likely to be inadequate or where there is any reasonable possibility of mass default on assessment payments.

9. Reduce interest rates contemplated on special assessments where such charges are contributing to eventual refunds payable to landowners.

10. Evaluate consolidation of municipal services with other local governments.

11. Refinance all negotiable warrants held by funds of the City.

External (All Nevada Local Governments):

1. Specifically prohibit, with penal provisions, willful violation of bond covenants. (N.R.S. 354)

2. Dedicate any interest earned on investment of bond proceeds to the project cost or to debt service only.

3. Dedicate any interest earned on the investment of general obligation debt service monies to Debt Service so long as any bonds remain outstanding and their retirement is not fully funded.

4. Analyze and establish uniform charter provisions dealing with municipal finance.

5. Analyze the revenue structure of Nevada Local Governments and adjust local revenue sources to be more responsive to population shifts.

6. Define debt limits in a uniform manner so that local governments in similar circumstances will have comparable bonding capacity.

7. Require modified accrual or accrual accounting (as appropriate) for Nevada local governments.

Legislature to Order Drastic Changes--White, May Reveal

By JIM TROYER
Times Staff Writer

Highlights of a preliminary audit report on North Las Vegas finances scheduled for formal presentation to a joint committee of the Senate and the Assembly tomorrow were disclosed to the Valley Times on Saturday by Senator Marvin White and Assemblyman Paul May.

The findings of the CPA firm of Kafoury, Armstrong, Bernard and Bergstrom will result in a number of recommendations for this city's finances and for cities throughout the state.

One result of the audit probe that may hit local residents hard was the news that water and sewer revenues were not keeping up with operating costs and that rates would have to be raised accordingly. The formal audit report was expected to recommend a doubling of the sewer rate from $1.50 to $3.

The audit report revealed that:

— over $300,000 had been transferred out of the city's utility bond fund to meet operating costs.

— the city has transferred $500,000 to $600,000 out of trust fund accounts to meet obligations in other areas.

— neither sewer nor water revenues have been sufficient to meet operating costs.

— salaries of key officials are being charged to various departments but the time that the officials spend on those departments cannot be verified.

— there has been no malfeasance in office by any city officials and that no criminal acts have been committed.

The audit findings are expected to result in legislative bills:

— to prevent issuance of interfund warrants.

— to require all cities to go on a full accrual type accounting system.

— to insure that interest earned on trust fund money is used to pay off the bonds of the fund.

— to make it a misdemeanor to violate the covenants of the bonds (to use the money from sale of the bonds for any but the specific reason outlined in the bond contracts).

— to reduce the debt limit of the city from 40 percent of assessed valuation to 25 percent.

The auditors will recommend that:

— the city's sewer rates be doubled to meet the operating costs and that water rates also be raised immediately.

— an improved bookkeeping system be set up (probably a mechanized data processing system).

— the present 23 bank accounts be consolidated into one.

Senator White said that the preliminary report had not gone into detail and that all the facts were not yet available but that he and Assemblyman Paul May would ask the mayor and city council to put a lid on spending. "The auditors say that we

(continued on page 8)

LEGISLATURE PLANS

(Continued from page 1)

cannot continue to spend money and pay off our obligations," he said.

He said he would ask the city to tighten its belt for the next four years and not to make any more agreements with private industry or to create any more assessment districts.

An exception to the austerity program would be an increased bond obligation to finance improvement of the city's water system in order to supply increased pressure on the west side and to provide for a new line to Nellis AFB.

White noted that the sewer and water rates in the city would have to be increased now to meet the operating costs because the legislature would not allow any more money to be taken from the bond fund to meet operating costs. "The city used poor judgement in not raising the rates to meet the costs in the first place. Now, to meet the debts, the rates may have to be doubled," he said.

One of the questions the Reno based CPA firm was hired to answer was just how far North Las Vegas was in debt. Roy Nickson, Secretary of the Nevada Tax Commission had set the figure at $21.4 million but City Manager Clay Lynch, in a rebuttal session before the joint committee in Carson City estimated the total debt at $12.6 million. The auditor's figure based on conversion of the city's cash accounting system to an accrual basis, is $13.8 million. This finding is seen as a vindication of Lynch's testimony before the committee and a final rebuttal to Nickson's figures.

White and May agreed that they could not be too critical of the present city administration because "their accomplishments far outweighed their mistakes in judgement."

REPORT TO THE LEGISLATURE
OF THE STATE OF NEVADA
ON THE FISCAL ADMINISTRATION AND FINANCIAL POSITION
OF THE
CITY OF NORTH LAS VEGAS, NEVADA

AT DECEMBER 31, 1968

KAFOURY, ARMSTRONG, BERNARD AND BERGSTROM
CERTIFIED PUBLIC ACCOUNTANTS
100 CALIFORNIA AVENUE
RENO, NEVADA 89502

KAFOURY, ARMSTRONG, BERNARD AND BERGSTROM
CERTIFIED PUBLIC ACCOUNTANTS

RAY E. ARMSTRONG
..WELL C. BERNARD
..ROY R. BERGSTROM
DONALD E. MC GHIE
ROBERT J. SMEATH
RICHARD W. STEBBINS
RICHARD L. MAPLES

100 CALIFORNIA AVE.
RENO, NEVADA 89502
TELEPHONE
322-9471 AREA 702

SCOPE

We were engaged pursuant to SCR 11 of the 1969 Legislature to assist the appropriate legislative committees to evaluate the financial position of the City of North Las Vegas and to examine such aspects of its financial administration as we considered appropriate. We were further directed to recommend to this Legislature methods by which the City's fiscal operations might be improved, and further, general legislative action which would be appropriate to all municipalities of Nevada.

CITY OF NORTH LAS VEGAS, NEVADA
DECEMBER 31, 1968

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DECEMBER 31, 1968

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KAFOURY, ARMSTRONG, BERNARD AND BERGSTROM
CERTIFIED PUBLIC ACCOUNTANTS

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RICHARD L. MAPLES

100 CALIFORNIA AVE.
RENO, NEVADA 89502
TELEPHONE
322-9471 AREA 702

March 24, 1969

To the Legislature of the
State of Nevada
Carson City, Nevada

Gentlemen:

X Pursuant to the terms of our engagement we have reviewed the financial records of the City of North Las Vegas and have prepared therefrom the attached balance sheet at December 31, 1968. In the conduct of our examination we have relied upon the work of other independent accountants presently engaged in auditing records of the City (and upon certain work done by their independent accountants in prior periods). Although their examination is being made in accordance with generally accepted auditing standards, we have mutually concluded that certain material auditing procedures are impracticable of completion (see also note 14 to balance sheet).

We are unable, therefore, to express an independent accountant's opinion on the attached balance sheet.

Respectfully submitted,

Kafoury, Armstrong, Bernard and Bergstrom

I. FINANCIAL POSITION

Our comments below deal in brief form with the financial position of the City's several funds as disclosed in Exhibit A.

General Fund:

General fund liabilities and reserves are $105,000 greater than the assets of that fund.

A restoration of a proper surplus in this fund will require extreme conservatism in the City's expenditure programs in the next several years, particularly if supplementary revenues are not made available.

Utility Funds:

The operating deficits of the utility funds may be traced directly to two conditions discussed later in this report:

1. Voluntary assumption by utility funds of the obligation to repay advances from sewer bond proceeds employed to service utility bonded debt, and

2. Failure of the City administration to increase sewer use fees to a proper level.

General Obligation Debt Service Fund:

The general obligation debt of the City is paid from this fund. Contractually, it is actually comprised of a large number of debt service funds specifically provided for by bond ordinances. Although the debt service for each issue is effectively accounted for, the prescribed detail fund structure has not been established in the books of account.

General Obligation Bond Projects Construction Funds:

These funds, described in detail in Schedule No. 2 represent resources obtained primarily from the 1963 bond issues but not yet applied to the purposes for which the monies were obtained. We note that only $456,074 of these monies is represented by cash or obligations of the United States.

Interest earned on investments in negotiable warrants and from promissory notes have, in recent periods, been credited to the General Fund rather than to the Sewer Construction Fund, as would have been proper. Only interest from investment in obligations of the United States is eligible for transfer to the General Fund (NRS 355.170).

Basic Water and Storm Sewer Fund:

This fund is utilized for construction employing Federal basic water and storm sewer grants. It generally operates from a deficit position, since the City must advance funds for project support prior to determination of specific Federal participation.

Motor Equipment Working Capital Fund:

As the description of this fund suggests, its function is to operate a motorpool for all City departments. Were its inventory of gas, oil and parts properly recorded, the indicated deficit would probably become a small surplus.

Trust Funds:

The City functions as an agent in the collection and disbursement of various items, as listed in Schedule No. 12. As this schedule indicates, the fund balances disclosed are held for others and are not available for the operation of the City. It has been City practice to utilize cash assets of certain trust funds to temporarily finance activities of others, without employing appropriate fund transfer procedures.

Special Improvement District Funds:

As disclosed in footnotes 7, 8 and 9, these funds have been grouped for presentation in relation to their indicated financial position.

Schedule No. 3 represents Special Improvement Assessment Districts (S.I.A.D.'s) with adequate funding.

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Schedule No. 4 represents those with inadequate funding which, in future years, will require substantial support from the General Fund.

Schedule No. 5 represents those in development or in litigation wherein the adequacy of funding is as yet undefined.

Federal Funded Programs:

These funds represent projects administered by the City as agent for various Federal programs, as shown in detail in Schedule No. 6. Fund balances indicated are restricted to the purposes defined in the Federal programs and are unavailable for the general operations of the City. We do not consider these activities to be within the normal administrative structure of a City. They are included for information only.

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II. GENERAL FINANCIAL STRUCTURE

Revenues:

The City, a community of approximately 40,000 residents, has a 1968/69 assessed valuation of $52,455,808. Valuation for the ensuing year has increased to $60,532,037, primarily because of reassessment. For the current fiscal period, the ratio of assessed value (in millions) per 1,000 residents was 1.311. Similar relationship for other Nevada municipalities are set forth below:

	December 31, 1968 Estimated Population(M)	1968/69* Budget Valuation (Millions)	Valuation/M Residents
North Las Vegas	40	$ 52.5	$1.311
Sparks	26	54.2	2.085
Las Vegas	150	332.5	2.217
Reno	76.5	247.3	3.232
Elko	10	18.3	1.830
Henderson	18.7	21.2	1.134

As the schedule above discloses, the City's ad valorem base is very low. Since gasoline taxes are apportioned on an ad valorem relationship, the City's share of such revenues is unreasonably depressed, both in relation to its geographic size and to its population.

Similarly, privilege taxes are apportioned in relation to personal property tax collections. The City's personal property valuation is relatively insignificant. As a result, its share of privilege taxes is minimal.

Material general fund non-tax related revenues are obtained through utility franchise fees. We are advised that a recent increase in such fees has been declared invalid in respect to its applicability to the telephone company, due to a pre-existing long-term agreement between the telephone company and the City. It is our understanding that this decision will be

* Source - Local Government Red Book - 1968-69 - Nevada Tax Commission.

appealed by the City. In the meantime, current estimated revenues of some $31,000 and 1969/70 revenues of $34,000 will not be available to the City.

We have not compared the level of City business license rates with those of other Las Vegas Valley municipalities.

Municipal Utilities Revenues:

Municipal utility revenues include, primarily, water and sewer service fees.

Water fees were increased to current levels in the summer of 1968, and appear adequate to discharge the obligations of the water utility.

Sewer fees, however, are inadequate to provide for the operations of the system, the retirement of its debt and a reasonable provision for construction of line extensions and replacements. With an annual debt service requirement of approximately $175,000, a monthly increase of $2 - 3 should be adopted by the Council. In view of the indebtedness of the Sewer Operating Fund to the 1963 Sanitary Sewer Bond Proceeds Fund ($524,354), we believe a proper study of the operations of this fund would require a major fee increase, substantially beyond that which would have been necessary if the rates had been adjusted subsequent to the 1963 bond sale, as required by the bond ordinance.

Although we recognize the impact of a sewer fee increase on the people of the City, they, through their elected representatives, have agreed to the establishment of rates which will fully fund operations, debt service and appropriate reserves.

Special Assessment Districts:

Lacking an effective tax base to support substantial General Obligation Bonds for sewer and water lines, streets, sidewalks and electric street lighting, such municipal construction has been funded primarily by Special Assessment District Bonds and Federal Grants-in-Aid.

Currently, the City is involved in 28 such special districts. Of these, 17 are substantially complete, bonds or long-term warrants have been issued and assessments are being collected.

In addition, two districts (A.D. 23 and A.D. 30) are in litigation and 9 districts are in various stages of development.

Generally, preliminary construction costs in these districts are financed by either 1) a cash overdraft, representing an informal borrowing of cash assets of other special assessment districts, or 2) the proceeds of the sale of interim general obligation negotiable warrants. The second alternative has been the most common. These warrants have been sold to unrelated third parties and to other funds of the City itself.

We believe that such warrants are a legitimate financing tool of a City. They are clearly authorized by the North Las Vegas City Charter (Section 68) and by N.R.S. 271. We do not believe, however, that such warrants are proper investments for temporarily idle funds of the City itself - either legally or financially. Sale of negotiable warrants to banks and similar purchasers within the normal commercial marketplace brings the pressures of prompt payment and third party fiscal evaluation to bear on the reasonableness of the anticipated project. On the contrary, internally financed projects tend to be delayed since no outside creditor is watching and pressures for prompt long-term funding are less intense.

From time to time, City charges to individual special districts become a substantial part of the total project costs. Generally, we have been unable to substantiate from departmental records the basis for the City's

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administrative and engineering costs allocated to the several projects.

Although we concur that special projects should bear their attributable share of general City overhead, we believe strongly that such charges should be supported by adequate records and by a reasonable and consistent policy of reimbursement.

Schedule No. 4 presents a summary of special districts where the assets available over the life of the district will be inadequate to service district debt as it matures. Future General Fund revenues have thereby been encumbered in a present amount of $303,580. In communities with a stronger fiscal base, such underfunding conditions are cured immediately by transfer of sufficient General Fund or construction monies.

The condition of the fiscal records of the special assessment districts is so poor that the determination of the financial positions of these districts become one of the most troublesome parts of our engagement.

We note that the negotiable warrants held by other City funds all mature June 30, 1969. It is most unlikely that long-term funding will have refunded these short-term debts by that time. We recommend that the remaining unfunded warrants be refinanced with a legitimate lending or investment house, either by the issuance of new warrants, if this may lawfully be done, or by refunding with an emergency loan procedure.

It is imperative that future assessment rolls be adequate to meet the total costs of special assessment districts. Excess assessments may be refunded, pursuant to Section 84 of the Charter, but funding deficiencies must be absorbed by the City General Fund.

Outside Funding:

The City has employed Federal Grant-in-Aid programs wherever possible for the construction of primary municipal facilities. Urban renewal, code enforcement and urban beautification programs have been liberally employed to upgrade the quality of urban facilities throughout the City. The overlapping of these programs with City or Assessment District financed improvements frequently leads to complex funding for certain projects. However, Federal participation is all subject to post audit, and, further, such post audits have in fact occurred. The reports we reviewed did not contain material exceptions to the City's fiscal administration of the projects.

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III. 1963 BOND ISSUES

Exhibit B sets forth a summary of the cash transactions of the bond proceeds funds which come into being as a result of the sale of bonds authorized by the 1963 bond election and subsequent ordinances.

We believe that certain disbursements of these bond proceeds were contrary to the provisions of the enabling ordinances, as discussed below:

1. City Hall Bonds - Total Issue $2,038,000:

Of the bonds issued for the construction of a City Hall, $154,000 were employed to refund outstanding bonds issued for the construction of the old City Hall. We believe that such refunding was not an authorized use for the proceeds of the 1963 City Hall Bonds.

However, criticism of this action must recognize that at the time the bond election was held, no refunding was actually contemplated. The "old" City Hall bonds were additionally supported by a pledge of city water revenues. The City had received assurance from the bond holder, the State of Nevada, that this priority lien could be waived to permit issuance of the 1963 water bonds. After the bond election was concluded, and the City sought to inscribe the "old" bonds with a waiver of the lien on water revenues, it was discovered that the State agency holding the "old" bonds had sold several of them on the open market. At this point, a refunding became mandatory. We do not believe that the refunding should have employed proceeds of these bonds, since the beneficiary of the refunding was the water utility, not the City Hall. Further, such refunding should have been authorized by a second election or by legislative action.

2. Utility Bonds - Total Issue $4,528,000 (Water $2,202,000, Sanitary Sewer $2,326,000):

a) Of the proceeds of this issue, $682,777 was used to service bonded debt, including debt created by this issue. Of this sum, $524,354 is to be repaid by the utility funds to the sanitary sewer bond proceeds fund. No evidence of indebtedness was available for our examination, although we understand that it is the Council's intent to approve retroactively this advance at the March 31, 1969 meeting. In any case, the continued existence of this advance is contrary to Regulation 65-1 of the Nevada Tax Commission which requires that interfund loans of a cash basis local government must be repaid in full during the year of transfer.

b) Additionally, a portion of the proceeds of these issues was employed to repay advances for utility construction actually contracted for prior to the bond authorization. Essentially, the City embarked on its utility construction program before long term funding had been approved. The intent to make such payments is, at best, weakly expressed in the bond proceedings. In any case, the commitment of substantial resources to a construction project prior to approval of long term indebtedness appears imprudent, at least.

c) Observance of bond covenants:

Sections of the ordinances dealing with the 1963 Sewer and Water Bonds provide clear requirements for the rate structure of both utilities. Further, very rigid fund structures are set forth for the administration of these utilities and the service of their debt.

For example, Sections 37 A and B of Ordinance 245 recite (underlining ours).

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"A. The rates for all services rendered by the sewer system to the inhabitants of the City and to all consumers within or without the boundaries of the City shall be reasonable and just, taking into account and consideration the cost and value of the sewer system and the proper and necessary allowances for the depreciation thereof and the amounts necessary for the retirement of all bonds and other securities or obligations payable from the revenues of the sewer system and the accruing interest thereon.

B. There shall be charged against all purchasers of service (except the City of North Las Vegas, and any department or agency thereof) such rates and amounts as shall be adequate to meet the requirements of this and the preceding sections hereof, and <u>which rates and amounts from the sewer system shall be sufficient to produce revenues or earnings annually to pay the annual operation and maintenance expense and one hundred per centum (100%) of both the principal of and the interest on bonds and any other obligations payable annually from any revenues thereof</u> (including any reserves therefor), all of which revenues shall be subject to distribution to the payment of operation and maintenance expenses of the sewer system and the payment of principal of and interest on all obligations payable from the revenues of the sewer system."

The sewer operating fund has not been administered in accord with the above principles.

Additionally, requirements for monthly deposits for debt service and for maintenance of the prescribed fund structure have been ignored.

IV. ACCOUNTING AND INTERNAL FINANCIAL CONTROL

The City employs the data processing facilities of a local bank for the maintenance of its general accounting records.

Utility billings are presently prepared employing mechanical accounting machines, although a conversion to the bank's automated system is presently in progress.

Special assessment billings are made by the Clark County Assessor based entirely upon information provided by the City. The detailed subsidiary records of assessments paid and unpaid are maintained by the City in manual form.

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Since the accounting records are not in a form which facilitates convenient analysis and evaluation, the administration relies heavily on abstracts of the records for operating control and direction. Several of such analyses which we examined contained significant error.

Allocations of expenditures are frequently more related to available X resources than to the true nature of the expenditure. The error factor in such allocations is of such frequency as to preclude an expression of an auditor's opinion on the revenue and expenditure records (as to classification) 351 without prohibitive cost to the City.

The growth of the community and the relative complexity of its financing structure has made wholly obsolete its present accounting system.

Cash basis accounting for the City is equally unacceptable, in that material assets and revenues are inadequately controlled and material liabilities and fund balance reserves are not disclosed.

Like many entities, the City has attempted to automate an inadequate system. Like most of them, it now has an automated inadequate system.

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V. BUDGETARY PRACTICES AND COMMENTS

The City prepares an annual budget as required by the Local Government Budget Act.

With the exceptions described below, the budgets examined appear to conform to the general practice of similar Nevada municipalities.

Exception 1 - As disclosed more completely in Footnote 5 to the balance sheet, ad valorem taxes and utility fund transfers for debt service are first deposited in the General Fund and later transferred to the Debt Service Fund. We believe that this practice is improper in that

a) Ad valorem taxes should be apportioned directly to the fund for which they are levied.

b) Utility fund contributions for debt service are required to be transferred directly to the appropriate Debt Service Fund as provided in the bond covenants.

Exception 2 - The City follows the practice of directly charging General Fund employee salaries and related employee benefits to the several funds served by such personnel. However, such allocations are not generally supported by adequate time or performance records. Further, the materiality of allocated salaries in several departments unreasonably complicates budget administration. Generally, only salaries allocable in total to non-general fund activities should be so charged directly. Salaries of other General Fund employees should be currently allocated to the proper General Fund department. Subsequently, and based upon a reasonable (and supportable) evaluation of the division of each employee's services, other funds should be appropriately charged and the General Fund should be suitably reimbursed. Such reimbursement, if allocable to a department as an expense reimbursement, should

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be separately identified within the department's accounts. Thus, one can view the magnitude of a department as a whole, and, where applicable, the sources of its non-general fund financing.

Exception 3 - Budget estimates of trust and agency funds have been consolidated on a single schedule. In such form, reasonable analysis of the activities of the several funds included is not feasible. Further, many true trust items, such as, bail deposits and garbage collections, are not truly budgeted funds, and should in our judgement, not be included in the annual budget. All other funds should be individually scheduled.

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VI. GENERAL

Operating statements, disclosing sources of revenue realized and purposes for which expenditures were made, have not been included in this report since:

1. accrual basis financial information has not been maintained by the City for prior periods, and

2. the time required to develop such information is prohibitive in these circumstances.

However, a review of the City's budgets for the last two years, together with an evaluation of its proposed 1969-70 budget satisfied us that the resources of the community are adequate to maintain minimum City services. We emphasize that available resources will permit only a limited level of municipal services.

Were the people of the City to approve the proposed increase in salaries for firemen, it would be mandatory for the administration to increase present license fees, other fees and charges for all municipal services, in order to provide revenues adequate to meet its increased salary expense.

In any case, sewer fees must be increased, as we have previously stated.

We strongly recommend that consideration be given to consolidation of certain municipal functions, such as police and fire protection. It is inappropriate at this time to recommend that such consolidation be effected, but the Council should carefully analyze the opportunity for economy and for a higher level of service which may be found in such joint ventures. Emphasis in the analysis should be directed to "how can we make it work?", not "this is why it won't work!"

As Schedule No. 12 illustrates, monies of certain trust funds are being used to provide interim financing for the activities of other trust funds. Nevada Revised Statutes and Nevada Tax Commission Regulation 65-1 provide more appropriate tools for such short-term financing. These procedures should be carefully followed. In fairness, we must recognize that with the City's accounting system, a platoon of C.P.A.'s could not prevent occasional cash overdrafts. An adequate system would simply not permit cash overdrafts to occur.

As disclosed in Footnote 14 to the balance sheet, depreciation reserves have not been provided for in the Utility Fund group. Generally, depreciation is not recorded in municipal accounting records <u>except</u> in certain municipal utilities and where depreciation reserves are called for by bond covenant. The City's utility bond ordinances <u>do</u> provide for depreciation reserves, and establish a forty year plant life for that purpose. Appropriate reserves should be established by the utility funds.

VII. SUMMARY OF RECOMMENDATIONS

Internal (North Las Vegas):

1. Increase sewer fees to comply with the bonding ordinances, and otherwise observe the obligations imposed by those ordinances.

2. In future bond ordinances, avoid complex fund structures, such as created for the 1963 issues.

3. Adopt modified accrual accounting for the General and Debt Service Funds and accrual accounting for all other funds, effective not later than July 1, 1970.

4. Contract for the design and installation of a proper governmental accounting system (probable cost $50,000-$70,000, excluding programming cost for an automated system).

5. Employ a City Comptroller with substantial experience in the satisfactory administration of a good governmental accounting system (minimum cost $12-15,000/year). Such employment should be subject to the evaluation and recommendations of the City's independent auditors.

6. Modify budgeting practices to facilitate review of departmental operations and to support interdepartmental charges.

7. Prepare and distribute to the Council timely and valid financial reports, preferably monthly, disclosing operations to date and the financial condition of each fund (impossible with existing accounting system).

8. Avoid special assessment districts for which funding is likely to be inadequate or where there is any reasonable possibility of mass default on assessment payments.

9. Reduce interest rates contemplated on special assessments where such charges are contributing to eventual refunds payable to landowners.

6.

10. Evaluate consolidation of municipal services with other local governments.

11. Refinance all negotiable warrants held by funds of the City.

<u>External (All Nevada Local Governments)</u>:

1. Specifically prohibit, with penal provisions, willful violation of bond covenants. (N.R.S. 354)

2. Dedicate any interest earned on investment of bond proceeds to the project cost or to debt service only.

3. Dedicate any interest earned on the investment of general obligation debt service monies to Debt Service so long as any bonds remain outstanding and their retirement is not fully funded.

4. Analyze and establish uniform charter provisions dealing with municipal finance.

5. Analyze the revenue structure of Nevada Local Governments and adjust local revenue sources to be more responsive to population shifts.

6. Define debt limits in a uniform manner so that local governments in similar circumstances will have comparable bonding capacity.

7. Require modified accrual or accrual accounting (as appropriate) for Nevada local governments.

CITY OF NORTH LAS VEGAS, NEVADA
COMBINED BALANCE SHEET - ALL FUNDS
DECEMBER 31, 1968

ASSETS AND OTHER DEBITS	GENERAL FUND	UTILITY FUNDS SCHEDULE NO. 1	GENERAL OBLIGATION DEBT SERVICE FUND	GENERAL OBLIGATION BOND PROJECTS CONSTRUCTION FUNDS SCHEDULE NO. 2	BASIC WATER AND STORM SEWER FUND	MOTOR EQUIPMENT WORKING CAPITAL FUND	TRUST FUNDS SCHEDULE NO. 12	SPECIAL IMPROVEMENT DISTRICT FUNDS SCHEDULE NO. 3	SPECIAL IMPROVEMENT DISTRICT FUNDS SCHEDULE NO. 4	SPECIAL IMPROVEMENT DISTRICT FUNDS SCHEDULE NO. 5	FEDERAL FUNDED PROGRAMS SCHEDULE NO. 6
Cash and Investments	$ 56,240	$ 188,795	$ 23,749	$ 456,074	$36,267	$8,621	$166,698	$ 141,872	$ 156,539	$ (56,351)	$990,481
Negotiable Warrants Receivable - Held by											
City of North Las Vegas (Note 6)	-	-	-	861,000	-	-	-	-	-	-	-
Interest Receivable on Investments	-	-	-	49,259	-	-	-	-	-	-	-
Accounts Receivable	900	345	-	-	-	-	-	-	11,803	-	-
Water and Sewer Fees Receivable	-	95,455	-	-	-	-	-	100,051	-	23,749	-
Franchise Fee Receivable	14,445	-	-	-	-	-	-	-	-	-	-
Note Receivable (Notes 1 and 12)	-	-	-	689,202	-	-	-	-	-	-	-
Contracts Receivable	-	3,893	-	-	-	-	-	-	-	-	-
Payroll Advances	2,309	-	-	-	-	-	-	-	-	-	-
Taxes Receivable	43,595	-	50,600	-	-	-	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-	-	961,806	845,706	2,346,908	-
Special Assessment Interest Receivable											
Current and Deferred	-	-	-	-	-	-	-	196,362	405,588	6,942	-
Delinquent	-	-	-	-	-	-	-	35,104	22,504	505,703	-
From Excess Interest Rates (Note 2)	-	-	-	-	-	-	-	101,130	109,981	2,936	-
Other Receivables (Anticipated Assessment Roll)	-	-	-	-	-	-	-	-	-	376,106	-
Amount to be Provided for Debt Service	303,580	37,735	8,130,620	-	-	-	-	-	-	-	-
Amount to be Provided for by General Fund Appropriation	-	-	-	-	-	-	-	-	303,580	-	-
Estimated Amount to be Provided from Code Enforcement Project	-	-	-	-	-	-	-	-	40,000	-	-
Due from Other Funds (Notes 3 and 5)	13,267	9,313	27,253	525,103	-	-	38,510	29,729	-	-	-
Due from Other Governments or Agencies	149,354	-	99,747	-	1,485	-	36,595	-	-	-	-
Utility Facilities and Machinery and Equipment	-	8,216,769	-	-	-	-	-	-	-	-	-
Total Assets and Other Debits	$583,690	$8,552,305	$8,331,969	$2,580,638	$37,752	$8,621	$241,803	$1,566,054	$1,895,701	$3,205,993	$990,481
						(Note 10)		(Note 7)	(Note 8)	(Note 9)	

CITY OF TH LAS VEGAS, NEVADA
COMBINED ANCE SHEET - ALL FUNDS
MBER 31, 1968

LIABILITIES	GENERAL FUND	UTILITY FUNDS SCHEDULE NO. 1	GENERAL OBLIGATION DEBT SERVICE FUND	GENERAL OBLIGATION BOND PROJECTS CONSTRUCTION FUNDS SCHEDULE NO. 2	BASIC WATER AND STORM SEWER FUND	MOTOR EQUIPMENT WORKING CAPITAL FUND	TRUST FUNDS SCHEDULE NO. 12	SPECIAL IMPROVEMENT DISTRICT FUNDS SCHEDULE NO. 3	SPECIAL IMPROVEMENT DISTRICT FUNDS SCHEDULE NO. 4	SPECIAL IMPROVEMENT DISTRICT FUNDS SCHEDULE NO. 5	FEDERAL FUNDED PROGRAMS SCHEDULE NO. 6
Accounts Payable	$ 59,275	$ 36,409	$	$ 632	$ 199	$10,548	$48,891	$ -	$ 799	$ 6,127	$ -
Accrued Payroll	58,438	16,975		-	-	-	-	-	-	-	-
Contracts Payable	-	-		86,900	37,607	-	-	-	45,258	-	-
Due to Other Funds (Notes 3, 5)	27,363	567,501		-	38,217	-	9,219	655	-	-	220
Refunds Payable (Note 15)	-	38,939		-	-	-	-	-	-	-	-
Deferred Tax Revenue	-	-	2,554	-	-	-	-	-	-	-	-
Note Payable	-	-	-	-	-	-	-	-	-	100,000	-
Negotiable Warrants Payable - Held by City of North Las Vegas (Note 6)	-	-	-	-	-	-	-	143,000	469,000	249,000	-
<u>Negotiable Warrants Payable - Others</u>:											
Current	-	-	-	3,000	-	-	-	32,500	98,000	71,000	-
Deferred	-	-	-	-	-	-	-	177,500	77,000	90,000	-
<u>Special Assessment District Bonds Payable</u>:											
Current	-	-	-	-	-	-	-	47,000	24,000	-	-
Deferred	-	-	-	-	-	-	-	729,500	819,500	2,463,738	-
<u>Interest Payable</u>:											
Negotiable Warrants Payable - Held by City of North Las Vegas	-	-	-	-	-	-	-	6,271	23,031	13,926	-
<u>Negotiable Warrants - Other</u>:											
Current	-	-	-	90	-	-	-	2,950	6,760	3,660	-
Deferred	-	-	-	-	-	-	-	22,325	5,390	16,200	-
<u>Bonds</u>:											
Current	-	-	142,690	-	-	-	-	20,422	13,822	-	-
Deferred	-	-	-	-	-	-	-	163,105	309,141	8,510	-
Note - Current	-	-	-	-	-	-	-	-	-	2,120	-
Emergency Loan - Current	-	-	7,200	-	-	-	-	-	-	-	-
<u>Emergency Loans Payable</u>:											
Current	-	-	100,000	-	-	-	-	-	-	-	-
Deferred	-	-	200,000	-	-	-	-	-	-	-	-
Bonds Payable - Deferred	-	-	7,855,000	-	-	-	-	-	-	-	-
Total Liabilities	$145,076	$ 659,824	$8,307,444	$ 90,622	$76,023	$10,548	$58,110	$1,345,228	$1,891,701	$3,024,281	$ 220

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CITY OF NORTH LAS VEGAS, NEVADA
COMBINED BALANCE SHEET - ALL FUNDS
DECEMBER 31, 1968

RESERVES AND FUND BALANCES	GENERAL FUND	UTILITY FUNDS SCHEDULE NO. 1	GENERAL OBLIGATION DEBT SERVICE FUND	GENERAL OBLIGATION BOND PROJECTS CONSTRUCTION FUNDS SCHEDULE NO. 2	BASIC WATER AND STORM SEWER FUND	MOTOR EQUIPMENT WORKING CAPITAL FUND	TRUST FUNDS SCHEDULE NO. 12	SPECIAL IMPROVEMENT DISTRICT FUNDS SCHEDULE NO. 3	SPECIAL IMPROVEMENT DISTRICT FUNDS SCHEDULE NO. 4	SPECIAL IMPROVEMENT DISTRICT FUNDS SCHEDULE NO. 5	FEDERAL FUNDED PROGRAMS SCHEDULE NO. 6
Reserve for Current Debt Service Contribution	$ -	$ 75,620	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reserve for Refundable Excess Assessments (Note 7)	-	-	-	-	-	-	-	220,826	-	-	-
Reserve for Anticipated Additional Construction Costs	-	-	-	-	12,610	-	-	-	4,000	308,332	-
Reserve for Delinquent Assessment District No. 30	-	-	-	695,233	-	-	-	-	-	-	-
Reserve for Unfunded Construction in Progress	-	-	-	-	-	-	-	-	-	(126,620)	-
Reserve for Unearned Interest	-	-	-	21,614	-	-	-	-	-	-	-
Reserve for Excess of Unexpended Current Appropriations over Unrealized Estimated Revenue (Note 4)	238,563	-	-	-	-	-	-	-	-	-	-
Reserve for Deferred Liability on Special Assessment Districts (Note 8)	303,580	-	-	-	-	-	-	-	-	-	-
Reserve for Imprest Cash	2,125	250	-	-	-	-	-	-	-	-	325
Bond Reserves	-	-	21,000	-	-	-	-	-	-	-	-
Investment in General Fixed Assets (Note 14)	-	8,216,769	-	-	-	-	-	-	-	-	-
Fund Balance	(105,654)	(400,158)	3,525	1,773,169	(50,881)	(1,927)	183,693	-	-	-	989,936
Total Liabilities, Reserves and Fund Balances	$583,690	$8,552,305	$8,331,969	$2,580,638	$ 37,752	$ 8,621	$241,803	$1,566,054	$1,895,701	$3,205,993	$ 990,481
						(Note 10)		(Note 7)	(Note 8)	(Note 9)	

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CITY OF NO H LAS VEGAS, NEVADA
STATEMENT OF SOU E AND APPLICATION OF CASH
1963 GENERAL BLIGATION BOND FUNDS
THROUGH EMBER 31, 1968

	TOTAL	SANITARY SEWER	LICE LDING	FIRE BUILDING	STORM SEWER	CITY HALL	PARKS	WATER IMPROVE-MENTS	STREET AND UTILITY BUILDINGS	LIBRARY BUILDING
SOURCE OF CASH:										
Sale of Bonds	$8,503,040	$2,326,000	2,000	$410,000	$224,040	$2,038,000	$657,000	$2,202,000	$213,000	$231,000
Accrued Interest Sold	35,455	9,554	851	1,700	928	8,502	2,718	9,352	899	951
Interest on Investments	250,271	108,265	5,067	14,256	12,682	59,622	12,748	10,254	14,049	3,328
Sale of Land - Pardee, Phillips	204,777	-	-	-	-	204,777	-	-	-	-
Appropriations from Other Funds	13,801	-	-	-	-	-	-	-	145	13,656
Total Source of Cash	$9,007,344	$2,443,819	7,918	$425,956	$237,650	$2,310,901	$672,466	$2,221,606	$228,093	$248,935
APPLICATION OF CASH:										
Land Acquisitions	$1,173,852	$ -	-	$ -	$ -	$ 938,942	$193,910	$ 41,000	$ -	$ -
Construction and Equipment	5,325,922	811,623	8,440	209,218	155,965	966,381	464,598	2,180,225	214,044	245,428
Net Transfer to Debt Service	1,003,402	682,396	4,766	10,085	12,682	251,578	13,958	381	14,049	3,507
Transfer to Urban Beautification	28,000	28,000	-	-	-	-	-	-	-	-
Interfund Negotiable Warrants (Note 6)	861,000	861,000	-	-	-	-	-	-	-	-
Water Pollution Study	5,000	5,000	-	-	-	-	-	-	-	-
Redemption of 1953 Municipal Building Bonds	154,000	-	-	-	-	154,000	-	-	-	-
Repayable Transfers to Other Funds	94	94	-	-	-	-	-	-	-	-
Total Application of Cash	$8,551,270	$2,388,113	3,206	$219,303	$168,647	$2,310,901	$672,466	$2,221,606	$228,093	$248,935
Cash and Investments	$ 456,074	$ 55,706	4,712	$206,653	$ 69,003	$ -	$ -	$ -	$ -	$ -

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CITY OF NORTH LAS VEGAS, NEVADA
BALANCE SHEET - UTILITY FUND
DECEMBER 31, 1968

ASSETS AND OTHER DEBITS	TOTAL	WATER OPERATING	CON… …ER …UCTION	SEWER OPERATING	SANITARY SEWER CONSTRUCTION FUND	UTILITY RELOCATION INTERSTATE HIGHWAY	UTILITY FIXED ASSET
Cash and Investments	$ 188,795	$162,976	-	$ -	$25,819	$ -	$ -
Due from Trust Fund	9,219	-	,219	-	-	-	-
Water Contracts Receivable	3,893	-	,393	-	-	-	-
Water and Sewer Fees Receivable	95,455	44,757	-	50,698	-	-	-
Amount to be Provided for Debt Service	37,735	37,735	-	-	-	-	-
Due from Urban Renewal	47	47	-	-	-	-	-
Due from General Fund	16	16	-	-	-	-	-
Due from Housing Authority	31	31	-	-	-	-	-
Accounts Receivable	345	345	-	-	-	-	-
Fixed Assets:							
Water Facilities and Equipment	5,466,586	-	-	-	-	-	5,466,586
Sewer Facilities and Equipment	2,750,183	-	-	-	-	-	2,750,183
Total Assets and Other Debits	$8,552,305	$245,907	,112	$ 50,698	$25,819	$ -	$8,216,769
LIABILITIES							
Accounts Payable	$ 36,409	$ 11,308	,235	$ 16,851	$ -	$ 15	$ -
Refunds Due Others	38,939	38,939	-	-	-	-	-
Accrued Payroll	16,975	10,185	,697	5,093	-	-	-
Due to Assessment District	29,729	-	,729	-	-	-	-
Due to General Fund	13,125	7,875	313	3,937	-	-	-
Due to Bond Project Fund (Note 3)	524,354	52,079	-	472,275	-	-	-
Due to Trust Fund	293	293	-	-	-	-	-
Total Liabilities	$ 659,824	$120,679	[illegible]74	$ 498,156	$ -	$ 15	$ -
RESERVES AND FUND BALANCES							
Reserve for Imprest Cash	$ 250	$ 250	-	$ -	$ -	$ -	$ -
Reserve for Current Debt Service Contribution	75,620	37,735	-	37,885	-	-	-
Investment in General Fixed Assets (Note 14)	8,216,769	-	-	-	-	-	8,216,769
Fund Balance	(400,158)	87,243	[illegible]62)	(485,343)	25,819	(15)	-
Total Liabilities, Reserves and Fund Balances (Note 15)	$8,552,305	$245,907	112	$ 50,698	$25,819	$ -	$8,216,769

CITY OF NORTH LAS VEGAS, NEVADA
BALANCE SHEET
GENERAL OBLIGATION BOND PROJECTS CONSTRUCTION
DECEMBER 31, 1968

ASSETS AND OTHER DEBITS	TOTAL	1963 SANITARY SEWER	[illegible]	1963 FIRE BUILDING	1963 STORM SEWER	1963 CITY HALL	1968 CHEYENNE-DECATUR WATER IMPROVEMENTS
Cash and Investments	$ 456,074	$ 55,706	$1[illegible]	$206,653	$ 69,003	$ -	$ -
Negotiable Warrants Receivable - Held by City of North Las Vegas (Note 6)	861,000	861,000		-	-	-	-
Due from Other Funds (Note 3)	525,103	524,448		-	-	-	655
Note Receivable (Note 1)	689,202	-		-	-	689,202	-
Interest Receivable on Investments	49,259	43,228		-	-	6,031	-
Total Assets and Other Debits	$2,580,638	$1,484,382	$1[illegible]	$206,653	$ 69,003	$695,233	$ 655
LIABILITIES							
Accounts Payable	$ 632	$ -	$	$ -	$ 575	$ -	$ 57
Contracts Payable	86,900	-		-	86,900	-	-
Negotiable Warrants, Due June 30, 1969	3,000	-		-	-	-	3,000
Accrued Interest Payable	90	-		-	-	-	90
Total Liabilities	$ 90,622	$ -	$	$ -	$ 87,475	$ -	$ 3,147
RESERVES AND FUND BALANCES							
Reserve for Unearned Interest	$ 21,614	$ 21,614	$	$ -	$ -	$ -	$ -
Reserve for Delinquent Assessment District #30 (Note 1)	695,233	-		-	-	695,233	-
Fund Balances	1,773,169	1,462,768	[illegible]	206,653	(18,472)	-	(2,492)
Total Reserves and Fund Balances	$2,490,016	$1,484,382	$1[illegible]	$206,653	$(18,472)	$695,233	$(2,492)
Total Liabilities, Reserves and Fund Balances	$2,580,638	$1,484,382	$1[illegible]	$206,653	$ 69,003	$695,233	$ 655

Schedule No. 3

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CITY OF NOR[illegible] LAS VEGAS, NEVADA
BALANCE SHEET - SPECI[illegible] IMPROVEMENT DISTRICT FUNDS
DECE[illegible]R 31, 1968

ASSETS AND OTHER DEBITS	TOTAL	FUND NO. 2	FUND NO. 3	F[illegible] NO. 5	FUND NO. 12	FUND NO. 14	FUND NO. 16	FUND NO. 24	FUND NO. 26	FUND NO. 35
Cash and Investments	$ 141,872	$10,646	$ 22,517	[illegible],190)	$ 16,410	$ 53,989	$ 19,638	$ (8,171)	$ 27,378	$655
Special Assessments Receivable	961,806	32,270	89,961	[illegible],630	76,213	50,179	516,324	53,164	85,065	-
Special Assessment Interest Receivable:										
Current and Deferred	196,362	1,691	7,657	[illegible],407	24,551	5,498	111,635	15,627	26,296	-
Delinquent	35,104	202	1,034	[illegible],339	431	-	26,155	1,154	3,789	-
From Excess Interest (Note 2)	101,130	317	2,188	613	12,648	2,156	57,938	11,724	13,546	-
Water and Sewer Fees Receivable	100,051	-	-	-	-	52,790	-	47,261	-	-
Due from Other Funds	29,729	-	-	-	-	-	-	29,729	-	-
Total Assets and Other Debits	$1,566,054	$45,126	$123,357	[illegible],799	$130,253	$164,612	$731,690	$150,488	$156,074	$655
LIABILITIES										
Due to Other Funds	$ 655	$ -	$ -	-	$ -	$ -	$ -	$ -	$ -	$655
Negotiable Warrants Payable - Held by City of North Las Vegas - Current	143,000	-	-	-	8,000	125,000	5,000	5,000	-	-
Negotiable Warrants Payable - Held by Outside Sources:										
Current	32,500	-	12,500	-	-	-	-	20,000	-	-
Deferred	177,500	-	87,500	-	-	-	-	90,000	-	-
Bonds Payable:										
Current	47,000	-	-	-	-	-	47,000	-	-	-
Deferred	729,500	33,000	-	[illegible],000	84,500	-	470,000	-	91,000	-
Interest Payable:										
Negotiable Warrants - Held by City of North Las Vegas:										
Current	6,271	-	-	-	445	5,313	300	213	-	-
Negotiable Warrants - Others:										
Current	2,950	-	1,750	-	-	-	-	1,200	-	-
Deferred	22,325	-	6,125	-	-	-	-	16,200	-	-
Bonds:										
Current	20,422	-	-	-	-	-	20,422	-	-	-
Deferred	163,105	1,807	-	[illegible],818	27,179	-	102,108	-	28,193	-
Total Liabilities	$1,345,228	$34,807	$107,875	[illegible],818	$120,124	$130,313	$644,830	$132,613	$119,193	$655
RESERVES AND FUND BALANCES										
Reserve for Refundable Excess Assessments	$ 220,826	$10,319	$ 15,482	[illegible],981	$ 10,129	$ 34,299	$ 86,860	$ 17,875	$ 36,881	$ -
Total Liabilities, Reserves and Fund Balances (Note 7)	$1,566,054	$45,126	$123,357	[illegible],799	$130,253	$164,612	$731,690	$150,488	$156,074	$655

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CITY OF NORTH LAS VEGAS, NEVADA
BALANCE SHEET - SPECIAL IMPROVEMENT DISTRICT FUNDS
DECEMBER 31, 1968

ASSETS AND OTHER DEBITS	TOTAL	FUND NO. 4	FUND NO. 7	FUND NO. 17	FUND NO. 18	FUND NO. 19	FUND NO. 29	FUND NO. 31	FUND NO. 33
Cash and Investments	$ 156,539	$11,173	19,170	$ 6,769	$ 116	$ 1,858	$ 78,224	$(80,621)	$119,850
Special Assessments Receivable	845,706	74,196	204,715	28,759	-	-	455,666	-	82,370
Special Assessment Interest Receivable:									
Current and Deferred	405,588	6,313	49,354	9,788	-	-	176,543	127,347	36,243
Delinquent	22,504	615	13,701	264	-	-	7,924	-	-
From Excess Interest (Note 2)	109,981	1,804	41,255	8,191	-	-	58,847	-	9,884
Account Receivable - H. U. D.	11,803	-	-	-	-	-	11,803	-	-
Estimated Amount to be provided from Code Enforcement Project	40,000	-	-	-	-	-	40,000	-	-
Total Assets and Other Debits	$1,592,121	$94,101	318,195	$53,771	$ 116	$ 1,858	$ 829,007	$ 46,726	$248,347
LIABILITIES									
Accounts Payable	$ 799	$ -	-	$ -	$ -	$ -	$ 81	$ 718	$ -
Contracts Payable	45,258	-	-	-	-	-	-	45,258	-
Negotiable Warrants Payable - Held by City of North Las Vegas:									
Current	469,000	-	40,000	12,000	7,000	2,000	235,000	8,000	165,000
Negotiable Warrants Payable - Held by Outside Sources:									
Current	98,000	11,000	-	-	-	87,000	-	-	-
Deferred	77,000	77,000	-	-	-	-	-	-	-
Bonds Payable:									
Current	24,000	-	19,000	-	-	-	-	-	5,000
Deferred	819,500	-	208,000	32,500	-	-	504,000	-	75,000
Interest Payable:									
Negotiable Warrants - Held by City of North Las Vegas:									
Current	23,031	-	2,400	580	298	120	9,988	445	9,200
Negotiable Warrants - Other:									
Current	6,760	1,540	-	-	-	5,220	-	-	-
Deferred	5,390	5,390	-	-	-	-	-	-	-
Bonds:									
Current	13,822	-	9,422	-	-	-	-	-	4,400
Deferred	309,141	-	48,979	10,637	-	-	217,350	-	32,175
Total Liabilities	$1,891,701	$94,930	327,801	$55,717	$ 7,298	$ 94,340	$ 966,419	$ 54,421	$290,775
RESERVES AND FUND BALANCES									
Reserve for Anticipated Additional Construction Costs	$ 4,000	$ -	-	$ -	$ -	$ -	$ -	$ 4,000	$ -
To be provided for by General Fund Appropriations	(303,580)	(829)	(9,606)	(1,946)	(7,182)	(92,482)	(137,412)	(11,695)	(42,428)
Total Reserves and Fund Balances	$ (299,580)	$ (829)	(9,606)	$(1,946)	$(7,182)	$(92,482)	$(137,412)	$ (7,695)	$(42,428)
Total Liabilities, Reserves and Fund Balances (Note 8)	$1,592,121	$94,101	318,195	$53,771	$ 116	$ 1,858	$ 829,007	$ 46,726	$248,347

Schedule No. 5

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CITY OF NORTH LAS VEGAS, NEVADA
BALANCE SHEET - SPECIAL IMPROVEMENT DISTRICT FUNDS
DECEMBER 31, 1968

ASSETS AND OTHER DEBITS	TOTAL	FUND NO. 15	FUND NO. 20	FUND NO. 21	FUND NO. 22	FUND NO. 23	FUND NO. 27	FUND NO. 30	FUND NO. 32	FUND NO. 34	FUND NOS. 36 AND 37
Cash and Investments	$ (56,351)	$ 980	$ 1,777	$ 6,168	$ 4,363	$(10,028)	$ (5,468)	$ (54,104)	$ 1,447	$ 1,128	$(2,614)
Special Assessments Receivable	2,346,908	-	-	20,477	25,795	-	-	2,300,636	-	-	-
Special Assessment Interest Receivable:											
Current and Deferred	6,942	-	-	6,942	-	-	-	-	-	-	-
Delinquent	505,703	-	-	138	-	-	-	505,565	-	-	-
From Excess Interest (Note 2)	2,936	-	-	2,936	-	-	-	-	-	-	-
Water and Sewer Fees Receivable	23,749	-	-	-	-	23,749	-	-	-	-	-
Other Receivables - Anticipated Assessment Roll	376,106	-	-	-	-	376,106	-	-	-	-	-
Total Assets and Other Debits	$3,205,993	$ 980	$ 1,[illegible]77	$36,661	$30,158	$389,827	$ (5,468)	$2,752,097	$ 1,447	$ 1,128	$(2,614)
LIABILITIES											
Accounts Payable	$ 6,127	$ -	$ 4	$ 34	$ -	$ -	$ 62	$ 6,027	$ -	$ -	$ -
Negotiable Warrants Payable - Held by City of North Las Vegas:											
Current	249,000	1,000	25,[illegible]00	2,000	-	210,000	6,000	-	5,000	-	-
Negotiable Warrants Payable - Held by Outside Sources:											
Current	71,000	2,000	20,[illegible]00	-	30,000	10,000	6,000	-	-	3,000	-
Deferred	90,000	-	-	-		90,000	-	-	-	-	-
Bonds Payable - Deferred	2,463,738	-	-	26,000	-	-	-	2,437,738	-	-	-
Note Payable	100,000	-	-	-	-	100,000	-	-	-	-	-
Interest Payable:											
Negotiable Warrants - Held by City of North Las Vegas - Current	13,926	60	1,[illegible]63	120	-	12,075	360	-	248	-	-
Negotiable Warrants - Other:											
Current	3,660	120	1,[illegible]00	-	1,800	-	360	-	-	180	-
Deferred	16,200	-	-	-	-	16,200	-	-	-	-	-
Bonds:											
Current	-	-	-	-	-	-	-	-	-	-	-
Deferred	8,510	-	-	8,510	-	-	-	-	-	-	-
Note - Current	2,120	-	-	-	-	2,120	-	-	-	-	-
Total Liabilities	$3,024,281	$ 3,180	$47[illegible]7	$36,664	$31,800	$440,395	$ 12,782	$2,443,765	$ 5,248	$ 3,180	$ -
RESERVES AND FUND BALANCES											
Reserve for Anticipated Additional Construction Costs	$ 308,332	$ -	$ -	$ -	$ -	$ -	$ -	$ 308,332	$ -	$ -	$ -
Unfunded Construction-in-Progress	(126,620)	(2,200)	(45,[illegible]0)	(3)	(1,642)	(50,568)	(18,250)	-	(3,801)	(2,052)	(2,614)
Total Reserves and Fund Balances	$ 181,712	$(2,200)	$45[illegible]0)	$ (3)	$(1,642)	$(50,568)	$(18,250)	$ 308,332	$(3,801)	$(2,052)	$ (2,614)
Total Liabilities, Reserves and Fund Balances (Note 9)	$3,205,993	$ 980	$ 1[illegible]7	$36,661	$30,158	$389,827 (Note 13)	$ (5,468)	$2,752,097 (Note 11, 12)	$ 1,447	$ 1,128	$ (2,614)

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CITY OF NORTH LAS VEGA , NEVADA
BALANC SHEET
FEDERAL FUNDED PRO AMS
DECEMBER 31, 19 3

ASSETS AND OTHER DEBITS	TOTAL	URBAN RENEWAL REVOLVING FUND	ROSE GARDEN P.E.A.	URBAN NEWAL CA IER AVE.	CODE ENFORCEMENT P.E.A.	CODE ENFORCEMENT ESCROW	HOUSING AUTHORITY	URBAN RENEWAL TEMPORARY LOAN CARTIER AVE.	HOUSING AUTHORITY DEPOS T
Cash and Investments	$990,481	$14,318	$346,720	$ 72,313	$47,281	$22,754	$128,175	$36,777	$22,143
Total Assets and Other Debits	$990,481	$14,318	$346,720	$ 72,313	$47,281	$22,754	$128,175	$36,777	$22,143
LIABILITIES									
Due to General Fund	$ 142	$ 65	$ -	-	$ -	$ -	$ 77	$ -	$ -
Due to Utility Fund	78	47	-	-	-	-	31	-	-
Total Liabilities	$ 220	$ 112	$ -	-	$ -	$ -	$ 108	$ -	$ -
Fund Balances	$990,261	$14,206	$346,720	72,313	$47,281	$22,754	$128,067	$36,777	$22,143
Total Liabilities and Fund Balances	$990,481	$14,318	$346,720	72,313	$47,281	$22,754	$128,175	$36,777	$22,143

CITY OF NORTH LAS VEGAS, NEVADA
SUMMARY STATEMENT OF INDEBTEDNESS
DECEMBER 31, 1968

	OUTSTANDING DECEMBER 31, 1968	DUE JANUARY 1, THROUGH JUNE 30, 1969	DUE FISCAL YEAR 1969-70
General Obligation Bonds and Notes	$ 3,958,000	$ 200,000	$244,000
General Obligation Warrants:			
Held by Funds of the City of North Las Vegas	861,000	861,000	-
Held by Others	549,000	204,500	67,000
Total	$ 5,368,000	$1,265,500	$311,000
General Obligation Bonds Additionally Secured by a Pledge of Revenues	$ 4,297,000	$ -	$188,000
Sub-Total, General Obligation Indebtedness	$ 9,665,000	$1,265,500	$499,000
Special Assessment Bonds not Secured by the full faith and Credit of the City of North Las Vegas	4,083,738	71,000	158,500
Total Local Debt, General and Special	$13,748,738	$1,336,500	$657,500

CITY OF NORTH LAS VEGAS, NEVADA
STATEMENT OF INDEBTEDNESS
BONDS AND NOTES PAYABLE
DECEMBER 31, 1968

GENERAL OBLIGATION DEBT SERVICE FUND	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATE		REDEEMED TO 12/31/68	OUTSTANDING 12/31/68	MATURITY	
BONDS PAYABLE:								
Sanitary Sewer	1952	$ 260,000	3.0	Secured by Pledge of Revenues	$200,000	$ 60,000	$ 15,000	Due Annually August 1, through 1972
Water Improvement	1955	300,000	3.75	Secured by Pledge of Revenues	113,000	187,000	11,000	Due Annually August 1, through 1985
Sanitary Sewer - Series A	1963	980,000	3.6312	Secured by Pledge of Revenues	105,000	875,000	35,000	Due Annually November 1, through 1993
Water Improvement - Series A	1963	1,680,000	3.6312	Secured by Pledge of Revenues	180,000	1,500,000	60,000	Due Annually November 1, through 1993
City Hall Building - Series A	1963	1,176,000	3.6312		126,000	1,050,000	42,000	Due Annually November 1, through 1993
Police Building - Series A	1963	202,000	3.7277		18,000	184,000	8,000	Due Annually November 1, through 1991
Fire Building - Series A	1963	164,000	3.7324		14,000	150,000	6,000	Due Annually November 1, through 1993
Streets and Utilities Building - Series A	1963	213,000	3.7316		21,000	192,000	8,000	Due Annually November 1, through 1992
Parks - Series A	1963	392,000	3.7349		42,000	350,000	14,000	Due Annually November 1, through 1993
Storm Sewer and Drainage - Series A	1963	140,000	3.7349		15,000	125,000	5,000	Due Annually November 1, through 1993
Sanitary Sewer - Series B	1963	1,346,000	3.8859	Secured by Pledge of Revenues	146,000	1,200,000	48,000	Due Annually November 1, through 1993
Water Improvement - Series B	1963	522,000	3.8857	Secured by Pledge of Revenues	47,000	475,000	19,000	Due Annually November 1, through 1993
City Hall Building - Series B	1963	862,000	3.8858		87,000	775,000	31,000	Due Annually November 1, through 1993
Fire Building - Series B	1963	246,000	3.8939		21,000	225,000	9,000	Due Annually November 1, through 1993
Library Building - Series B	1963	231,000	3.8953		24,000	207,000	9,000	Due Annually November 1, through 1991
Parks - Series B	1963	265,000	3.8975		40,000	225,000	9,000	Due Annually November 1, through 1993
Storm Sewer and Drainage - Series B	1963	84,000	3.897		9,000	75,000	3,000	Due Annually November 1, through 1993
Total General Obligation Bonds						$7,855,000		
NOTES PAYABLE:								
Note Payable to Bank of Las Vegas, Dated 6/28/68	1968	300,000	4.87			$ 300,000	100,000	Due Annually June 28, through 1971
Note Payable to First National Bank of Nevada, Dated 11/13/68, for the Benefit of S.I.A.D. No. 23	1968	100,000	4.24			100,000	100,000	Due May 13, 1969
Total Notes						$ 400,000		
Total						$8,255,000		

CITY OF NORTH LAS VEGAS, NEVADA
STATEMENT OF INDEBTEDNESS
BONDS PAYABLE
DECEMBER 31, 1968

S.I.A.D. NO.	SPECIAL IMPROVEMENT FUNDS	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATE		TOTAL AMOUNT REDEEMED	OUTSTANDING 12/31/68	MATURITY	
(2)	Original City Lighting District	1960	$ 165,000	3.65		$132,000	$ 33,000	$ 16,500	Due Annually October 1, through 1970
(5)	William Addition District	1961	170,000	3.743		119,000	51,000	17,000	Due Annually December 15, through 1971
(7)	Vegas Boulder Addition & Williams II Addition District	1965	284,000	4.069		570,000	227,000	19,000	Due Annually May 1, through 1980
(12)	College Park & Grandview Park District	1966	97,500	4.622		13,000	84,500	6,500	Due Annually July 1, through 1981
(16)	Cibola Park District	1965	660,000	3.95		143,000	517,000	47,000	Due Annually April 1, through 1979
(17)	Federal Park & L. V. Blvd. District	1966	37,500	4.869		5,000	32,500	2,500	Due Annually July 1, through 1981
(21)	Northland Park District	1966	30,000	4.869		4,000	26,000	2,000	Due Annually July 1, through 1981
(26)	Las Vegas Boulevard North District	1966	105,000	4.622		14,000	91,000	7,000	Due Annually December 1, through 1981
(29)	Bellview Tract and Desert View Manor & Replat District	1967	540,000	5.25		36,000	504,000	36,000	Due Annually September 1, through 1981
(30)	Nellis Industrial Park District	1966	2,437,738	6.75	See Footnote 12	-	2,437,738	187,738	Due on April 1, 1974 then $150,000 Annually April 1, through 1989
(33)	McIntyre - Civic Center Dr. District	1968	80,000	5.5		-	80,000	5,000	Due Annually June 1, through 1978 then $6,000 Annually through 1983
	Total Special Improvement Bonds						$4,083,738		

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CITY OF NORTH LAS VEGAS, NEVADA
STATEMENT OF INDEBTEDNESS
NEGOTIABLE WARRANTS - HELD BY OUTSIDE SOURCES
DECEMBER 31, 1968

S.I.A.D. NO.	SPECIAL IMPROVEMENT FUNDS	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATE		TOTAL AMOUNT REDEEMED	OUTSTANDING 12/31/68	MATURITY	
(3)	College Avenue Street Drainage District	1964	$ 200,000	3.5		$100,000	$ 100,000	$ 12,500	Due Semi-Annually September 1 and March 1 through 1972
(4)	College Avenue Street Paving District	1964	176,000	3.5		88,000	88,000	11,000	Due Semi-Annually September 1 and March 1 through 1972
(15)	Cibola Park District	1968	2,000	6.0		-	2,000	2,000	Due June 30, 1969
(19)	Carey Avenue From R. R. to Revere District	1968	87,000	6.0		-	87,000	87,000	Due June 30, 1969
(20)	East Vegas Tract - Belmont District	1968	20,000	6.0		-	20,000	20,000	Due June 30, 1969
(22)	Evans Avenue District	1968	30,000	6.0		-	30,000	30,000	Due June 30, 1969
(23)	Solar Subdivision No. 1 District	1967	100,000	4.0	See Footnote 13	10,000	90,000	10,000	Due Annually July 1, through 1976
(23)	Solar Subdivision No. 1 District	1968	10,000	6.0	See Footnote 13	-	10,000	10,000	Due June 30, 1969
(24)	Desert Aire Estates and Property Abutting Craig Road District	1967	100,000	4.0		10,000	90,000	10,000	Due Annually July 1, through 1976
(24)	Desert Aire Estates and Property Abutting Craig Road District	1968	20,000	6.0		-	20,000	20,000	Due June 30, 1969
(27)	Losee Road District	1968	6,000	6.0		-	6,000	6,000	Due June 30, 1969
(34)	Federal Park District	1968	3,000	6.0		-	3,000	3,000	Due June 30, 1969
	Subtotal						$ 546,000		
	GENERAL IMPROVEMENT PROJECT FUND								
(35)	Cheyenne - Decatur Water Improvements	1968	3,000	6.0		-	3,000	3,000	Due June 30, 1969
	Total Negotiable Warrants - Held by Outside Sources						$ 549,000		

CITY OF NORTH LAS VEGAS, NEVADA
STATEMENT OF INDEBTEDNESS
NEGOTIABLE WARRANTS - HELD BY CITY OF NORTH LAS VEGAS
DECEMBER 31, 1968

S.I.A.D. NO.	SPECIAL IMPROVEMENT FUNDS	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATE		TOTAL AMOUNT REDEEMED	OUTSTANDING 12/31/68	MATURITY	
(7)	Vegas Boulder Addition #I and Williams II Addition District	1968	$ 40,000	6.0		$ -	$ 40,000	$ 40,000	Due June 30, 1969
(12)	College Park & Grandview Park District	1967	2,000	4.25		-	2,000	2,000	Due June 30, 1969
(12)	College Park & Grandview Park District	1968	6,000	6.0		-	6,000	6,000	Due June 30, 1969
(14)	Guardian Corp. (East Vegas Tract) District	1967	125,000	4.25		-	125,000	125,000	Due June 30, 1969
(15)	Cibola Park District	1968	1,000	6.0		-	1,000	1,000	Due June 30, 1969
(16)	Arrowhead Acres District	1968	5,000	6.0		-	5,000	5,000	Due June 30, 1969
(17)	Federal Park & Las Vegas Blvd. District	1967	8,000	4.25		-	8,000	8,000	Due June 30, 1969
(17)	Federal Park & Las Vegas Blvd. District	1968	4,000	6.0		-	4,000	4,000	Due June 30, 1969
(18)	Carlton Square District	1967	7,000	4.25		-	7,000	7,000	Due June 30, 1969
(19)	Carey Avenue From Railroad to Revere District	1968	2,000	6.0		-	2,000	2,000	Due June 30, 1969
(20)	East Vegas Tract - Belmont District	1967	25,000	4.25		-	25,000	25,000	Due June 30, 1969
(21)	Northland Park	1968	2,000	6.0		-	2,000	2,000	Due June 30, 1969
(23)	Solar Subdivision No. 1 District	1967	30,000	4.25	See Footnote 13	-	30,000	30,000	Due June 30, 1969
(23)	Solar Subdivision No. 1 District	1968	180,000	6.0	See Footnote 13	-	180,000	180,000	Due June 30, 1969
(24)	Desert Aire Estates and Property Abutting Craig Road District	1967	5,000	4.25		-	5,000	5,000	Due June 30, 1969
(27)	Losee Road District	1968	6,000	6.0		-	6,000	6,000	Due June 30, 1969
(29)	Bellview Tract and Desert View Manor & Replat District	1967	235,000	4.25		-	235,000	235,000	Due June 30, 1969

CITY OF NORTH LAS VEGAS, NEVADA
STATEMENT OF INDEBTEDNESS
NEGOTIABLE WARRANTS - HELD BY CITY OF NORTH LAS VEGAS
DECEMBER 31, 1968

S.I.A.D. NO.	SPECIAL IMPROVEMENT FUNDS	DATE OF ISSUE	AMOUNT OF ISSUE	INTEREST RATE	TOTAL AMOUNT REDEEMED	OUTSTANDING 12/31/68	MATURITY	
(31)	Valley View District	1967	$ 2,000	4.25	$ -	$ 2,000	$ 2,000	Due June 30, 1969
(31)	Valley View District	1968	6,000	6.0	-	6,000	6,000	Due June 30, 1969
(32)	Clarenda Estates District	1967	3,000	4.25	-	3,000	3,000	Due June 30, 1969
(32)	Clarenda Estates District	1968	2,000	6.0	-	2,000	2,000	Due June 30, 1969
(33)	McIntyre - Civic Center Dr. District	1967	40,000	4.25	-	40,000	40,000	Due June 30, 1969
(33)	McIntyre - Civic Center Dr. District	1968	125,000	6.0	-	125,000	125,000	Due June 30, 1969
	Total Special Improvement Negotiable Warrants - Held by City of North Las Vegas					$ 861,000		

CITY OF NORTH LAS VEGAS, NEVADA
SUMMARY OF TRUST FUND BALANCES
DECEMBER 31, 1968

	CASH BALANCE	FUND BALANCE
Water Deposits	$ 63,149	$101,366
Bail Deposits	4,791	4,791
Library Deposits, Gifts and Grants	(966)	(1,059)
Little League	(661)	(661)
Clean-up Deposits	550	425
Special Events Deposits	2,937	2,878
Teen Club Fees	373	373
Garbage Collections for Franchisee	21,576	-
Insurance Premium Deposits	3,618	49
Park and Recreation Capital Improvements	36,043	29,646
Regional Street and Highway Projects	53,085	74,759
Collections for Convention Authority	1,497	1,497
Park 10 Improvements	(13,210)	(22,983)
Cartier Utilities Relocation	(10,279)	(10,279)
Neighborhood Analyses	(185)	(185)
Other Deposits	4,380	3,076
Totals (Exhibit A)	$166,698	$183,693

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CITY OF NORTH LAS VEGAS, NEVADA
FOOTNOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1968

1. Interest received on these promissory notes from July 1, 1965 to December 31, 1968 in an aggregate amount of $129,394 has been credited to the General Fund. Statutory provisions do not appear to permit diversion of such interest from the fund owning a promissory note.

The terms of the notes require annual principal payments of $137,840, together with interest at varying rates (currently 3.5%). Subsequent to balance sheet date, these notes were pledged by the City to secure the indebtedness of Assessment District 30 to the Public Employees Retirement Board in a present amount of $2,437,738 (S.B. 148, 1969 Legislature).

2. The City, pursuant to the provisions of Section 81 of Chapter III of its Charter, may assess interest on special assessments at a rate in excess of that for which the district is obligated by its bonds (not to exceed 7%). Such interest differential as may reasonably be anticipated to be collected over the life of the assessments is separately stated as "excess interest". Calculation of such excess interest has been based upon the rates currently applied and anticipated by the City.

3. The 1963 Sanitary Sewer General Obligation Bond Proceeds Fund has made transfers to the operating funds for debt service in an aggregate amount of $682,396. It is the declared intent of the City that $524,354 of these advances shall be repayed by the utility funds from future revenues. However, evidences of indebtedness have not been issued at this writing. Further, Nevada Tax Commission Regulation 65-1 requires

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CITY OF NORTH LAS VEGAS, NEVADA
FOOTNOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1968

that all such interfund loans be repaid within the fiscal year in which they have been made. Therefore these interfund loans of $524,354 are delinquent and appear to be in violation of the above cited regulation.

4. December 31, 1968 General Fund Surplus is appropriated for current operations in an aggregate amount of $238,563, represented by:

1) Excess of unexpended 1968-69 appropriations over unrealized revenues of the current year	$183,080
2) Projected deficiency in actual 1968-69 non-tax revenues in comparison with those originally estimated	86,106
3) Projected underexpenditure of current appropriations	(30,623)
Total	$238,563

5. The General Fund is indebted to the Debt Service Fund in an amount of $27,253, as described below:

Although the City has historically adopted budgets providing for ad valorem levies for both its General and Debt Service Funds, it has credited the proceeds of such taxes, as well as Utility Fund transfers for Debt Service, to the General Fund. Subsequently, the General Fund has transferred sufficient monies to the Debt Service Fund(s) to pay bond principal and interest as they have become due. In the current year, the General Fund has received $27,253 more from these sources than has been transferred to Debt Service Funds.

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CITY OF NORTH LAS VEGAS, NEVADA
FOOTNOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1968

6. Of interim warrants issued by the City pursuant to Section 68 of Chapter III of its Charter, $861,000 maturing June 30, 1969 are held by its General Obligation Bond Projects Construction Fund. It does not appear that City interim warrants are a lawful investment for the funds of the City.

7. These districts are substantially complete. A projection of their assessments and debt requirements discloses that there will remain a surplus after all debt requirements. Section 84 of Chapter III of the City Charter requires that such a surplus be refunded ratably to those by whom it was paid.

8. These districts are substantially complete and a projection of their assessment and debt requirements discloses that revenues available will be inadequate to fully service district debts as they mature. Such funding deficiencies are required to be met by the revenues of the General Fund (Charter Section 84, Chapter III). Future General Fund tax levies are thereby encumbered to the extent of these deferred liabilities.

9. Generally, these districts are as yet substantially incomplete, and eventual funding requirements are not determinable at this time. However, the current indebtedness of the several districts will not be able to be met without refinancing or general fund support. It has been the practice of the City to refinance similar obligations annually. (See also Notes 11 and 13).

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CITY OF NORTH LAS VEGAS, NEVADA
FOOTNOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1968

10. The records of this fund do not disclose the value of motor fuel, lubricants and parts inventories, nor were such inventories examined and valued at December 31, 1968. As a result, the fund balance is understated to the extent of the value of this inventory.

11. Assessments of this district are in default, and foreclosure proceedings have been initiated by the City.

The defendants have filed a counter action asserting that certain City charges to the district were excessive. The case has been set for hearing.

Recent M.A.I. appraisals of the district indicate that its present improved value is substantially in excess of the indebtedness of the district.

12. This obligation and its related interest are presented consistent with the refunding agreement executed pursuant to S.B. 148. No attempt has been made to restate this obligation at the value it would have had if refunding had actually taken place December 31, 1968.

Deferred interest receivable has not been accrued beyond December 31, 1968, since the assessments are in default and foreclosure proceedings have been instituted by the City.

13. The City is presently defendant in an action seeking to invalidate the assessments of this district. City Charter Section 85 (Chapter III) would permit a reassessment proceeding if the plantiffs were successful in their action. In the meantime, the District will be unable to fund its current debt requirement without support from the General Fund.

CITY OF NORTH LAS VEGAS, NEVADA
FOOTNOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1968

14. The City's books of account are maintained on the cash basis of accounting. Data concerning sums due the City and obligations owed by it have generally been developed from sources external to the City's general accounting records.

Depreciation reserves and general fixed assets (other than certain utility fund assets) are not recorded in the books of account and have not been given effect in these statements.

15. The City is contingently liable, primarily to subdividers, in an amount approximating $131,000, for reimbursement of the costs of extending utility lines to new areas. Contractually, these amounts are to be reimbursed out of future connection fees and/or other future revenues derived from those lines. Because of time limitations on certain of the refunding agreements, it is currently estimated that approximately $30,000 of these liabilities will not materialize.